



TRANSNET SOC LTD

GROUP FINANCE AND INVESTMENT COMMITTEE CHARTER

1. INTRODUCTION

- 1.1 The Finance and Investment Committee ("the Committee") is constituted as a Committee of the Board of Directors ("the Board") of Transnet SOC Ltd ("the Company"), with all duties assigned to it by the Board.
- 1.2 This Charter is drafted in accordance with, *inter alia*, the Legal Succession to the South African Transport Services Act 1989 (Act No. 8 of 1989) as amended, the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, and regulations thereunder, the Companies Act, 2008 (Act No. 71 of 2008), as amended, the Companies Regulations, 2011, the JSE Debt Listing Requirements, 2020, King IV Report on Governance for South Africa ("King IV"), Protocol on Corporate Governance in the Public Sector, 2000, Handbook for the appointment of persons to Boards of State and State controlled institutions, 2008, the Company's Memorandum of Incorporation ("MOI"), the Delegation of Authority Policy and Framework of the Company, the Significance and Materiality Framework of the Company, the common law and all other applicable laws and regulations.
- 1.3 Additional provisions regarding the Committee's functioning, for instance in relation to the conduct of Committee meetings, are contained in a separate document titled "Additional Rules for Committees", attached hereto as **Annexure B** ("the Rules"). The provisions of the Rules should be read in conjunction with this Charter. In the event of conflict between the Rules and this Charter, the provisions of this Charter shall prevail.

2. PURPOSE

- 2.1 The purpose of the Charter is to set out the Committee's roles and responsibilities as well as the requirements for its composition, meetings and other procedures.



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2.2 The Board has delegated to the Committee the responsibility to oversee the investment strategies of the Group, to achieve a high level of confidence of investors in the Group's credit worthiness.

3. **AUTHORITY**

3.1 The Committee's delegated authority as outlined in the rules is subject to all approved investments and divestments (disposals) as entailed in the Corporate Plan being submitted to the Board for reporting purposes.

4. **MANDATE IN RESPECT OF SUBSIDIARIES**

4.1 In this Charter, "Group" means the Company and each company within its Group of Companies of which it has direct or indirect control, and each company within the Group is referred to as a "Group Company".

4.2 The roles and responsibilities of the Committee as set out in this Charter apply to the Company and all the Group Companies, except those companies which have established their own Finance and Investment Committees. Notwithstanding the above, treasury function and funding mandate related matters including government guarantee conditions will be dealt with at the Group FIC .

4.3 In light of the above, matters undertaken by separate Finance and Investment related committees of other Group Companies shall require the Committee's approval. The Delegation of Authority Policy and Framework and/or the memoranda of incorporation of those Group Companies shall specify such matters.

4.4 The Board may authorise the Committee to establish sub-committees/task teams, within the Group Companies, constituted of appropriately qualified persons to assist in discharging its mandate in respect of any particular matter contained in this Charter.

5. **COMPOSITION**

5.1 The Board shall appoint the Chairperson and all members of the Committee.

5.2 This Committee shall, at all times, have at least three (3) Non-Executive Directors of the Company as members.

5.3 A member of the Group Audit Committee and a member from the Group Risk Committee shall be members of the Committee.



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- 5.4 Membership of the Committee shall be noted annually by the Shareholder at the Company's Annual General Meeting ("AGM").
- 5.5 The Chairperson of the Committee may be any member of the Committee.

6. TERM

- 6.1 Each member of the Committee, all of whom shall be Non-Executive Directors of the Company, shall be a member of the Committee for the duration of his/her directorship.
- 6.2 The Board, through the Corporate Governance and Nominations Committee shall have the power, at all times, to remove any member from the Committee and to fill any vacancies created by such removal, subject to noting by the Shareholder at the AGM.

7. ROLE AND RESPONSIBILITIES

The Committee shall :

7.1 General

- 7.1.1 Advance and maintain the Group's financial and investment strategies and policies thereby ensuring its financial sustainability and ensure value creation.
- 7.1.2 Approve and/or recommend to Board investment transactions and divestments in line with the delegation of authority.
- 7.1.3 Oversee trends in supplier development and localisation spend in accordance with Broad-Based Black Economic Empowerment (B-BBEE) plans, and monitor progress in this regard.
- 7.1.4 Consider, for recommendation to the Board, potential private sector participation policies, frameworks and models.
- 7.1.5 Approve and/or recommend to the Board, the strategic growth investments and partnerships as well as capital investments and monitor the implementation thereof.
- 7.1.6 Monitor execution of approved capital projects and review of capital expenditure reports;



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- 7.1.7 Recommend Group procurement policies, strategies including sourcing strategies and oversee related matters.
- 7.1.8 Ensure oversight of the Group Treasury function.
- 7.1.9 Consider Group property lease strategies and Frameworks (transactions should be clear that it is over a certain threshold from the DoA) (include)
- 7.1.10 Ensure that the triple context of the economy, society and the environment as recognised by the King IV, significantly influences and drives the Group's investment strategy, decisions and approved transactions;
- 7.1.11 All the above matters must be dealt with in accordance with the Delegation of Authority Policy and Framework and the Group Significance and Materiality Framework.

