



Anti- Money Laundering and Counter-Terrorist Financing Policy (AML/CFT Policy)

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TABLE OF CONTENTS

ABBREVIATIONS, ACRONYMS AND DEFINITIONS	1
1. POLICY CONTEXT.....	4
2. PURPOSE	4
3. SCOPE	4
4. POLICY STATEMENT	4
5. POLICY PRINCIPLE.....	5
6. PROBLEM STATEMENT	5
7. POLICY PROVISIONS.....	5
8. LEGISLATIVE FRAMEWORK.....	7
8.1. INTERNAL DOCUMENTS.....	7
8.2. REGULATORY REQUIREMENTS AND EXTERNAL DOCUMENTS:	8
12. ROLES AND RESPONSIBILITIES	10

ABBREVIATIONS, ACRONYMS AND DEFINITIONS

ITEM	DEFINITION
Accountable Institution	A public or private entity referred to in Schedule 1 of the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001) (“FIC Act”) that carries on a business as listed in Schedule 1 of the Act.
Anti-Money Laundering (AML)	Measures aimed at detecting, preventing and deterring the laundering of proceeds of crime.
AML Controls	A set of procedures and controls aimed at preventing Trans-Caledon Tunnel Authority (TCTA) from being abused for money laundering and/or terrorist financing.
AML Legislation	Laws and regulations applicable to money laundering, terrorist financing and targeted financial sanctions, including (as applicable) the FIC Act and regulations, the Prevention of Organised Crime Act, 1998 (Act No. 121 of 1998) (“POCA”), the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004) (“PRECCA”) and the Protection of Constitutional Democracy against Terrorist and Related Activities Act, 2004 (Act No. 33 of 2004) (“POCDATARA”)
Beneficial Owner	A natural person who ultimately owns, controls, or gains from a legal entity or the income it produces. In the context of a legal person, this refers to an individual who independently or together with another person directly or indirectly owns the legal entity or exercises effective control over it.
Business Relationship	An arrangement between TCTA and a counterparty or service provider for the purposes of concluding financial transactions and/or ongoing services.
Board	Board of Directors of TCTA.
Close Associates	Individuals who are connected to a DPIIP or FPPO, either socially or professionally, including close business associates/partners and persons acting in a fiduciary capacity to the DPIIP or FPPO, as well as any other person(s) who benefit significantly as a result of being close with such a person.
Counterparty	The other party to a financial transaction with TCTA.
Corruption	Has a meaning similar to that in section 3 of PRECCA and includes the giving or receiving of any advantage or benefit, where the benefit or advantage is used in an improper or unauthorised way to influence a person to do or not do something, including misuse of authority,

	breach of trust, or violation of duty.
Due Diligence	A process of establishing and verifying the identity of a counterparty or service provider, including (where relevant) beneficial ownership and the authority of any representative.
DPIP	Domestic Prominent Influential Person.
EXCO	Executive Committee of TCTA.
FPPO	Foreign Prominent Public Official.
FATF	Financial Action Task Force.
FATF Recommendations	The FATF's standards for combating money laundering, terrorist financing, and proliferation financing.
PIP / PEP	For this Policy, politically influential persons include DPIPs, FPPOs and their close associates.
Risk-Based Approach	A process to identify, assess, manage, and mitigate ML/TF risks, including risk assessment, risk mitigation controls, keeping counterparty/service provider and beneficial ownership information up to date, and ongoing monitoring where risk is higher.
Risk Management and Compliance Programme (RMCP)	A formal document required under section 42 of the FIC Act for accountable institutions. Where RMCP obligations do not legally apply to TCTA, TCTA will maintain equivalent documented procedures as good governance and to manage its AML/CFT risks.
Sanctions / Targeted Financial Sanctions	Measures implemented pursuant to applicable law and UNSC resolutions to freeze property and restrict dealings with designated persons/entities.
Service Provider / Third Party	Any person or entity that is doing business with TCTA or intending to do business with TCTA, including tenderers, suppliers, consultants, contractors, and sub-contractors.
Terrorism	Acts intended to cause terror through violence or threats, typically for political purposes.
Terrorist Financing (TF)	Activities that provide financial support to designated terrorist groups or terrorist acts.
Transaction	Any activity of a financial nature concluded between TCTA and any party, including payments, contract awards, variations, settlements, or other transfers of value.
TCTA	Trans-Caledon Tunnel Authority.
Unlawful Activity	Conduct constituting a crime or contravening any law, whether in the

	Republic of South Africa or elsewhere.
Undue Influence	Personal power that induces another person to act on a basis other than the merits of the matter.

1. POLICY CONTEXT

The Financial Action Task Force (FATF), an independent inter-governmental body, develops and promotes policies to protect the global financial system against money laundering, terrorist financing, and the financing of proliferation of weapons of mass destruction.

The FATF Recommendations are taken into account in South Africa when developing a comprehensive framework to combat money laundering and terrorist financing. This framework also addresses the financing of the proliferation of weapons of mass destruction.

The following legal and regulatory framework is applicable in South Africa:

Prevention of Organised Crime Act, No 121 of 1998 ("POCA")

- Creates specific offences of racketeering.
- Offences relating to criminal gangs.
- Criminalises money laundering.

Financial Intelligence Centre Act, No 38 of 2001 ("FICA")

- Assist in the identification of proceeds on unlawful activities.
- Combat money laundering.
- Combat the financing of terrorist and related activities.

Protection of Constitutional Democracy Against Terrorist and Related Activities Act No 33 of 2004 ("POCDATARA")

- Addresses the financing of terrorist activities.

2. PURPOSE

TCTA is committed to conducting its business in accordance with applicable laws, regulations, and standards. TCTA recognises that inadvertent association with service providers, counterparties and other third parties doing business with it may expose it to money-laundering risk. Such an association, where a party is or may be involved in laundering proceeds of crime, can cause severe reputational and other harm.

The purpose of this Anti-Money Laundering (AML) Policy ("Policy") is to outline the overarching principles with regards to detecting and deterring any attempts made by counterparties, service providers and other third parties doing business with TCTA to use their relationship with TCTA for any money laundering purposes.

3. SCOPE

This AML Policy applies to all TCTA employees and the Board. Counterparties, service providers and any other third-party doing business with TCTA are also expected to be aware of and adhere to this Policy.

4. POLICY STATEMENT

TCTA is committed to avoiding the risk of non-compliance with regulatory obligations. The TCTA Board and all employees are committed to conducting the business affairs of TCTA in an ethically and legally compliant manner with due regard for its responsibilities towards its stakeholders, regulators, and the environment in which it operates.

5. POLICY PRINCIPLE

This AML Policy is paramount to the good governance of TCTA. To achieve the AML Policy's intended outcomes, TCTA has integrated key elements to support effective implementation. These include having the right quality individuals on the Board and management, implementing strong processes and controls, and ensuring robust, independent oversight and assurance over all processes and controls.

The AML Policy is designed to minimise TCTA's risk of inadvertent involvement in money laundering and terrorist financing. It also sets out mandatory requirements to ensure compliance with global anti-money laundering and counter-terror financing (CTF) laws and best practice.

6. PROBLEM STATEMENT

- 6.1 TCTA is a Schedule 2 Public Entity in terms of the Public Finance Management Act and a state-owned entity responsible for the funding and implementation of bulk raw water projects. It is free to provide its services to or procure the services of any person within or outside the Republic of South Africa. TCTA must comply with its obligations on targeted financial sanctions under the Financial Intelligence Centre Act (FICA). It must also comply with its obligations to combat terrorist financing under the Protection of Constitutional Democracy against Terrorist and Related Activities Act, 2004 (Act No. 33 of 2004) ("POCDATARA").
- 6.2 TCTA is committed to operating on an ethical and sound basis and in line with applicable legislation and is committed to complying fully with AML and CTF laws and global best practice.
- 6.3 Accordingly, TCTA has created this AML Policy to ensure adherence to good corporate governance principles and to combat terrorism financing and money laundering risks which it may face.

7. POLICY PROVISIONS

TCTA shall adopt and implement a continuous risk-based approach to identify, assess, and understand its money laundering and terrorist financing risks. It shall also ensure that measures to mitigate money laundering and/or terrorist financing are commensurate with the identified risks, enabling effective decisions on how to allocate its resources.

7.1. Under this approach, it will adhere to the following to manage AML/CFT risk:

7.1.1. Designation of function responsible for Anti-Money Laundering Controls

TCTA designate a compliance department to assume responsibility for anti-money laundering controls. The Compliance Department is responsible for developing AML policies and procedures, providing staff training, and implementing appropriate controls. These controls must align with best practice and ensure compliance with applicable AML laws.

7.2.2 Due Diligence

7.2.2.1 TCTA recognises the risk of terrorism financing and money laundering when dealing with counterparties and service providers.

7.2.2.2 As a result, TCTA will obtain and review counterparty and service provider information to determine and assess any AML or terror financing risks.

7.2.2.3 In addition to the above, TCTA will perform robust due diligence enquiries on counterparties and service providers before engaging in a business relationship with such persons.

7.2.3 PIP Status

7.2.3.1 TCTA will endeavour to identify whether counterparties and service providers are linked to politically influential persons (PIP) and therefore at a higher risk of being involved in money laundering.

7.2.3.2 Counterparties and service providers that are found to be PIPs or linked to PIPs will be subject to enhanced due diligence measures and transaction monitoring.

7.2.4 Sanctions screening

7.2.4.1 Various AML and sanction laws provide for prohibitions relating to persons and entities identified by the United Nations Security Council (UNSC) resolutions and the United States Office of Foreign Assets Control (OFAC). These prohibitions typically apply to all persons, including TCTA and all its lenders locally and international.

7.2.4.2 TCTA is prohibited by law from engaging with persons or entities listed on the OFAC Specially Designated Nationals and Blocked Persons List (“**SDN List**”) or any UN Security Council (UNSC) resolutions.

7.2.4.3 The TCTA Compliance Department shall be responsible for developing and monitoring the SDN List and UNSC resolutions internally. This is to ensure TCTA’s compliance with global sanctions best practice.

7.2.4.4 TCTA shall not knowingly do or allow:

- (i) The facilitation of money laundering, terror financing, or sanctioned activities.
- (ii) Establish or continue business relationships or conclude a single transaction with high-risk entities, such as sanctioned entities, persons, or countries.
- (iii) Establish or continue business relationships or conclude a single transaction with entities, persons or countries that would expose TCTA to reputational, operational, or legal risks.
- (iv) Engagement with entities, persons who insist on anonymity or whose ultimate ownership is not known.

7.2.5 Recordkeeping

7.2.5.1 TCTA, in accordance with AML legislation and global best practice, shall maintain financial records and appropriate internal controls that evidence the business reason for making payments to third parties. In this regard, all books and records will be prepared and maintained with strict accuracy and completeness. No transactions will be recorded off the books to facilitate or conceal improper payments.

7.2.5.2 When invoices are received, the descriptions of services rendered and/or disbursements must be properly interrogated. Vague or suspicious descriptions, such as “special services,” “special bonus,” and “administrative expense,” must be queried by the responsible person before the account is submitted for payment. Failure to do so by any employee may result in disciplinary action.

7.2.6 Whistleblowing and Reporting

7.2.6.1 TCTA encourages all relevant parties to raise good faith concerns regarding any suspicion of/incidences of the unethical prohibited conduct highlighted in this Policy document. Additionally, if any person who is eligible to report identifies or witnesses suspected money laundering, bribery, or corruption, they are encouraged to report it to the TCTA Fraud Hotline.

7.2.6.2 Should TCTA become aware or suspect that they are being abused for terrorism financing and/or money laundering purposes, they are encouraged to notify the South African Financial Intelligence Centre (FIC).

8. LEGISLATIVE FRAMEWORK

This Policy should be read *inter alia* in conjunction with the following:

8.1. Internal Documents

- 8.1.1. Delegation of Authority;
- 8.1.2. Code of Ethics;
- 8.1.3. Code of Conduct;
- 8.1.4. Combined Assurance Policy;
- 8.1.5. The Conflict of Interest Policy;
- 8.1.6. Fraud and Corruption Policy;
- 8.1.7. Whistleblower Policy;
- 8.1.8. PIP Policy;
- 8.1.9. Credit and Fleet Card Policy;
- 8.1.10. Petty Cash Policy;
- 8.1.11. Debt Management Policy;
- 8.1.12. Trade Payables Policy;
- 8.1.13. Procurement Policy for Goods and Services;
- 8.1.14. Procurement Policy for Infrastructure Goods and Services;
- 8.1.15. Policy for Sourcing of Funding;
- 8.1.16. Board Conflict of Interest Policy;
- 8.1.17. Conflict of Interest Policy; and
- 8.1.18. Other relevant policies and procedures.

8.2. Regulatory Requirements and External Documents:

- 8.2.1. Protection of Personal Information Act, 2013 (Act No. 4 of 2013);
- 8.2.2. Promotion of Access to Information Act;
- 8.2.3. Financial Intelligence Centre Act, 2001 as amended (Act No. 38 of 2001);
- 8.2.4. Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004);
- 8.2.5. Prevention of Organised Crime Act, 1998 (Act No. 121 of 2009);
- 8.2.6. Public Finance Management Act, 1999 (Act No. 1 of 1999);
- 8.2.7. Protection of Constitutional Democracy against Terrorist and Related Activities Act, 2004 (Act No. 33 of 2004); and
- 8.2.8. Financial Action Task Force ("FATF") Guidance on Politically Influential Persons June 2013.

9. POLICY GOVERNANCE

9.1 Policy Review

TCTA will review and update the AML Policy on a three-year cycle, in line with the Board-approved framework, to ensure it remains current and aligned with the organisation's risk

appetite. In addition, this Policy may be reviewed earlier if there are any substantive changes to AML legislation or internal and external factors, including regulator audit findings.

9.2 Consequences of Non-Compliance

TCTA will, at regular intervals, assess compliance with this AML Policy and will notably include the results of such assessments in reports to the Audit and Risk Committee. Non-compliance with this AML Policy could have serious consequences for TCTA, including civil/criminal penalties, injunctions, loss of clients, and reputational damage. All employees are responsible for understanding how this Policy applies to their role.

9.3 Policy Breaches

9.3.1 Any breach of this AML Policy will be regarded as a serious matter, which may result in, among others:

9.3.1.1. Disciplinary action being taken against employees, which could result in dismissal and criminal proceedings; and

9.3.1.2. The termination of contracts for counterparties and service providers and criminal proceedings.

10. Policy Implementation

The compliance department is responsible for developing a suitable communication plan to publicise this Policy and its key features to all employees.

11. Exclusions

There are no exclusions to this Policy.

12. ROLES AND RESPONSIBILITIES

This is a statement of the structures through which the responsibilities for policy implementation are delegated throughout TCTA. This section should convey the function of administration and enforcement of the AML Policy to a person, body, or committee.

ROLE	RESPONSIBILITY
Board	<ul style="list-style-type: none"> • The Board is ultimately responsible for establishing Money Laundering and Terror Financing control measures within TCTA. • The Board is responsible for approving the AML Policy and changes that might be required.
CEO	<ul style="list-style-type: none"> • The CEO's responsibility is to effectively manage TCTA's anti-money laundering regime/programme across the organisation, to assign/delegate responsibilities to ensure effective management of money laundering risks within TCTA.
CRO	<ul style="list-style-type: none"> • The CRO is responsible for the implementation of this Policy; ensure that there are controls in place to monitor the implementation of the AML Policy. • Ensuring that the requirements of this AML Policy are incorporated into all other relevant processes in TCTA; and • Review the AML Policy in accordance with the relevant regulations, policies, and procedures.
Compliance	<ul style="list-style-type: none"> • Develop and maintain the prevention of money laundering and the combating of the financing of terrorism policy and internal procedures of the organisation in line with legislative requirements. • Ensure Senior Management adopts a risk-based approach regarding money laundering and terrorist financing and conducts a risk assessment of the organisation's financial transactions. • Ensure all internal suspicious activity reports and trends relating to money laundering and terrorist financing are investigated without delay. • Ensure that suspicious transaction reports and other legislative reports are timeously submitted to the

	<p>Financial Intelligence Centre (FIC).</p> <ul style="list-style-type: none"> • Ensure money laundering and terrorist financing awareness training is delivered to TCTA.
Executive Committee (EXCO)	<ul style="list-style-type: none"> • Responsible for the monitoring and review of AML risk exposures in TCTA. • Responsible for ensuring that AML Policy and processes are embedded in their divisions and incidents of non-compliance are reported.
FICA Compliance Officer: <i>Currently, there is no appointed FICA Compliance Officer under the act; the Assistant Compliance Officer performs this function.</i>	<ul style="list-style-type: none"> • Provide the necessary resources required to implement the AML Policy across TCTA. • Responsible for general oversight of the operation of this Policy, the effectiveness and integrity of suspicious transaction reporting procedures and taking reasonable steps to establish and maintain adequate arrangements for money laundering training. • Ensure reporting in accordance with relevant regulatory requirements and other governance protocols / instruments of control.
Senior Managers	<ul style="list-style-type: none"> • Ensure that all activities as prescribed by the Act are carried out in their respective functions in line with the provisions of this AML Policy for compliance purposes. • Support EXCO in embedding the AML Policy in their divisions. • Ensure that their subordinates across TCTA comply with this Policy and relevant legislation.
Employees	<ul style="list-style-type: none"> • Comply with the provisions of this AML Policy; and disclose their status as and when necessary, as per the Declaration of Private Interest Policy. • Carry out their responsibilities according to this AML Policy developed to manage money laundering and terrorist financing risks. • Ensure no transactional activity is undertaken without a clear understanding of the purpose and background of the transaction(s) or activity(ies). • Report promptly to the Compliance department



and/or FICA Compliance Officer designate when they have knowledge or suspicion of money laundering or the financing of terrorism, or where there are reasonable grounds to know of or suspect money laundering or terrorist financing.