7.2 Investment decision making and oversight

- 7.2.1 Approve the following in accordance with the Delegation of Authority Policy and Framework and the Group Significance and Materiality Framework:
 - (i) Capital investments through evaluation and on the merit of the business case or proposal.
 - (ii) Movable and immovable property investments;

7.3 Strategic growth partnerships, new business ventures and the establishment of new entity

- 7.3.1 Recommend to the Board in accordance with the Delegation of Authority Policy and Framework and the Significance and Materiality Framework:
 - 7.3.1.1 Performance objectives against Shareholders Compact, Corporate Plan and strategic direction of the organisation;
 - 7.3.1.2 Enterprise investment portfolio funnel at the beginning of each financial year;
 - 7.3.1.3 Restructuring or planning for significant change in ownership of assets or business;
 - 7.3.1.4 Divestments (disposals) of movable and immovable property and



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business or parts thereof;

7.3.2 Review and oversee:

- 7.3.2.1 The efficiency of capital expenditure through quarterly reviews of capital expenditure reports, and monitor the execution of approved projects or programmes;
- 7.3.2.2 Monitor the implementation of acquisitions, strategic growth partnerships and new business ventures and partnerships against the approved plans;
- 7.3.2.3 Major investment programmes within the Group which have not specifically been dealt with in the Annual Corporate Plan, and/ or budget approval process;
- 7.3.2.4 All investment related risks;
- 7.3.2.5 The results of capital investment post implementation reviews, including timeous realisation of expected returns (in accordance with the returns envisaged in the approved business case);
- 7.3.2.6 Consider any investment business case or proposal, or any changes thereto.

7.4. Financial management decision making and oversight

- 7.4.1 Oversee the financial health and sustainability of the organisation;
- 7.4.2 Monitor the execution of the financial and business plans through quarterly reporting and oversight on the Company's tariff applications
- 7.4.3 Approve financial management frameworks, policies and procedures including Weighted Average Cost of Capital (WACC) Policy and annual budgeting guidelines;
- 7.4.4 Recommend to the Board:
 - 7.4.4.1 Annual Financial Plan in the Corporate Plan including WACC Policy and annual budgeting guidelines.
 - 7.4.4.2 Options for the balance sheet optimisation.

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7.4.4.3 The Group's Dividend Policy.

7.5 Treasury management, decision making and oversight:

- 7.5.1 Approve the Group Treasury mandate;
- 7.5.2 Recommend the funding strategy to the Audit Committee for onward recommendation to the Board;
- 7.5.3 Monitor compliance with the Group Treasury mandate and Delegation of Authority Policy and Framework with respect to Treasury activities;
- 7.5.4 Support or approve any Group Treasury related matters, including but not limited to the execution of funding, transactions, risk management activities, debt management activities or investment of surplus funds in accordance with the Delegation of Authority Policy and Framework;

7.6 Quarterly reporting and monitoring of the Funding Strategy and Borrowing Plan, guarantees, securities and indemnities. Governance management decision making and oversight

- 7.6.1 Oversee the review of and recommend for approval by the Board, policies relevant to the Committee's mandate, provided that the Committee shall approve policies sub-delegated to it by the Board.
- 7.6.2 Review the Group tax strategy prior to recommendation to the Audit Committee;
- 7.6.3 Approve property-related policies in line with the Delegation of Authority.
- 7.6.4 Review the Delegation of Authority Policy and Framework for adequacy and make recommendations to the Corporate Governance and Nominations Committee for consideration.
- 7.6.5 Monitor compliance with the Delegation of Authority Policy and Framework in as far as the Committee's mandate is concerned.
- 7.6.6 Make recommendations to the Board that it deems appropriate on any area within the ambit of its Charter where action or improvement is required.



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7.7 Procurement management and oversight

- 7.7.1 oversee management records of decisions on a half-yearly basis.
- 7.7.2 review, recommend and/or approve procurement related strategies and oversee procurement related matters in accordance with the Delegation of Authority Policy and Framework.
- 7.7.3 monitor supplier development and localisation targets against plans.
- 7.7.4 ensure that due B-BBEE consideration is given when transactions whose mandate fall within the Committee are undertaken.
- 7.7.5 note the Integrated Annual Procurement Plan.

- 7.8** consider and recommend complaints procedures for managing complaints and allegations of the supply chain management system.

7.9 Property lease agreements

- 7.9.1 Approve property lease agreements including revenue generating leases and expenditure leases, in accordance with the Delegation of Authority Policy and Framework. (will be reviewed based on comments under 7.1.12).

8. COMMITTEE OPERATION

8.1 Frequency

The Committee shall hold a minimum of 4 (four) meetings per financial year, on a quarterly basis, shall be scheduled in its Annual Work Plan. Meeting dates shall be scheduled on approval of the Corporate Calendar.

8.2 Attendance

- 8.2.1 The following persons may attend Committee meetings by invitation by the Chairperson of the Committee:
 - 8.2.1.1 Other directors of the Board;
 - 8.2.1.2 Such other persons determined by the Committee, who may include, where deemed necessary by the Committee, members of the executive and senior management and independent investment, legal and financial experts.

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8.2.2 The following persons will be standing invitees of the Committee:

8.2.2.1 The Group Chief Executive,

8.2.2.2 Group Chief Financial Officer,

8.2.2.3 Chief Strategy and Planning Officer,

8.2.2.4 Group Treasurer,

8.2.2.5 Chief Procurement Officer, and

8.2.2.6 Chief Audit Executive.

8.2.3 The Chairperson of the Board may attend meetings of the FIC committees of the Group Companies where applicable.

8.2.4 The Committee may invite any other persons required to report at meetings, representative/s of independent experts.

9. APPROVAL AND STATUS OF THIS CHARTER

9.1 This Charter shall be reviewed by the Committee for adequacy and relevance as and when the Committee deems it necessary, but at least annually.

9.2 This Charter will be deemed to be accepted by, and be binding upon, all existing and future members of the Committee from the effective date of their appointment as members, without any further action being required.

Approved by the Board on 29 November 2024

Signed by the Chairperson of the Board

Mr Andile Sangqu

09 December 2024

Date: