



Sustainability Report  
2020



Transaction Capital

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Available online at  
[www.transactioncapital.co.za](http://www.transactioncapital.co.za)

### OUR REPORTS

THIS REPORT

INTEGRATED ANNUAL REPORT

RISK REPORT

GOVERNANCE REPORT

ANNUAL FINANCIAL STATEMENTS

NOTICE OF ANNUAL GENERAL MEETING AND SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

### FRAMEWORKS APPLIED

The International Integrated Reporting <IR> Framework	•				
Companies Act, 71 of 2008, as amended	•		•	•	•
JSE Limited Listings Requirements	•	•	•	•	•
King IV Report on Corporate Governance™ for South Africa, 2016	•	•	•	•	•
International Financial Reporting Standards		•		•	•
United Nations Sustainable Development Goals	•				

## ECONOMIC, SOCIAL, ENVIRONMENTAL AND GOVERNANCE INFORMATION INDEX

This table provides stakeholders with references to key information sources on the group's economic, environmental, social and governance performance.

 Visit our website at [www.transactioncapital.co.za](http://www.transactioncapital.co.za) for further information and relevant environmental, social and governance (ESG) downloads.

Component	Description	This sustainability report	2020 integrated annual report
Economic	SA Taxi's economic initiatives, indicators and impact	 Page 10 – page 15	
	TCRS's economic initiatives, indicators and impact	 Page 16 – page 17	
Social	Social initiatives, indicators and impact	 Page 18 – page 25	
	Group human capital statistics, including diversity	 Page 21	
Environmental	Group-wide governance and approach	 Page 26	
	Group-wide indicators	 Page 26	
	SA Taxi's initiatives, indicators and impact	 Page 27	
Governance	Overview of governance and sustainability	 Page 7 – page 8	
	Governance section, including the chairman's report, letters on key deliberations of board sub-committees, the abridged governance report and detail on Transaction Capital's board composition.		 Page 18 – page 37
	Full governance report, including the group's governance philosophy, sustainability framework, governance framework and structures, combined assurance framework, compliance framework and key regulatory developments.	 Available as a standalone report at <a href="http://www.transactioncapital.co.za">www.transactioncapital.co.za</a>	
	King IV application	 Available in the full governance report, available at <a href="http://www.transactioncapital.co.za">www.transactioncapital.co.za</a>	
	Stakeholder engagement	 Page 28	
	Regulations and policies	 Appendix A: page 34	
	Transformation	Transformation, including B-BBEE performance	 Page 9



# GROUP PROFILE

*Transaction Capital (the group) is an investor in and operator of alternative assets in credit-related and other highly specialised market verticals. Our strong decentralised divisional management teams manage our assets in well-governed, agile and efficient business platforms, which are scalable, data-driven and vertically integrated.*

Led by entrepreneurial management teams, our businesses are positioned deliberately in relation to socioeconomic dynamics in defensive market segments. Their operational, financial and strategic flexibility allows them to quickly align their operating models, financial structures and growth plans to prevailing economic realities and emerging opportunities. This enables them to consistently deliver good commercial returns and meaningful social value.



Transaction Capital's market-leading and diversified business platforms leverage their specialised expertise, proprietary data and technology to create value for their customers. The business models of SA Taxi, Transaction Capital Risk Services (TCRS) and WeBuyCars are highly relevant in an operating context that is being redefined by COVID-19<sup>1</sup>. With the group's support, they continue to refine their competitive value propositions, diversify their revenues and expand their total addressable markets.



SHAREHOLDING:  
**73.9%**

SA Taxi is a vertically integrated business platform utilising specialist capabilities, enriched proprietary data and technology to provide developmental finance, insurance and other services to empower small- and medium-sized minibus taxi operators and create shared value opportunities, thus supporting the sustainability of the minibus taxi industry.



SHAREHOLDING:  
**49.9%**

WeBuyCars is a trusted principal trader of used vehicles, offering finance, insurance and other allied products through its vertically integrated physical and e-commerce infrastructure, leveraging its proprietary data with artificial intelligence to dynamically adjust pricing according to vehicle value and demand.



SHAREHOLDING:  
**100%**

TCRS is a technology-led, data-driven provider of services and capital solutions relating to credit-orientated alternative assets originated and managed through scalable and bespoke platforms operating in South Africa, Australia and select international markets.



1. The novel coronavirus and the disease it causes (COVID-19).

# OVERVIEW

## Introduction



*The group's strategic progress over the most difficult year in its history, and the resilience our business platforms have shown, has been ultimately underpinned by their social relevance. Deep and proactive engagement with our stakeholders and, especially, moving decisively to support our clients and customers when they needed it most, have strengthened the relationships on which our expectations for growth and returns are contingent, as we move beyond the immediate challenges of COVID-19. Our shared-value model will remain central to the way we do business, and we will be able to measure our positive impacts with greater rigour due to the adoption of formal economic, social and environmental (ESE) frameworks."*

DAVID HURWITZ / CEO

The United Nations Sustainable Development Goals (SDGs) represent a blueprint to achieve a better and more sustainable future for all. The King IV Report on Corporate Governance™ for South Africa, 2016 (King IV) re-affirms the notion that good corporate governance requires an acknowledgement that organisations do not operate in a vacuum, but rather form an integral part of society. Organisations are therefore accountable to all their stakeholders, current and future.

Transaction Capital's divisions are positioned deliberately in relation to socioeconomic dynamics, characterised by operating models that are highly defensive while delivering good commercial returns and positive social impact in varying economic conditions.

Transaction Capital has long been cognisant of and sought to amplify its social relevance. This has meant that several ESE metrics and measures already exist in the organisation to measure our impact.

Climate change and its impact on the sustainability of global operations has been topical during the last year. The group and its divisions have historically reported on their low environmental and carbon emission impact, given that our core operations are not related to mining or traditional manufacturing activities. While this remains true, the impact of extreme weather events (such as "Day Zero" in Cape Town in 2018 and the sustained bush wildfires and flash floods in Australia in early 2020) has raised the risk profile for our employees, the consumers from whom we collect and our customers. Consequently, climate change and its associated risks now form part of our risk management framework.

The strongest advocates for our corporate sustainability story are Transaction Capital's employees. Our ability to communicate a consistent purpose and impact to employees will strengthen our ability to attract and retain top talent. The group's employment equity and transformation objectives further underscore the need to elevate and integrate this as part of our human capital strategy to enhance the sustainability of the group.

The group is proud to enhance its collective impact while contributing to the attainment of the following SDGs:



## Delivering shared value

Transaction Capital's business model operationalises our commitment to sustainable and inclusive growth of the industries we serve through positive social impact. Our shared-value approach enables us to achieve our commercial objectives in a manner that is relevant to our stakeholders and the markets in which we operate.



The group creates value for stakeholders by generating good commercial returns and positive social impact. Commercial returns are realised through the ability of our divisions to grow and return value to our shareholders, driven by highly competitive value propositions that support their customers' profitability. We are able to do so consistently while creating stakeholder value more broadly by focusing on under-served market segments and contributing to the effective functioning and sustainability of our divisions' respective industries. The deliberate positioning of our divisions in relation to socioeconomic dynamics underpins their defensiveness and resilience, even under challenging conditions.

The group's integrated annual report (IAR) provides detailed disclosure on our business model, strategic progress and prospects, and includes a number of key measures of our ESE impact. Our full governance report provides comprehensive disclosure on our governance structures, processes and policies. As part of our efforts to enhance reporting over time, this sustainability report sets out detailed data-led ESE disclosures to provide stakeholders with an objective view of the group's impacts.

The sustainability report, IAR and governance report should be read together for a complete view of the group and its sustainability performance, provided through the different lenses of our reporting suite.

The group aims to constantly improve our reporting and align it with the information needs of stakeholders, including shareholders and proxy analysts. We welcome stakeholder feedback on our suite of reports, including this sustainability report, which can be emailed to [sustainability@transactioncapital.co.za](mailto:sustainability@transactioncapital.co.za).

## Adopting ESE frameworks in our divisions



*The social and ethics committee is pleased with the progress made in embedding social relevance in the culture of the business. The importance of mitigating ESE risk and delivering measurable positive impact – beyond reporting obligations – is key to us as an organisation. The group's progress in this regard is therefore increasingly significant to society, our investors and clients, and in our employee value propositions, and will ensure that our businesses remain relevant to all their stakeholders over the long term. ESE performance is a very important topic for us, given our businesses' impact on and relevance to society."*

PHUMZILE LANGENI / SOCIAL AND ETHICS COMMITTEE CHAIR

To further deepen the social relevance of the group and its divisions, SA Taxi and TCRS developed and implemented ESE frameworks during the 2020 financial year. The ESE frameworks inform strategic and operational initiatives to ensure that the group's impacts are appropriately managed to enhance value creation for Transaction Capital and its stakeholders. The frameworks formalise our approach to sustainability, with thematic sustainability impact areas and associated metrics providing an objective and balanced view of the group's impact.

Each division has a clear societal purpose, which is cascaded into defined impact areas and supporting metrics. These were developed through engagement with multiple stakeholders (internally and externally) to define their key concerns and expectations, and then matching appropriate metrics or developing new metrics where required.



**Our societal purpose is to enable mobility access for millions of minibus taxi commuters through tailored developmental financing and support services for small- and medium-sized enterprises (SMEs).**



**Our societal purpose is to promote stable, functioning credit markets, facilitate financial rehabilitation and enable efficient payment systems.**

Measuring and reporting against our ESE metrics will be continuously improved, with some of the indicators in this report being reported on for the first time. Progress in operationalising and improving against these indicators now forms part of the scorecards of group and divisional executives, supporting alignment to sustainability objectives across the group.

Defining the divisions' respective impact areas was done with reference to specific SDGs, which aligns our reporting to a uniform market standard and our sustainability to globally relevant goals.

By targeting only the following global goals that are aligned to our core operations and strategy, we are able to focus our efforts to make a significant impact:



On aggregate, the SDGs are similar across the two divisions, enabling Transaction Capital to report a unified approach on its impact, despite the different divisional business models.



## Investment in WeBuyCars

Transaction Capital acquired a non-controlling interest of 49.9% in WeBuyCars on 11 September 2020. WeBuyCars is a uniquely positioned, highly competitive and entrepreneurial founder-led business, with an impressive 20-year track record. As a well-known and reputable brand, WeBuyCars provides a reliable, affordable and convenient alternative to selling or buying a vehicle.

The WeBuyCars investment was considered against our acquisition criteria and matched all applicable requirements.



Further details on the investment in WeBuyCars as well as the group's acquisition criteria can be found in the integrated annual report, available at [www.transactioncapital.co.za](http://www.transactioncapital.co.za).

The group also considered WeBuyCars' market positioning and its broader alignment to Transaction Capital's long-standing proposition to deliver good commercial returns and meaningful social impact. WeBuyCars is a well-known, reputable and trusted brand in an industry where trust and customer satisfaction have traditionally been low, and the group stands to bring greater transparency and accountability to this market through enhanced governance.

Operating in the South African market where personal vehicles remain a necessity for many people, WeBuyCars is supporting economically stressed consumers as they opt to trade down from new to used vehicles. Also, as a trader of used vehicles, WeBuyCars directly supports the circular economy.

In addition to the five SDGs identified by the group (as set out on page 3 and aligned to disclosures on group and divisional performance throughout this report), the group will be considering the ESE performance of WeBuyCars against the following SDGs in future.

### Link to the SDGs



# GOVERNANCE AND SUSTAINABILITY

*The group's operations are underpinned by a robust governance framework and sound governance practices, with institutionalised governance, regulatory and risk management practices in place.*

The Transaction Capital board of directors (the board) directs strategy to ensure business sustainability, while considering the short- and long-term impacts on society, the environment and stakeholders, as per the group's sustainability policy framework.

 *Transaction Capital issues a comprehensive governance report annually. For detail on the group's governance philosophy, sustainability framework, governance framework and structures, combined assurance framework, compliance framework and key regulatory developments, see the governance report available at [www.transactioncapital.co.za](http://www.transactioncapital.co.za).*

## Group sustainability framework

The group's sustainability policy mandates the social and ethics committee, the audit, risk and compliance (ARC) committee, asset and liability committee and Transaction Capital's executives with overseeing specific sustainability matters to ensure that the group and its businesses operate in an ethical, corruption-free and sustainable way. In addition, group environmental and human rights policies are being presented for board approval in the 2021 financial year to bolster the group's sustainability policy.

Ultimate responsibility for corporate citizenship lies with the board, with oversight vested in the social and ethics committee and the ARC committee. The principles of responsible corporate citizenship underpin all key aspects of the business.

## Ethics and culture

The group's ethics charter constitutes a formally documented policy to guide and entrench an ethical and values-based culture across the group. The charter was revised in 2019 to ensure it aligns with best practice. As an ethical roadmap for the group, the ethics charter requires all group operations and employees to conduct business with honesty and integrity, and in accordance with the highest legal and ethical standards.

 *The ethics charter is available at [www.transactioncapital.co.za](http://www.transactioncapital.co.za).*

Transaction Capital maintains an independent whistleblowing hotline operated by an external service provider. Reports can be made anonymously, and all ethics-related incidents are investigated.

68

NEW REPORTS THROUGH THE WHISTLEBLOWING HOTLINE

2019: 81 reports

All reports independently investigated.

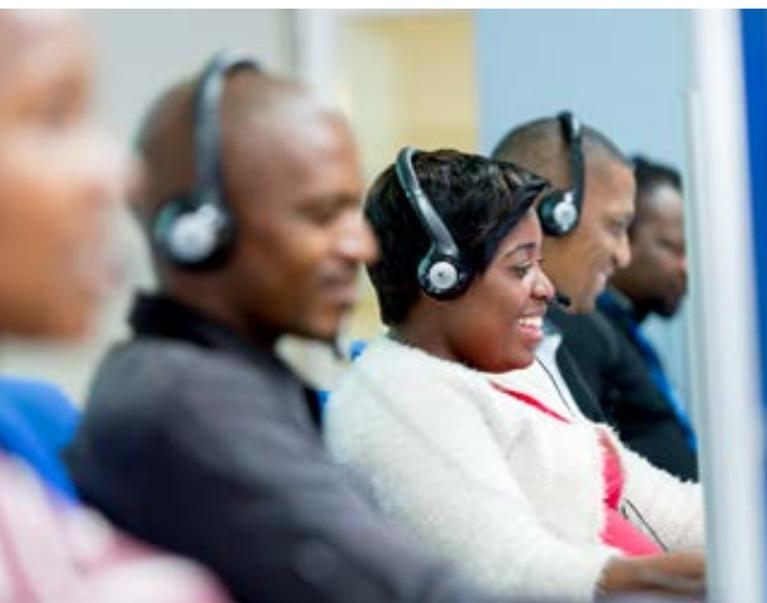
Disciplinary action instituted for all substantiated allegations.

Transaction Capital's whistleblowing policy was updated in the 2020 financial year to ensure alignment with best practice, with employee training on the updated policy commencing in October 2020.

The group follows an integrated approach to its ethics management, which includes prevention, detection, investigation, and resolution. As part of its prevention strategy, the group has an anti-bribery and corruption policy, which includes guidelines for donations (including political donations) and sponsorships. Additionally, the group adopted a gifts, entertainment and hospitality policy in 2020.

 *The anti-bribery and corruption policy is available at [www.transactioncapital.co.za](http://www.transactioncapital.co.za).*

Regular ethics reporting is provided to the social and ethics committee and, where relevant, the ARC committee and the board.



## Compliance structures

The ARC committee and the social and ethics committee are responsible for compliance oversight. Board processes are in place to keep up to date with changes in the legislative landscape. The group-wide risk framework specifically manages compliance risk, with dedicated internal compliance functions in place within the divisions.

Regulatory compliance is non-negotiable. Suitably qualified compliance officers are employed in the divisions to provide the following functions:

- ▷ Identify the applicable legislative, regulatory and governance requirements.
- ▷ Prepare relevant monitoring programmes relating to these requirements.
- ▷ Recommend improvements to the functional heads within the businesses and assist with implementation.

Divisional compliance reports are submitted to the ARC committee and board for consideration. The divisions actively engage with external legal counsel, where necessary, for advice on the application and implementation of any proposed new legislation, as well as on the potential effects of that legislation on their respective businesses.

## Risk management

The group's risk management approach aims to prevent the destruction of value through deliberate planning, arranging and controlling of activities and resources to minimise the negative impact of risks to tolerable levels. It also entails maximising the potential opportunities and positive impacts of risks to achieve the group's strategic objectives and enhance value creation.



*The group risk framework specifically identifies the risk categories that comprise the group's risk universe. These are provided in the risk report available at [www.transactioncapital.co.za](http://www.transactioncapital.co.za).*

In terms of the enterprise-wide risk management framework, the board retains responsibility for monitoring reputational, sustainability, strategic, new business and acquisition risk. The monitoring of remaining risk categories is assigned to board sub-committees with continuous board oversight, in line with the group's overall governance structure.



*The group integrated material ESG risk factors into the risk management framework, arising from the development of divisional ESE frameworks."*

**DIANE RADLEY / ARC  
COMMITTEE CHAIR**

Our group internal audit and risk teams have incorporated and will monitor these risks, including climate change, corruption and human rights assessments, as part of the group-wide risk management framework.



# TRANSFORMATION

*The group supports transformation objectives in South Africa that seek to address historical imbalances and views the principles of economic and social transformation as an integral component of our business. Accordingly, Transaction Capital's Transformation and Broad-based Black Economic Empowerment (B-BBEE) policy (as a sub-policy of its sustainability policy) addresses the group's commitment to transformation and the spirit of B-BBEE.*

Transformation is high on the board and executive management's agenda. To accelerate its transformation objectives and embed an ethical culture within the group, transformation and ethics targets are included as qualitative measures in the discretionary component of short-term incentive targets for key executives across the Transaction Capital group.



Employment equity statistics for the group are provided in 'We hire inclusively' under the social section of this report on page 21.



For information on board diversity, see the governance report available at [www.transactioncapital.co.za](http://www.transactioncapital.co.za).

## SA Taxi

SA Taxi improved its B-BBEE contributor status from Level 7 in 2019 to Level 4 in 2020. The division made a concerted effort to improve its contributor level, focusing on skills development, enterprise and supplier development and socioeconomic development. Importantly, SA Taxi is now rated under the generic scorecard, and not under the financial sector scorecard as in previous years.

SA Taxi performance against the revised Department of Trade and Industry generic scorecard for the year ending 30 September 2020:

Element	Score	Weighting
Ownership	19.85	25.00
Management control	8.56	19.00
Skills development	14.13	20.00
Enterprise and supplier development	38.42	42.00
Socioeconomic development	5.00	5.00
<b>TOTAL POINTS</b>	<b>85.96</b>	<b>111.00</b>

**B-BBEE CONTRIBUTOR STATUS LEVEL: LEVEL 4**

B-BBEE PROCUREMENT RECOGNITION LEVEL: 100%

## TCRS

We are pleased that Transaction Capital Recoveries has retained a Level 1 B-BBEE rating, reaffirmed in January 2021. The rating incorporates Transaction Capital Payment Solutions, Accsys and Fihrst. It reflects our focus on empowerment and our involvement in the Youth Employment Service programme, a business-led collaboration with government and labour that aims to create one million work opportunities for youth.

TCRS performance against the revised Department of Trade and Industry generic scorecard for the year ending 30 September 2020:

Element	Score	Weighting
Ownership	25.00	25.00
Management control	10.90	19.00
Skills development	19.82	20.00
Enterprise and supplier development	35.66	42.00
Socioeconomic development	5.00	5.00
<b>TOTAL POINTS</b>	<b>96.38</b>	<b>111.00</b>

**B-BBEE CONTRIBUTOR STATUS LEVEL: LEVEL 1**

B-BBEE PROCUREMENT RECOGNITION LEVEL: 135%

Transaction Capital Recoveries and Road Cover have appropriate ownership transactions in place with the iThemba Trust to augment their B-BBEE scorecards.

# ECONOMIC IMPACT

## SA Taxi



### WE EMPOWER SMEs THROUGH FINANCIAL INCLUSION

The World Bank's Global Findex report states that financial inclusion can be achieved using financial service investments in health, education and businesses to aid people to escape poverty. SA Taxi supports financial inclusion by providing finance and related services to minibus taxi operators who would otherwise not be able to access funding.

SA Taxi's specialist credit risk management capabilities enable it to finance previously under-banked or financially excluded clients. This enables these operators to become viable SMEs that support direct and indirect job opportunities in the minibus taxi industry, and thus delivers a unique social impact.

The division's vertically integrated business model drives efficiencies across the full minibus taxi value chain. This translates into more affordable products and services for its clients, which further supports the viability of these minibus taxi SMEs that are the largest and most vital mode of transport within the integrated public transport network.

Our insurance business, SA Taxi Protect, ensures that operator cash flows are protected if their vehicles are involved in an adverse incident, and provides income and finance instalment cover, also enhancing the viability of their businesses. SA Taxi is growing its insurance business in the open market (for clients not financed by SA Taxi) and developing new bespoke insurance products to deepen penetration, thereby extending cover to a wider number of operators.

In 2020, COVID-19 exacerbated an already challenging environment for minibus taxi operators, with lower commuter mobility and restricted operations impacting operator profitability. While this curtailed SA Taxi's performance against its ESE framework indicators for the year under review, the minibus taxi industry is defensive and growing, and has demonstrated its resilience even under difficult conditions. SA Taxi's performance against economic impact indicators will track its operational performance as conditions improve.



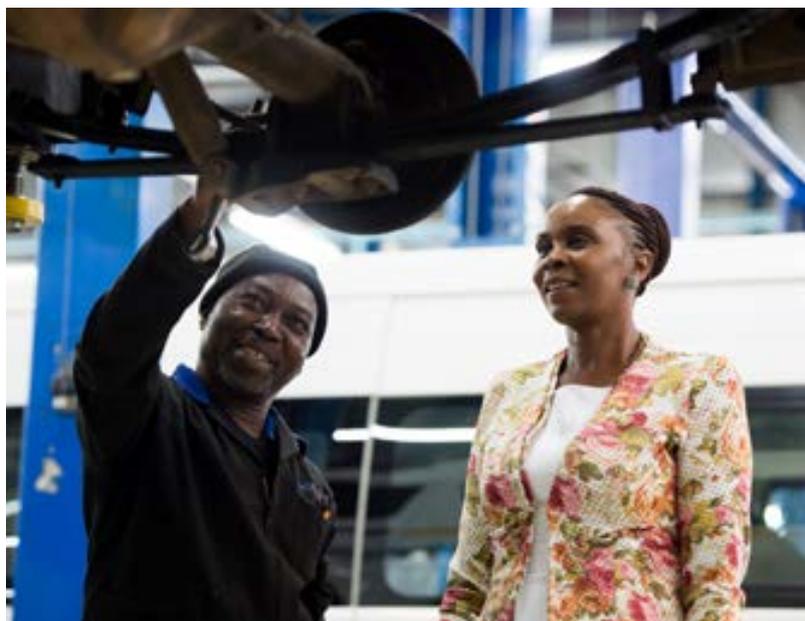
*The minibus taxi industry is transitioning closer to normal operational activity as restrictions ease and the economy reopens. With most commuters choosing to use minibus taxis due to their accessibility, reliability, convenience, flexibility and competitive pricing, the industry has been an early beneficiary of economic and social recovery.*

*We are confident that SA Taxi's clients will be able to afford their loan and insurance instalments as the industry's steady recovery continues."*

DAVID HURWITZ / CEO



Detail on the financial impact of COVID-19 on SA Taxi can be found in the CFO's report in the integrated annual report, available at [www.transactioncapital.co.za](http://www.transactioncapital.co.za).





> We promote financial inclusion by providing sustainable and responsible loans to SMEs who might otherwise be denied access to credit

**R28.6 billion**  
LOANS ORIGINATED SINCE 2008, CREATING **87 264 SMEs**

**6 250\***  
TOTAL LOANS ORIGINATED IN 2020  
(2019: 8 591; 2018: 7 734)

**32.3%\***  
NON-PERFORMING LOAN RATIO  
(2019: 17.9%; 2018: 17.5%)  
Against ~70% proportion of small businesses which fail<sup>1</sup>

**7.3%\***  
CREDIT LOSS RATIO  
(2019: 3.2%; 2018: 3.5%)

**~80%**  
PROPORTION OF SME CUSTOMERS CLASSIFIED AS PREVIOUSLY UNDER-BANKED OR FINANCIALLY EXCLUDED  
(2019: ~80% ; 2018: ~80%)

**~580**  
AVERAGE CREDIT SCORE<sup>2</sup> FOR LOANS GRANTED BY SA TAXI  
(2019: ~590; 2018: ~600)

versus

**~640**  
AVERAGE CREDIT SCORE FOR LOANS GRANTED BY BANKS

**11 250\***  
DIRECT JOBS CREATED IN FINANCED FLEET  
(2019: 15 464; 2018: 13 921)

**18 750\***  
INDIRECT JOBS CREATED IN FINANCED FLEET  
(2019: 25 773; 2018: 23 202)

\* Decrease due to the operational impacts experienced during the COVID-19 pandemic.

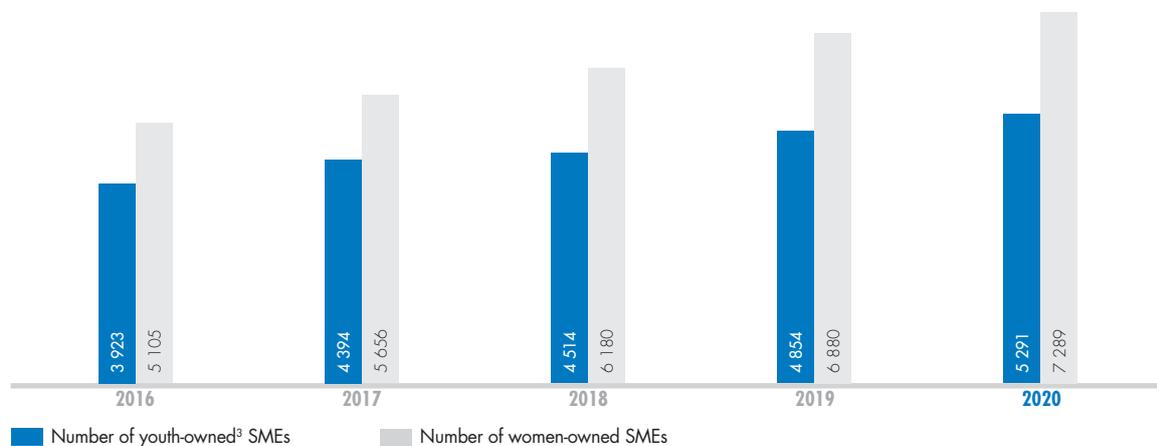
> We invest in previously excluded groups and under-served demographics

**100%**  
LOANS PROVIDED TO BLACK-OWNED SMEs  
(2019: 100%; 2018: 100%)

**26%**  
LOANS PROVIDED TO FEMALE-OWNED SMEs (ON ORIGINATION)  
(2019: 25%; 2018: 23%)

**18%**  
LOANS PROVIDED TO SME OWNERS UNDER THE AGE OF 35 (ON ORIGINATION)  
(2019: 22%; 2018: 23%)

Investment in women-owned and youth-owned SMEs<sup>3</sup> has grown by 8% and 6% CAGR<sup>4</sup> respectively. Investing in younger SMEs can make a significant impact in South Africa where a large proportion of youth are unemployed:



1. Small Business Institute study in partnership with the Small Business Project – The number of formal micro, small & medium businesses in South Africa, January 2019.  
 2. Empirica score.  
 3. Reported as owners under the age of 35 years.  
 4. Compound annual growth rate from 2016 to 2020.



> We provide support services to SMEs across the value chain

13%

PROPORTION OF NATIONAL FLEET SERVICED BY SA TAXI  
(2019: 13%; 2018: 12%)

32 890

SME VEHICLES ON BOOK  
(2019: 32 441; 2018: 30 617)

26 399

FINANCED SME CLIENTS  
(2019: 25 941; 2018: 24 616)

29 630

INSURANCE POLICIES FOR FINANCED CLIENTS  
(2019: 28 529; 2018: 25 529)

11 228

INSURANCE POLICIES FOR NON-FINANCED CLIENTS (OPEN MARKET)  
(2019: 10 978; 2018: 8 483)

34 547

SA TAXI REWARDS CUSTOMERS  
(2019: 23 730; 2018: 6 346)

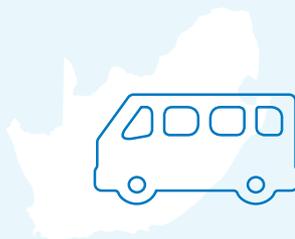


WE PROMOTE SOCIAL INCLUSION BY HELPING MILLIONS OF COMMUTERS TO ACCESS SERVICES AND ECONOMIC OPPORTUNITIES

Minibus taxis are the dominant mode of transport within South Africa’s integrated public transport network and continue operating as an essential service during the COVID-19 lockdown. By supporting minibus taxi operators, SA Taxi contributes to commuter mobility, which is a precursor to economic activity.

>250 000

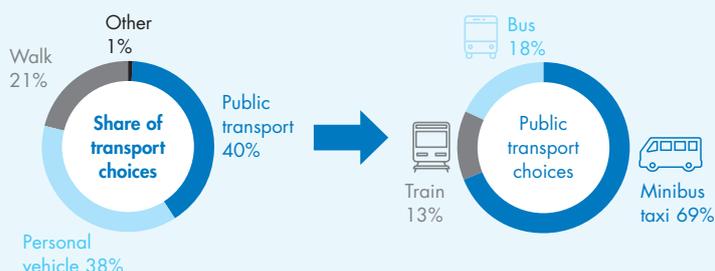
ESTIMATED MINIBUS TAXIS



*“The minibus taxi industry is today the most critical pillar of our public transport sector.”*

ARRIVE ALIVE

69% OF THOSE WHO UTILISE PUBLIC TRANSPORT CHOOSE TO USE MINIBUS TAXIS



With over 50% of the South African population earning under R3 000 monthly, walking and minibus taxis are their preferred modes of transport.

Source: Stats SA National household travel survey 2013. | The market size is SA Taxi’s best estimate through engagement with the industry and extrapolation of internal data.

> We support a critical public transport service

1.9 billion kilometres

DISTANCE TRAVELLED BY SA TAXI’S FINANCED FLEET  
(2019: 2.0 billion kilometres; 2018: 2.1 billion kilometres)

2 million

COMMUTER TRIPS PER DAY PROVIDED BY SA TAXI’S FINANCED FLEET  
(2019: 1.9 million; 2018: 1.8 million)

75%

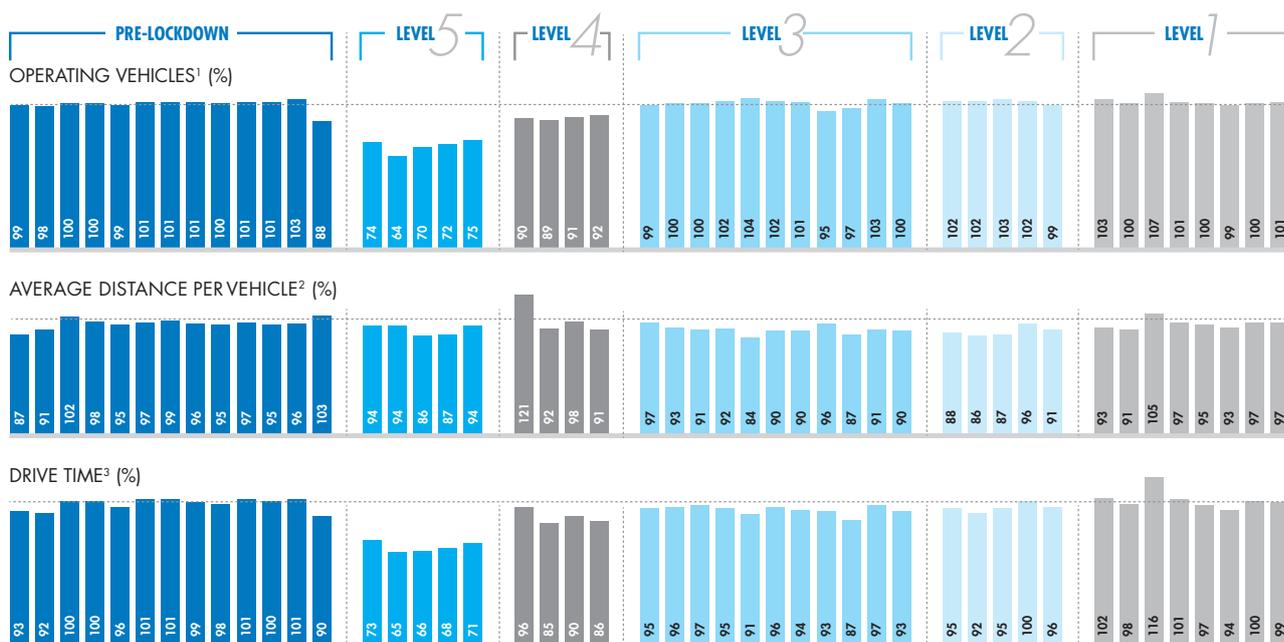
PROPORTION OF WORK AND EDUCATIONAL PUBLIC TRANSPORT TRIPS MADE VIA MINIBUS TAXI



During the pandemic, the minibus taxis industry has shown itself to be indispensable to economic productivity.

## SA Taxi's fleet movement (compiled from telematics data – 2020 compared to 2019)

Demonstrates recovery in activity of minibus taxi fleet benchmarked against pre-COVID-19 levels.



1. Vehicles in the fleet that have travelled more than 10 kilometres during the day. | 2. Total kilometres travelled by the fleet/ number of operating vehicles. | 3. Time elapsed while the vehicle is moving.

### > We are a trusted and respected partner

28%

PROPORTION OF REPEAT CUSTOMERS (INDICATING FINANCED OPERATOR SATISFACTION LEVELS)  
(2019: 29%; 2018: 31%)

BI-ANNUAL REVIEW OF DATA PRIVACY AND PROTECTION POLICIES AND PRACTICES CONDUCTED BY THE ARC COMMITTEE



## WE WORK TO BETTER THE PUBLIC TRANSPORT INDUSTRY FOR ALL STAKEHOLDERS

SA Taxi helps to improve the public transport industry by promoting inclusivity, formalisation and safety.

In February 2019, the South African National Taxi Council (SANTACO) acquired 25% of SA Taxi in a transformational ownership transaction. As a strategic partner, SANTACO now participates in a larger share of the minibus taxi value chain. A key motivator for the ownership transaction with SANTACO was the group's recognition of the need for socioeconomic transformation in South Africa, especially as SA Taxi operates in an industry that is made up entirely of black-owned SMEs.

This strategic partnership continues to inform a deeper understanding of clients and is driving collaborative new product development and access to a larger addressable market. At the same time, the partnership is deepening the social impact at the core of SA Taxi's purpose – as a key partner and industry player in supporting the sustainability of the minibus taxi industry.

Positive outcomes of the SANTACO partnership during the year include collaboration on initiatives to support operators during COVID-19, an increased focus on industry development and initiatives to improve road safety. As a continuation of the partnership established with Bridgestone last year, SA Taxi increased the number of safer and new tyres sold to SA Taxi financed clients and other minibus taxi operators, enhancing road safety.

SA Taxi Protect also partnered with Autoboy South Africa and the National Taxi Association to host a road safety campaign at the Germiston and Baragwanath taxi ranks in December 2020, where minibus taxis received free and fully installed wiper blades. This was one of many activations to be hosted as part of our #RoadSafety initiative during peak season on South Africa's roads.

SA Taxi also applies its telematics and other data accumulated from across the business to change driver behaviour in the industry, where the granularity of this data has incredible potential to improve the performance of our operators' businesses. One example is our analysis of what we call the 'route envelope'. Telemetry from a minibus taxi in a specific area will show that a usual short-distance route has suddenly changed to a long-distance route, sometimes after a very short turnaround time and often in the December or April holidays, with a far higher risk of an accident occurring. We provide this risk assessment to specific operators and to SANTACO, which allows them to communicate with specific associations and encourage the development of protocols to lower these types of risk.

### R68.5 million

TOTAL VALUE OF SANTACO DIVIDEND TO DATE

Part of the 2020 dividend was allocated to COVID-19-related initiatives, including testing and providing personal protective equipment (PPE) at taxi ranks, which directly benefits the safety of minibus taxi operators and commuters.

### 34 547

NUMBER OF REWARDS CARDS

(2019: 23 730; 2018: 6 346)

### R1.8 million

REWARDS EARNED BY THE INDUSTRY THROUGH SA TAXI'S REWARD PROGRAMMES, CREATING COST SAVINGS FOR SMEs

(2019: R3.1 million; 2018: R0.2 million)

### ~21 million

LITRES OF FUEL PURCHASED

IN 2020, THE SA TAXI REWARDS PROGRAMME EXTENDED BENEFITS TO BRAKE PADS AND OTHER VEHICLE PARTS THROUGH VARIOUS SUPPLIER PARTNERSHIPS.





## > We form partnerships that promote safety within the industry

### 39 298

BRIDGESTONE TYRES SOLD TO THE INDUSTRY AT A REDUCED RATE

(2019: 25 000 in first year of the initiative)

An estimated 20%<sup>1</sup> of road accidents are tyre-related; incentivising tyre replacement with new and safer tyres contributes to road and commuter safety.

### R3.4 million

INVESTMENTS IN TAXI INFRASTRUCTURE, INCLUDING DONATING PATROL VEHICLES AND UPGRADING MINIBUS TAXI RANKS

(2019: R5.9 million; 2018: R14.1 million )

1. Source: Arrive Alive.

## > We promote formalisation of the industry

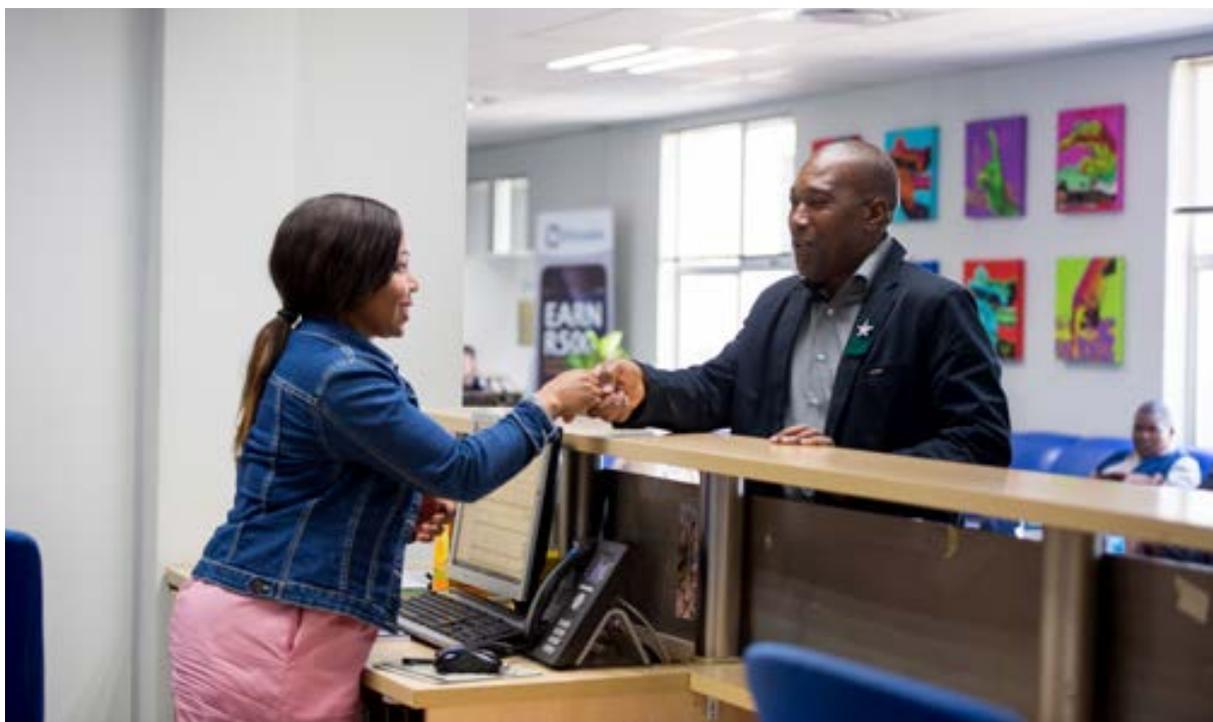
### R1.7 billion

VALUE OF SA TAXI'S VALUE ADDED TAX (VAT) CONTRIBUTION

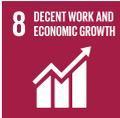
### R181.6 million

TAX CONTRIBUTED TO FUEL LEVIES BY SA TAXI'S FLEET

Part of the formalisation of the minibus taxi industry is through tax contributions to the government fiscus. SA Taxi supports tax contributions from this predominately cash-based industry through the VAT contribution from SA Taxi's new and pre-owned vehicle sales. Also, as a major user of petrol and diesel, the minibus taxi industry contributes to the fiscus through fuel levies.



## TCRS

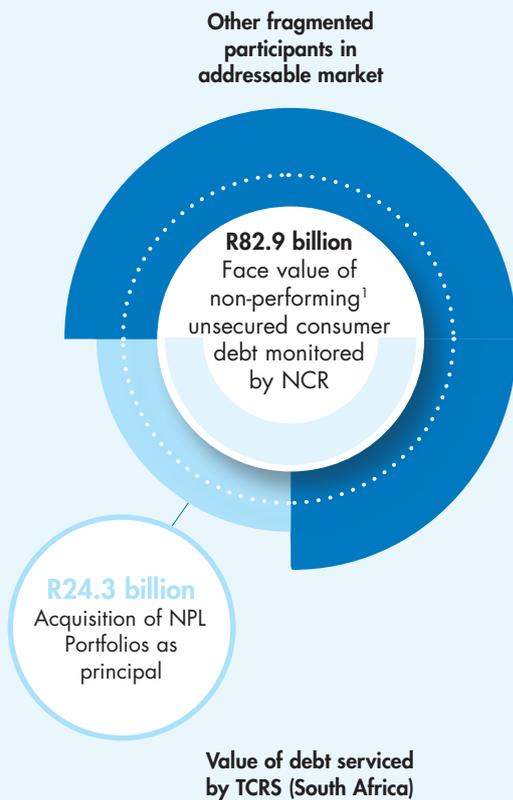


## WE DRIVE ECONOMIC GROWTH BY PROMOTING CREDIT MARKET STABILITY

TCRS's activities broadly contribute to the efficiency and effectiveness of the South African and Australian credit systems. This includes the acquisition of non-performing consumer loan portfolios to be collected as principal (NPL Portfolios) from consumer-facing entities, which assists them to strengthen their balance sheets by accelerating cash flow and removing non-performing loans. This improves their ability to continue providing debt finance to the consumer market.

### > We support a sustainable supply of credit by improving the functioning of credit markets

#### The collections market in South Africa



#### TCRS collections (South Africa)

	2020	2019	2018
Contingency and FFS	<b>R2.6 billion</b>	R2.8 billion	R3.2 billion
Principal	<b>R1.6 billion</b>	R1.4 billion	R0.8 billion
Total	<b>R4.2 billion</b>	R4.2 billion	R4.0 billion

TCRS's principal collections strategy assists financial institutions to sell their NPL Portfolios and thus free up capital to resume lending.

TCRS drives economic growth by promoting credit market stability by unlocking value from its clients' non-performing loans:

- ▷ Value recovered for clients through contingency and fee-for-service (FFS) collections:
  - ▶ South Africa: R2.6 billion (2019: R2.8 billion; 2018: R3.2 billion).
  - ▶ Australia: R5.3 billion (2019: R9.3 billion; 2018: R7.9 billion).
- ▷ Selling their NPL portfolios frees up operational capacity and capital within TCRS's client base, enabling them to resume lending:

#### OUR SUPPORT FOR FINANCIAL INSTITUTIONS

<b>R32.3 billion</b> ORIGINAL FACE VALUE	<b>R22.9 billion</b> REMAINING FACE VALUE	<b>R3.5 billion</b> CAPITAL OUTLAY
<b>~R12 billion</b> – R14 billion PROVISION RELEASE <sup>2</sup>	<b>~R6 billion</b> – R7 billion RISK-WEIGHTED ASSET RELEASE <sup>3</sup>	<b>~R0.7 billion</b> – R0.8 billion REGULATORY CAPITAL RELEASE <sup>3</sup>

TCRS has assisted its South African banking clients by acquiring NPL Portfolios to the value of R21 billion since embarking on its NPL Portfolio acquisition strategy in 2013. This has facilitated the release of approximately R8.5 billion in credit provisions and R6.5 billion in risk-weighted assets across various banking products, including credit cards, personal loans and home loans, among others. The NPL Portfolio acquisitions made during the 2020 financial year relate to 85 181 consumers with an average outstanding balance of R25 344, which, according to our estimates, resulted in an average consumer credit provision and risk-weighted release of R13 594 and R11 710 respectively.

1. Unsecured consumer debt in arrears for 90 days or more. TCRS's target market and assets under management also includes sectors not regulated by the NCR, being SMEs, education, insurance, public sector, telecommunications, state-owned enterprises and utilities.
2. The provision release was estimated using the expected losses per the South African banks' regulatory Pillar III reports. This estimate was also applied to non-bank non-performing loan sellers.
3. The risk-weighted assets and regulatory capital releases were estimated per the South African banks' regulatory Pillar III reports. These estimates are only applicable to South African banks.

### > We do not service clients who participate in reckless lending

The benefit to society of supporting credit extension is not relevant if lenders are offering inappropriate levels of credit. Thus TCRS does not service clients who participate in reckless lending and has a policy in place to assess client books for ethical lending in South Africa and Australia.



## WE REHABILITATE DEBTORS ETHICALLY AND RESPONSIBLY

TCRS rehabilitates and educates debtors (across consumers and SMEs) to enable their expedited re-entry into credit markets. We subscribe to and monitor adherence to best-resolution practices, across compliance with all applicable regulations and guided by corporate governance oversight and ethical practice.

By rehabilitating indebted consumers and educating them on the importance of repaying their debts as a legal obligation, and by structuring payments in a manner they can afford, indebted consumers can re-enter and remain active in the credit system.

> *We focus on the rehabilitation and education of debtors to enable expedited re-entry into the credit markets*

**280 000**

AVERAGE NUMBER OF REHABILITATED DEBTORS IN THE YEAR TO THE VALUE OF **R325 MILLION**

OUR MONTHLY PAYMENT PLANS BALANCE REHABILITATION WITH AFFORDABILITY:

- ▷ **R986**<sup>1</sup> average payment amount before defaulting
- ▷ **R720** promise to pay
- ▷ **R378** amount finally agreed

**9.27%**

RATIO OF AVERAGE FEES CHARGED TO MAXIMUM PERMITTED IN REGULATION<sup>2</sup>

1. Average payment plan prior to default was sourced from the various Credit Bureaus.  
 2. The Debt Collectors Act permits fees and expenses to be recovered from a debtor in respect of items on the Fee and Expense Annexure which may not exceed the capital amount of the debt or an amount defined by the Debt Collectors Act, being R1 176 including VAT, whichever is the lesser. This excludes any attending taxation and fees related to the instalment.

> *We rehabilitate debtors ethically and collect debt responsibly*

**R109**

TCRS AVERAGE FEES PER ACCOUNT

VS

**R1 176**

MAXIMUM PERMITTED PER DEBT COLLECTION ACT<sup>2</sup>

> *We are a trusted and respected partner*

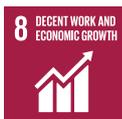
IN SOUTH AFRICA, WE ARE RANKED **FIRST IN 69% OF MANDATES AND SECOND IN 18% OF MANDATES IN 87% OF 191 MANDATES** ON CLIENT PANELS WHERE WE ARE REPRESENTED

Proportion of complaints resolved that are received through debtor complaints channel:

**82%** RESOLVED WITHIN TWO MONTHS  
**95%** RESOLVED WITHIN SIX MONTHS

TCRS fosters best resolution practices through its focus on integrity, corporate governance, social policies and procedures, and adherence to specific legislation (including the Debt Collectors Act and Protection of Personal Information Act).

The ARC committee conducts bi-annual reviews of data privacy and protection policies and practices in South Africa and Australia.



## WE WORK TO BETTER FINANCIAL INTERMEDIATION FOR ALL STAKEHOLDERS

We provide a range of services that support financial intermediation, which facilitates payment and salary flows.

**100%**

PERCENTAGE OF CLAIMS PAID BY ROADCOVER TO ITS CLIENTS THROUGH THE ROAD ACCIDENT BENEFITS SCHEME

**R37.1 billion**

VALUE OF ELECTRONIC TRANSACTIONS PROCESSED BY TRANSACTION CAPITAL PAYMENT SOLUTIONS (2019: R38.4 billion; 2018: R33.4 billion)

# SOCIAL IMPACT

## Our people

Our people are the foundation of our ability to engage meaningfully with our clients, innovate in respective markets, leverage technology and data, and create shared value for our stakeholders. Consequently, the group seeks to develop, engage and reward employees and executives to engender an entrepreneurial, high-performance, ethical and inclusive culture.

The remuneration committee provides governance oversight on behalf of the board, and ensures that our remuneration philosophy supports the strategic objectives of the group.



*The group's approach to remuneration supports the entrepreneurial spirit that keeps us competitive and flexible, and enables us to create sustainable shared value. We continue to leverage reward to drive positive outcomes for our stakeholders, at group and divisional levels, underpinned by our ethical high-performance culture and good corporate citizenship. This underpins the group's ability to attract and retain entrepreneurial executive and management teams, and the industry specialists we need to maintain our strong track record for financial outperformance and meaningful social impact in our sectors."*

**KUBEN PILLAY / REMUNERATION  
COMMITTEE CHAIR**

The social and ethics committee monitors many of the aspects listed under the King IV practices, including employment equity, fair remuneration, equal pay for equal work, safety, health, economic transformation, public health and safety, consumer protection, community development and protection of human rights.



## Our people philosophy

- ▷ Board succession planning seeks to balance specialised understanding of the group's businesses with new perspectives to enhance strategic guidance, oversight and control.
- ▷ The group executive office has an experienced and specialised leadership team with proven entrepreneurial, merger and acquisition, technical, financial and risk management skills.
- ▷ Divisional executives are accountable for the competitiveness, relevance and performance of their respective businesses, with active support from the group executive office.

### THESE OBJECTIVES ARE OPERATIONALISED WITHIN THE DIVISIONS IN THE FOLLOWING WAY:

#### ENTREPRENEURIAL, HIGH-PERFORMANCE AND ETHICAL CULTURE

A sense of ownership and motivation to innovate, within specific business models and risk parameters.

Transaction Capital establishes cohesive leadership teams within its divisions that have the responsibility and requisite level of operational authority to deliver on clearly defined strategies.

▶ The group preserves sufficient flexibility of management to support entrepreneurial spirit, while maintaining management accountability and robust risk processes.

The Transaction Capital ethics charter defines our vision, mission and values, and outlines our approach to operating as a values-based group. It is implemented in the divisions through a dedicated ethics structure.

#### EXECUTIVE CAPABILITY

Executives are appropriately qualified and have deep experience within their areas of specialisation. This intellectual capital is typically applied over a much smaller asset base at Transaction Capital than in larger organisations, with the concomitant expectation of higher performance.

▶ In TCRS, senior managers employed to deepen the division's penetration into adjacent market segments apply their professional experience and skills to a narrower market segment compared to their previous roles.

▶ In SA Taxi, our entrepreneurial senior management team applies their professional and financial experience across SA Taxi's divisions to support on-going specialisation and commercial outcomes in each market segment.

#### SPECIALISM

Executives, management and employees are expected to become specialists in their role by applying broader experience to a narrow focus.

#### REWARD

Fair remuneration commensurate with the level of skill, experience, seniority and industry practice.

Performance incentives applied to drive specific behaviours that support group, divisional or departmental performance and ensure alignment with the group's sustainability and transformation objectives.

▶ The Transaction Capital Limited Conditional Share Plan is a mechanism to attract and retain key employees while providing them with the opportunity to share in the success of the division, and to align their interests with those of shareholders.

#### MEANINGFUL EMPLOYMENT

Engender an understanding of the broader social context applicable to each employee's role, in line with the social relevance of Transaction Capital's divisions.

▶ TCRS's employee value proposition provides a unified and standardised human resources framework across the full spectrum of benefits, including ongoing training and development, and opportunities for professional growth.

▶ At SA Taxi, our people belief and aspiration determine which key levers should be activated to achieve our business outcomes. These are underpinned by our values as expressed in the SA Taxi Way, which defines the culture of business.

## The impact of COVID-19 on employment growth

Transaction Capital and its divisions have previously recorded robust employment growth as our divisions deepen vertical integration and expand their total addressable markets. However, the impact of COVID-19 has seen a decrease in employment growth by 14% this year.

SA Taxi was able to avoid retrenchments and employees received full pay for the duration of the hard lockdown. Prior to the pandemic, TCRS was building capacity for the anticipated growth in the collections market, including ramping up human capital requirements, and had budgeted accordingly. As detailed in the IAR, the decrease in collections activity between April to September 2020 and lower expected remaining collections going forward meant that TCRS has had no option

but to reassess its organisational structure, including reducing the number of employees within the business. This required a Section 189 process (which deals with large-scale retrenchments) that affected 544 employees by the close of our financial year.

Also, some TCRS employees were on a no-work-no-pay basis from April to October 2020. On average, TCRS submitted 1 605 applications for the Temporary Employer-Employee Relief Scheme (TERS). From May to November 2020, TCRS received a total payment of R7.8 million as relief for its employees. In line with our employee value proposition and to support our employees where possible, TCRS provided:

- ▷ Pre-funding of 50% of TERS payments to affected staff before the funds were paid by government.
- ▷ Payment towards medical aid, funeral cover and group life cover.
- ▷ Food vouchers to all affected employees.



### WE HIRE INCLUSIVELY

The group is committed to job creation and driving transformation in its workforce, including increasing the representation of previously under-represented groups and contributing to youth employment. In South Africa, where already high unemployment rates have worsened due to COVID-19, our ability to preserve as many jobs as possible and create the foundation for future job creation as the group resumes its growth trajectory will have a significant socioeconomic impact.

#### > We contribute to employment

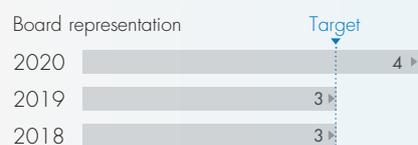
	2020	2019	2018	2017
<b>Group</b>				
Number of employees	<b>3 965</b>	4 662	4 445	4 095
Growth rate of employment	<b>(14%)<sup>1</sup></b>	5%	9%	26%
<b>South Africa</b>				
Number of employees	<b>3 259</b>	3 962	3 865	3 417
Growth rate of employment	<b>(18%)</b>	3%	13%	5%
National unemployment rate <sup>2</sup>	<b>30.8%</b>	29.1%	27.5%	27.7%
	<b>Up 1.7%</b>	Up 1.6%	Down 0.2%	Up 0.6%

1. As disclosed above, the decrease in the number of employees in the group is predominantly due to a Section 189 process in TCRS that affected 544 employees.  
2. Source: Stats SA.

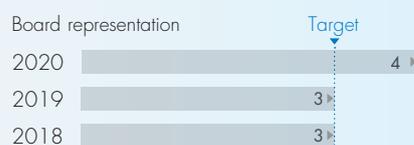
#### > Our employment practices contribute to socioeconomic transformation

The group supports the principles and aims of diversity at board level, and has a diversity policy in place to address gender and racial diversity.

##### NUMBER OF FEMALE DIRECTORS



##### NUMBER OF BLACK DIRECTORS\*



The nominations committee sets voluntary targets for race and gender diversity and assesses progress annually. Targets align to the JSE Listings Requirements on the promotion of diversity.

\* Black directors include African, Coloured and Indian directors.



Details on the composition of the board can be found in the governance report, available at [www.transactioncapital.co.za](http://www.transactioncapital.co.za).



## DIVERSITY STATISTICS

GROUP	2020	2019
<b>Total number of employees</b>	<b>3 965</b>	<b>4 662</b>
<b>Number of employees by type of employment contract</b>	<b>3 965</b>	<b>4 662</b>
Permanent	3 819	4 492
Temporary	146	170
<b>Number of employees by region</b>	<b>3 965</b>	<b>4 662</b>
South Africa	3 259	3 962
Australia	706	700
<b>Number of employees by gender</b>	<b>3 965</b>	<b>4 662</b>
Female employees	2 331	2 887
Male employees	1 634	1 775
<b>Number of employees by age</b>	<b>3 965</b>	<b>4 662</b>
<35 years of age	2 042	2 196
>35 years of age	1 923	2 466
<b>Number of employees by occupational level (permanent)</b>	<b>3 819</b>	<b>4 492</b>
Executive management	36	73
<i>Of which are female employees</i>	<i>8</i>	<i>21</i>
Senior management	141	151
<i>Of which are female employees</i>	<i>68</i>	<i>72</i>
Mid management	330	323
<i>Of which are female employees</i>	<i>159</i>	<i>170</i>
Junior management	860	914
<i>Of which are female employees</i>	<i>426</i>	<i>498</i>
Semi-skilled	2 024	2 633
<i>Of which are female employees</i>	<i>1 337</i>	<i>1 795</i>
Unskilled	428	398
<i>Of which are female employees</i>	<i>240</i>	<i>220</i>
<b>Number of employees promoted</b>	<b>116</b>	<b>257</b>
<i>Of which are female employees</i>	<i>56</i>	<i>106</i>
<b>SOUTH AFRICA<sup>1</sup></b>		
<b>Number of employees</b>	<b>3 259</b>	<b>3 962</b>
Number of black employees	2 869	3 576
Number of female employees	1 893	2 478
Number of disabled employees	40	39
<b>Number of employees promoted</b>	<b>64</b>	<b>225</b>
Number of black employees promoted	54	151
Number of female employees promoted	26	84
<b>Number of low-skilled employees<sup>2</sup></b>	<b>1 979</b>	<b>2 571</b>
<b>Transformation of governing bodies<sup>3</sup></b>		
<i>As a % of governing bodies:</i>		
Black employees	<b>12%</b>	–
Female employees	<b>19%</b>	–
Disabled employees	<b>1%</b>	–

Black employees include African, Coloured and Indian employees.

1 These figures exclude 706 employees (2019: 700 employees) in our Australian operations. Various national and federal legislation in Australia governs the collection of data relating to 'protected attributes'. In effect, this means that we cannot collect information relating to an individual's national or ethnic origin, age, physical or mental disability, marital status or caring responsibilities, sexual orientation and gender identity throughout any part of their employee lifecycle. Australia also has strict laws which govern the treatment of employees under the Fair Work Act 2009, including specific provisions to prevent discrimination.

2 Given that the unemployment rate is highest among those with the lowest skills, employing semi- and unskilled workers is highly impactful in driving socioeconomic transformation.

3. First year of tracking and reporting on this indicator.



## > We contribute to youth employment

Unemployment disproportionately affects younger South Africans, with a national youth unemployment rate of over 50%.<sup>1</sup> As a group we have identified partners and invested in various initiatives and training that create opportunities for South African youth to enter the workforce for the first time. These activities contribute directly to enhancing future employability for this cohort.

### SA TAXI

Youth employment	2020	2019	Labour force participation rate
Number of employees	1 241	1 223	

As a % of total headcount:

< 25 years old	3%	2%	16%
< 35 years old	46%	45%	57%

### TCRS (SOUTH AFRICA)

Youth employment	2020	2019	Labour force participation rate
Number of employees	1 978	2 714	

As a % of total headcount:

< 25 years old	11%	29%	16%
< 35 years old	58%	49%	57%

Call centre agent trainees	49%	56%
----------------------------	-----	-----

## 15 interns

PEOPLE ON INTERNSHIPS AND LEARNERSHIPS DURING THE YEAR  
(2019: 30 interns)

SA Taxi is currently running two learnerships for internal staff to improve the availability of critical and scarce skills. An additional internship for an unemployed black youth seeks to provide them with essential work experience.

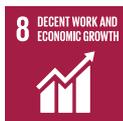
Established in 2018, the Youth Employment Service (YES) programme is a national initiative that aims to curb high levels of youth unemployment in South Africa. Transaction Capital Recoveries recruited 26 young people to be part of our intake into the YES programme in 2020. All participants have completed debt recovery programme training and 19 are currently undertaking a workplace experience placement for 12 months.

Moreover, most of the new recruits into the call centre environment are matriculants. All new collectors are required to complete a 26-day debt recovery skills programme that is accredited with the Sector Education and Training Authority (SETA) for the Finance, Accounting, Management Consulting and Other Financial Services sector.

The group is committed to empowering its people by investing in their potential and protecting their health and safety.

1. Source: Stats SA.





## WE EMPOWER OUR STAFF



*The wellbeing of our employees is a critical priority.*

*Comprehensive safety protocols to protect employees, including providing PPE, daily health checks, hygiene and social distancing measures, as well as ongoing communication, remain in place. This includes specific procedures to protect high-risk employees, including those with comorbidities. The group has also updated leave policies to align with COVID-19 regulations in the event that an employee tests positive or needs to self-isolate or quarantine after potential exposure. Employee assistance programmes to provide counselling and support to employees are available as a matter of course in all our businesses."*

### PHUMZILE LANGENI / SOCIAL AND ETHICS COMMITTEE CHAIR

Due to the operational disruption of the pandemic, the group and divisions maintained extensive engagement with employees. These included on-going face-to-face and digital communication by our leadership team to connect people to the organisation and keep them engaged, motivated and productive during the crisis. Campaigns were run to ensure that all employees remained informed of developments in the businesses, along with education campaigns that focused on emotional, social and physical wellbeing.

Group	2020	2019
Voluntary employee turnover rate	16%	18%
Total employee turnover rate	34%	24%
Implemented occupational health and safety (OH&S) management system as per clear OH&S policy	✓	✓
Injuries and/or ill health related to working conditions	34	55
<i>Of which were reportable cases</i>	9	21
<i>Of which were First Aid cases</i>	25	34
Average training hours per employee per year	17*	28

\* Decrease due to the operational impacts experienced during the COVID-19 pandemic.

## SA Taxi

As an ongoing initiative, SA Taxi invests in training and development to improve the skills of its people and improve their future employability. Within the context of high unemployment among those with lower skills, skills development plays an important role in reducing the unemployment rate in South Africa.

### > We invest in our staff's potential

	2020	2019
Average training hours per employee per year	6*	9
Average number of years on the job for junior employees:		
< 25 years old	1.3	1.7
< 35 years old	2.7	2.9

\* Decrease due to the operational impacts experienced during the COVID-19 pandemic.

### > We value our employees

	2020	2019
Voluntary employee turnover rate	5%	7%
Total employee turnover rate	10%	13%
Implemented OH&S management system as per clear OH&S policy	✓	✓
Injuries and/or ill health related to working conditions	28	42
<i>Of which were reportable cases</i>	9	21
<i>Of which were First Aid cases</i>	19	21
Proportion of employees on:		
<i>Health care and pension benefits</i>	83%	78%
<i>Provident fund</i>	98%	98%

Extending these benefits to its employees demonstrates SA Taxi's commitment to the health and wellbeing of its workforce. Benefits are also extended to low-skilled employees, who would otherwise not have access to the social security these benefits provide.



## TCRS

TCRS regards its employees as a key asset, who are central to its ability to engage meaningfully with clients, innovate in respective markets, leverage technology and data, and create value for its stakeholders. We are committed to developing and retaining high-calibre personnel to drive the growth of the group.

TCRS implemented a highly effective work-from-home strategy in response to the impacts of COVID-19, with enhanced oversight, monitoring and managing of performance. Call centre agents have responded positively, with efficiency and productivity enhanced. This has also enhanced their ability to increase their earnings through greater flexibility, enabled through the high incentive component in the salary structure of agents. The transition to a dual model of work-from-home and office-based work stands to provide a balance between structure and flexibility that will further empower our employees.

### > We invest in our staff's potential

*Investors in People Organisation (IiP)* accreditation affirmed for Transaction Capital Recoveries at 'developed' level against new IiP standards in March 2020

	2020	2019
Average training hours per employee per year	24*	34
Average number of years on the job for junior employees (less than five years work experience)	2.0	1.2

\* Decrease due to the operational impacts experienced during the COVID-19 pandemic.

TCRS invests strongly in employee training (with an average annual internal training spend of R5 million). This includes the 26-day FASSET SETA accredited debt recovery programme, and various leadership and disability programmes.

Our Fundza Bursary Fund was established to assist employees to obtain tertiary qualifications. This raises education levels and specifically drives greater skills in TCRS. Also, due to the broader scope of studies undertaken by employees, TCRS has a strong pipeline of qualified employees internally to fill vacancies as they arise. This is supported by various leadership development programmes to prepare new leaders or broaden leadership competencies.

Our Nisela Scholarship Fund (included as part of our corporate social investments) provides financial assistance to dependents of employees to further their schooling or studies. It is awarded on academic merit and the financial need of employees in the business.

Ongoing lifestyle and wellness communications supplement a health and wellbeing programme provided through Careways.

### > We value our employees

	2020	2019
Voluntary employee turnover rate	20%	21%
Total employee turnover rate*	44%	28%
Implemented OH&S management system as per clear OH&S policy	✓	✓
Injuries and/or ill health related to working conditions	6	13
Of which were reportable cases	-	-
Of which were First Aid cases	6	13
Proportion of employees on:		
Health care and pension benefits	72%	65%
Provident fund	75%	68%

Extending these benefits to its employees demonstrates TCRS's commitment to the health and wellbeing of its workforce. Benefits are also extended to low-skilled employees, who would otherwise not have access to the social security these benefits provide.

\* A large portion of TCRS's employees work in the call centre environment and are firsttime employees, contributing to higher turnover. Refer to the section 'We contribute to youth employment' on page 22 for detail on our support for youth employment and enhancing their employability. The 2020 figure also includes the retrenchments resulting from the Section 189 process.





## WE ARE A GOOD CORPORATE CITIZEN

In addition to the social impact of their respective business models, the divisions deliver targeted social and economic development programmes and contribute directly to humanitarian needs. Underpinned by the group’s robust governance framework and sound governance practices, we ensure that our business platforms operate ethically and with zero tolerance for corruption.

### > We contribute to humanitarian needs



*We commend all executive and non-executive directors of Transaction Capital, who waived up to 30% of their salaries, benefits and fees for a three-month period – this equated to R1.8 million which was donated to the Solidarity Fund to assist South Africa in combating the pandemic.”*

**KUBEN PILLAY / REMUNERATION COMMITTEE CHAIR**

## SA Taxi

Corporate social investment (CSI) programmes are delivered through the SA Taxi Foundation.

**4.1%**

PROPORTION OF NET PROFIT AFTER TAX DEDICATED TO SOCIAL AND ECONOMIC DEVELOPMENT PROGRAMMES

(2019: 1.4%; 2018: 4.3%)

SA Taxi supports supplier development initiatives in the minibus taxi industry. One of these is Smart Seat, a black-owned company that supplies upholstered seats and head rests for all SA Taxi’s refurbished vehicles.

**~R8.9 million**

DONATED IN COVID-19 RELATED INITIATIVES

This included hand sanitiser and related PPE that was provided to the minibus taxi industry by leveraging our partnership with SANTACO to ensure appropriate distribution.

## TCRS

TCRS is active in supporting social and economic development programmes aligned to its core operations. We also invest in CSI initiatives that aim to uplift targeted communities. Each entity within TCRS facilitates and manages its own CSI initiative.

**1.6%**

NET PROFIT AFTER TAX DEDICATED TO SOCIAL AND ECONOMIC DEVELOPMENT PROGRAMMES SUPPORTING 315 PEOPLE

(2019: 1.1% supporting 365 people; 2018: 1.4% supporting 115 people)

TCRS is a shareholder of the iThemba Trust, a non-profit organisation in the Eastern Cape.

During the 2020 financial year, TCRS supported the following organisations:

- ▷ Aahaah Shuttle & Tours for scholar transport.
- ▷ The Link Trust for an early childhood development and reading programme.
- ▷ TC Kwande through the provision of office space, including desks and IT infrastructure.
- ▷ Septoe as a donation to assist in establishing their business.
- ▷ Anakalysi Investments by paying some of their salaries to assist with cash flow.

### > We have zero tolerance for corruption and human rights abuses

The group follows an integrated approach to its ethics management, which includes prevention, detection, investigation, and resolution. As part of its prevention strategy, the group has an anti-bribery and corruption policy, which includes guidelines for donations (including political donations) and sponsorships. A review of the group anti-bribery and corruption policy is conducted annually.

The group also conducted its first group-wide corruption and human rights risk assessment in 2020.

### > We promote resilience by actively anticipating and mitigating socio-economic and environmental risk

An annual review is conducted on systems within the divisions for ongoing compliance monitoring against all applicable laws and regulations. A risk assessment and monitoring system that considers risks including data privacy, market shocks, labour force disruption and climate-related risks is in place.

# ENVIRONMENTAL IMPACT

*Climate change has been identified as an emerging risk for the group. Transaction Capital recognises the rapidly changing global context and the risks associated with environmental and social factors, particularly climate change. The physical effects of climate change and environmental degradation, as well as the transition to a low-carbon and more circular economy, present both financial risk and certain opportunities to the group.*

Although Transaction Capital's businesses have a low overall impact on the natural environment, it continues to undertake initiatives to reduce its environmental impact in keeping with its duty of care towards the environment. These initiatives are reported to the social and ethics committee on a bi-annual basis, at minimum.

The group's environmental policy, being presented for board approval in the 2021 financial year, formalises and integrates our approach to climate change into our risk management

framework. As a result, the group will be assessing and quantifying potential impacts on our business operations, employees and broader stakeholder universe.

Challenges associated with climate change can potentially affect the group in various ways. The group has already experienced disruption to its operations and its clients in Australia during the unusually intense bushfires that started in June 2019. Also, particularly intense storms in Fiji have impacted the Recoveries Corporation call centre based in that country.



## WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE

SA Taxi contributes to reducing the carbon footprint of the minibus taxi industry through modernising the minibus taxi fleet and contributing to the circular economy through its salvage and repair operations. Its fully refurbished pre-owned minibus taxis keep vehicles in use for longer. Together, given SA Taxi's unique market position, these activities ultimately reduce the minibus taxi industry's greenhouse gas (GHG) emissions.

Although TCRS has a low overall impact on the natural environment, we continue to undertake initiatives to reduce our environmental footprint.

**Across the group, the following initiatives have been implemented at operational premises:**

Energy efficient light management is used within buildings to reduce GHG emissions from energy usage.

Sensors in meeting rooms and offices automatically turn off the lights when rooms are unoccupied.

Various programmes are focused on paper and plastic waste recycling.

Initiatives to dispose of harmful products in a responsible manner by partnering with responsible service providers.

Consolidated group consumption and waste (South Africa)<sup>1</sup>

12 065 946  
kilowatt hours

ELECTRICITY CONSUMPTION

32 056 kilolitres

WATER CONSUMPTION

203.6 tonnes

WEIGHT OF WASTE DISPOSAL

1. First year of consolidating and reporting on these indicators at group level.



## SA Taxi

> *We maximise value retention through our vertically integrated platform*

**-15%**

**YEAR-ON-YEAR GROWTH IN SALES OF PRE-OWNED MINIBUS TAXIS**

(2019: 38%; 2018: 3%)

COVID-19 affected minibus taxi sales in 2020; however, SA Taxi expects pre-owned minibus taxis to comprise a greater proportion of vehicle sales over time, driven mainly by affordability considerations in a constrained economic environment.

**4 064**

**NEW MINIBUS TAXI SALES**

(2019: 6 025; 2018: 5 876)

**2 186**

**PRE-OWNED MINIBUS TAXI SALES**

(2019: 2 566; 2018: 1 858)

> *We improve the environmental impact of the industry*

By replacing older, predominantly petrol vehicles with newer, mostly diesel vehicles, SA Taxi contributes to reducing the carbon footprint of the minibus taxi fleet. Given the proportion of the national fleet financed by SA Taxi, this has a material positive benefit at a national level.

In addition, an increase in the proportion of minibus taxis with higher passenger capacity (from 14 to 16 passengers for newer vehicles) results in a carbon emission saving through lower fuel consumption per passenger.

The different approaches to reducing carbon emissions is provided in the four mitigation cases alongside. The analysis by Environmental Resource Management (ERM) has been quantified assuming the average emission per kilometre travelled per vehicle in the SA Taxi fleet. This analysis indicates that SA Taxi's contribution could achieve a reduction of approximately 0.4% of the full mitigation potential of metric tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) emissions proposed for the road transport sector of South Africa in 2020.

MITIGATION CASE	Emissions abatement 2020
1 Improved fuel efficiency due to SA Taxi financed new vehicles replacing old vehicles	38 114 tCO <sub>2</sub> e
2 Improved fuel efficiency due to replacement of 14 seaters with 16 seaters	26 654 tCO <sub>2</sub> e
3 Improved fuel efficiency due to replacement of petrol vehicles with diesel vehicles	17 746 tCO <sub>2</sub> e
4 Improved fuel efficiency due to vehicle refurbishments	771 tCO <sub>2</sub> e

### SA TAXI'S PERFORMANCE IN 2020

**763 392 tCO<sub>2</sub>e**

**EMISSIONS OF SA TAXI-FINANCED FLEET**  
(2019: 694 617 tCO<sub>2</sub>e; 2018: 591 693 tCO<sub>2</sub>e)

**9.9%**

**GHG EMISSIONS ABATEMENT**  
(2019: 9.8%; 2018: 9.8%)

The transport industry accounts for over 10% of GHG emissions in South Africa, with road transport accounting for more than two-thirds of these emissions. Therefore, addressing total emissions and emissions reduction in the transport industry will have a significant beneficial environmental impact.

SA Taxi continues to investigate the feasibility of alternative fuel vehicles such as compressed natural gas (CNG) converted vehicles and electric vehicles. Currently the national transport infrastructure is poorly equipped to deliver products and services such as CNG filling stations and electric vehicle charging stations to enable these forms of technology to be rolled out on a large scale.

The division was awarded a Global Impact Investing Rating System (GIIRS) rating in 2018. GIIRS determines an overall rating of a fund's social and environmental impact, with SA Taxi achieving the highest level in the Overall Impact Business Model Rating.

# STAKEHOLDER ENGAGEMENT

## Our stakeholder universe

*Transaction Capital creates value for stakeholders by sustainably generating good commercial returns and positive social impact (shared value). Our focus on shared value requires that we remain cognisant of our role and responsibilities towards all stakeholders, and that we uphold strong moral and ethical standards in all our interactions.*

King IV re-affirms the notion that organisations do not operate in a vacuum, but rather form an integral part of society; this makes an organisation accountable to all its stakeholders, now and into the future. Transaction Capital recognises that a process of stakeholder engagement is integral for understanding the reasonable expectations and interests of our stakeholders, as well as their information needs. Collaboration and regular engagement with our stakeholders are essential to the long-term sustainability of our business and assist with strategic decision-making.

Stakeholders are defined as entities or individuals that can reasonably be expected to be significantly affected by Transaction Capital's activities, products, or services; or whose actions can reasonably be expected to affect the ability of Transaction Capital to implement its strategies or achieve its objectives.

Transaction Capital's sustainability policy governs the relationship and interaction with stakeholders, with the board and the social and ethics committee assuming responsibility for stakeholder engagement. The stakeholder engagement process takes place at all levels across the divisions and the group. Appropriate initiatives are implemented by each division and group function to ensure a process for proactively identifying and addressing the significant issues and concerns of their key stakeholders. Each division is required to report regularly on its stakeholder engagements at their respective board meetings and to the group's social and ethics committee.

The group ethics charter commits the group to providing stakeholders with relevant information on its approach and attitude to conducting business ethically, and the ESE frameworks serve as a mechanism to ensure more consistent communication to stakeholders on the group's ESE progress and performance.

## SHAREHOLDERS AND FUNDERS

### VALUE RELATIONSHIP

#### FOR US

Accessible and affordable capital supporting the right balance of equity and debt funding, to fund organic and acquisitive growth.

#### FOR THEM

Quality earnings growth and capital appreciation even in difficult economic conditions; reliable risk-adjusted interest returns; meaningful social impact for development finance institutions.

### ENGAGEMENT STRATEGY

- ▷ Pro-active ongoing communication to establish credibility and trust, and build shareholder confidence through demonstrating the strength of group management and the board.
- ▷ Ensuring transparency through consistent disclosure and quality of earnings.
- ▷ Providing high-quality, accurate and reliable financial and non-financial information via annual and interim results presentations.
- ▷ Keeping stakeholders informed of material changes or developments via SENS announcements and media releases.
- ▷ Informal and regular telephonic and email engagements.

## SHAREHOLDERS AND FUNDERS *continued*

### QUALITY OF RELATIONSHIP

- ▷ The group's investor relations interactions are well-regarded by shareholders, characterised by mutual benefit and trust. Risk to equity held in Transaction Capital is regarded as low, which is key to attracting new investors to support the group's growth.
- ▷ The group has access to sufficient debt facilities to fund its strategic organic growth initiatives. The ability to meet funding requirements for the subsequent financial year is a key indicator of relationship quality for the group.

KEY ISSUES	OUR STRATEGIC RESPONSE	MORE INFORMATION
COVID-19 impact on the operations of the group and its divisions.	<ul style="list-style-type: none"> <li>▷ Swift and agile responses to financial and operational impacts of COVID-19 allowed the group to weather disruptions and achieve resilient financial performance. It is expected that some disruption will persist into the 2021 financial year, with financial and operational performance normalising thereafter.</li> </ul>	<b>Integrated annual report:</b> <ul style="list-style-type: none"> <li>▷ Q&amp;A with David Hurwitz, CEO</li> <li>▷ Divisional reviews</li> <li>▷ CFO's report</li> </ul>
COVID-19 impact on gearing levels and liquidity; the requirement for additional provisions; and the return to normalised levels of collections and earnings.	<ul style="list-style-type: none"> <li>▷ The group's balance sheet remains well capitalised and liquid. With its strong balance sheet and high cash conversion rates, no capital strain is expected in funding the divisions' growth plans.</li> <li>▷ Continued timely repayment of interest and principal debt.</li> <li>▷ SA Taxi remains well capitalised and has unfettered access to liquidity. The division's funding requirements for loan origination into 2022 are already secured.</li> <li>▷ TCRS's funding requirements for the acquisition of NPL Portfolios in South Africa and Australia are secured into the 2022 financial year.</li> </ul>	<b>Integrated annual report:</b> <ul style="list-style-type: none"> <li>▷ Q&amp;A with Mark Herskovits, CIO</li> </ul>
Maintaining appropriate access to funding at an acceptable cost in an environment where funding may be difficult to obtain.	<ul style="list-style-type: none"> <li>▷ The group and its divisions maintain innovative funding structures that meet the requirements of current and prospective funders.</li> </ul>	<b>Integrated annual report:</b> <ul style="list-style-type: none"> <li>▷ Q&amp;A with Mark Herskovits, CIO</li> </ul>
Board composition and independence.	<ul style="list-style-type: none"> <li>▷ Appointment of three new independent non-executive directors to augment the board's existing skillset and strengthen independence.</li> <li>▷ The chairman of the board is no longer a member of the ARC committee, as advocated by King IV.</li> </ul>	<b>Governance report (online)</b> <b>Integrated annual report:</b> <ul style="list-style-type: none"> <li>▷ Nominations committee letter</li> </ul>
Insufficient disclosure on environmental and social impact.	<ul style="list-style-type: none"> <li>▷ Development of newly adopted ESE framework will inform measurable reporting of the group's ESE impacts.</li> </ul>	<b>Sustainability report</b> <b>Integrated annual report:</b> <ul style="list-style-type: none"> <li>▷ Social and ethics committee letter</li> </ul>
Remuneration policy and certain conditional share plan criteria.	<ul style="list-style-type: none"> <li>▷ Enhancements including sustainability targets for key executives and amendments to the vesting criteria for the conditional share plan.</li> </ul>	<b>Integrated annual report:</b> <ul style="list-style-type: none"> <li>▷ Remuneration committee letter</li> <li>▷ Remuneration report</li> </ul>
Deployment opportunities for undeployed capital.	<ul style="list-style-type: none"> <li>▷ Concluded the acquisition of a non-controlling 49.9% stake in WeBuyCars in September 2020.</li> <li>▷ Strategic growth initiatives remain valid and will be pursued.</li> </ul>	<b>Integrated annual report:</b> <ul style="list-style-type: none"> <li>▷ Q&amp;A with David Hurwitz, CEO</li> </ul>

## EMPLOYEES

### VALUE RELATIONSHIP

#### FOR US

A workforce that is aligned to group and divisional strategies and embraces our entrepreneurial, high-performance, ethical and inclusive culture, to effectively deliver market-leading value propositions to clients.

#### FOR THEM

Fair remuneration and benefits; career progression within a growing group; a positive and inspiring work environment; being part of an organisation that delivers positive social impact.

### ENGAGEMENT STRATEGY

- ▷ Leadership engagement sessions with employees including roadshows and presentations, to promote alignment with the group's vision and strategy.
- ▷ Digital tools for providing ongoing business information.
- ▷ Employee, culture and engagement surveys.
- ▷ Performance reviews and exit interviews.
- ▷ Reward and recognition programmes.
- ▷ Formal grievance mechanisms.

### QUALITY OF RELATIONSHIP

- ▷ Employee satisfaction surveys indicate generally high levels of employee satisfaction. Employee turnover rates in SA Taxi remain below national and sector averages. In TCRS, the high number of first-time job seekers employed in the call centre environment accounts for its higher employee turnover rate.

KEY ISSUES	OUR STRATEGIC RESPONSE	MORE INFORMATION
Concerns around how COVID-19 and the divisions' response may impact employees.	<ul style="list-style-type: none"> <li>▷ The divisions demonstrated resilience against the impacts of COVID-19, with operational activity in most instances now nearing pre-COVID-19 lockdown levels, supporting job security.</li> <li>▷ Measures successfully implemented to work from home where feasible and to limit the spread of COVID-19 for those employees returning to physical premises. In TCRS, a work-from-home model for call centre employees proved highly effective and will continue beyond COVID-19.</li> <li>▷ TCRS has had to adjust to the lower expected collections levels by cutting costs and raising efficiencies, resulting in retrenchments in 2020.</li> </ul>	<p><b>Sustainability report</b> .....</p> <p><b>Integrated annual report:</b></p> <ul style="list-style-type: none"> <li>▷ Social and ethics committee letter</li> <li>▷ Q&amp;A with David Hurwitz, CEO</li> </ul>
Opportunities for career development and progression.	<ul style="list-style-type: none"> <li>▷ SA Taxi implemented the VUCA leadership programme which includes mentorship and coaching. Performance management across the division helps identify developmental gaps per employee to inform individual development plans.</li> <li>▷ TCRS has an active leadership and learnership division that focuses on skills development at all levels and provides support to staff to improve their skills and capabilities.</li> </ul>	<p><b>Sustainability report</b> .....</p> <p><b>Integrated annual report:</b></p> <ul style="list-style-type: none"> <li>▷ Strategy</li> </ul>

## CLIENTS

### VALUE RELATIONSHIP

#### FOR US

Income generated from providing products and services; opportunity to broaden our addressable markets by leveraging good relationships with clients; utilising our rich data to improve and develop new products and services.

#### FOR THEM

Access to products and services that are innovative, cost-effective and differentiated, augmented by rich data; relationships with businesses benefitting from greater formalisation and an ethical and responsible approach to doing business.

### ENGAGEMENT STRATEGY

- ▷ Ongoing engagement in the normal course of business, as well as via interactions through call centres, client surveys, and complaint and dispute mechanisms.

### QUALITY OF RELATIONSHIP

- ▷ Our relationships with clients are strong and based on mutual trust and benefit. TCRS's servicer quality ratings, as rated by GCR and which reflect a stable outlook, are: Primary Servicer: SQ1-{za}; Special Servicer: SQ1-{za}. With information gathered on a national scale, the servicer quality ratings reflect the strength of TCRS's debt collection profile for both its principal and agency portfolios, supported by its robust fintech platform and strong financial profile. In SA Taxi, the proportion of repeat SA Taxi Finance customers has been introduced as an indicator of operator satisfaction, which was 28% in 2020 (2019: 29%).

KEY ISSUES	OUR STRATEGIC RESPONSE	MORE INFORMATION
<p><b>SA Taxi:</b></p> <ul style="list-style-type: none"> <li>▷ Payment arrangement requests due to the impact of COVID-19 on ability to pay loan instalments and insurance premiums.</li> <li>▷ Better understanding of contracts and associated services, and improved feedback on queries raised.</li> </ul>	<ul style="list-style-type: none"> <li>▷ SA Taxi's strategic partner, SANTACO, facilitates a deeper understanding of client concerns and expectations.</li> <li>▷ Introduced relief programme for loan repayment and insurance premiums to clients in good standing.</li> <li>▷ Introduced personalised account relationship management, improved customer feedback and provided insurance and rewards education.</li> </ul>	<p><b>Integrated annual report:</b></p> <ul style="list-style-type: none"> <li>▷ Q&amp;A with Terry Kier, SA Taxi CEO</li> </ul>
<p><b>TCRS:</b></p> <ul style="list-style-type: none"> <li>▷ Impact on collections activity due to COVID-19 related shutdowns.</li> </ul>	<ul style="list-style-type: none"> <li>▷ Successful transition to combined work-from-home and office-based model in both South Africa and Australia ensured continued collections activity without compromising data security or access to technology.</li> </ul>	<p><b>Integrated annual report:</b></p> <ul style="list-style-type: none"> <li>▷ Q&amp;A with David McAlpin, TCRS CEO</li> </ul>



## REGULATORS

### VALUE RELATIONSHIP

#### FOR US

Good standing with regulatory authorities; contributions to industry developments and promotion of an enabling regulatory environment; reputation as an accessible and invested social partner.

#### FOR THEM

A compliant and supportive sector participant; a committed partner in achieving transformational and developmental objectives.

### ENGAGEMENT STRATEGY

- ▷ Ongoing via statutory reporting and returns, as well as responding to and assisting with ad hoc regulatory queries and inspections.
- ▷ Ensuring necessary regulatory registrations, applications and approvals are made and obtained.
- ▷ Consulting on draft regulations.
- ▷ Participating in industry meetings with regulators and in industry forums.

### QUALITY OF RELATIONSHIP

- ▷ Generally good quality relationships where these exist, with room for further improvement.

KEY ISSUES	OUR STRATEGIC RESPONSE	MORE INFORMATION
<p><b>SA Taxi</b> Progress against employment equity targets.</p> <p>Competition Commission enquiry into land-based public passenger transport.</p>	<ul style="list-style-type: none"> <li>▷ In SA Taxi, active engagement with Department of Employment and Labour to ensure more equitable and robust employment equity plan is developed and tracked.</li> <li>▷ Cooperation and compliance with Competition Commission requests for information.</li> </ul>	<p>Sustainability report Governance report (online)</p>
<p><b>Group</b> Progress in ensuring compliance with the Protection of Personal Information Act ahead of 1 July 2021.</p>	<ul style="list-style-type: none"> <li>▷ All group entities are on track to achieve full compliance ahead of the deadline, with comprehensive gap analyses informing remedial actions where necessary.</li> </ul>	<p>Governance report (online)</p>

## SOCIETY

### VALUE RELATIONSHIP

#### FOR US

Positive relationships with industry stakeholders and relevant governmental departments; opportunity to deliver products and services underpinned by shared value; uninterrupted supply chains and value for money when procuring from suppliers.

#### FOR THEM

Contributing to better industries through greater formalisation and strong governance practices; improving mobility access for South Africans; growth in tax revenue, employment opportunities and supplier base through continued growth of divisions.

### ENGAGEMENT STRATEGY

- ▷ Frequent engagements with industry leadership and relevant government departments.
- ▷ For suppliers, ongoing engagement as required to ensure access to necessary products and services on favourable terms.

## SOCIETY *continued*

### QUALITY OF RELATIONSHIP

- ▷ Generally good quality relationships with industry, as demonstrated by the willingness of industry to engage with Transaction Capital and its divisions.
- ▷ SA Taxi's collaboration with minibus taxi industry stakeholders and specifically through SANTACO (which holds a 25% share of SA Taxi) during 2020 has deepened its ability to consult at all levels across the industry.
- ▷ SA Taxi maintains strong relationships with its original equipment manufacturer partners.
- ▷ Reputation as a responsible, caring and socially relevant corporate citizen that is committed to investing in and contributing to communities.

KEY ISSUES	OUR STRATEGIC RESPONSE	MORE INFORMATION
Minibus taxi industry concerns regarding the impacts of COVID-19.	<ul style="list-style-type: none"> <li>▷ SA Taxi reintroduced its mobile outreach programmes when the alert level reduced to Level 2, which together with its payment relief efforts were positively received by clients and industry stakeholders.</li> </ul>	<b>Integrated annual report:</b> <ul style="list-style-type: none"> <li>▷ Q&amp;A with Terry Kier, SA Taxi CEO</li> </ul>
SA Taxi's contribution to better public transport and job creation.	<ul style="list-style-type: none"> <li>▷ Financing and retailing safer new and quality refurbished minibus taxis and contributing to road safety campaigns.</li> <li>▷ Greater formalisation of the minibus taxi industry facilitates commuter trust.</li> <li>▷ SA Taxi invests in improving safety and driver behaviour to incentivise safer transportation and reduce the number of vehicle accidents.</li> <li>▷ SA Taxi specifically focuses on developing black-owned SMEs in the minibus taxi industry.</li> </ul>	<b>Integrated annual report:</b> <ul style="list-style-type: none"> <li>▷ Q&amp;A with Terry Kier, SA Taxi CEO</li> <li>▷ Divisions: SA Taxi</li> </ul>
Ability to rehabilitate indebted consumers experiencing tough economic conditions.	<ul style="list-style-type: none"> <li>▷ TCRS ESE framework introduces metrics to report on its efforts in debtor rehabilitation.</li> </ul>	<b>Sustainability report</b>
Diversity and transformation in the workplace.	<ul style="list-style-type: none"> <li>▷ Transformation included as a key performance indicator for all executives in 2019.</li> <li>▷ SA Taxi appointed a transformation manager in June 2020 to accelerate transformation in the context of employment equity, skills development, and diversity and inclusivity. SA Taxi achieved a Level 4 B-BBEE rating.</li> <li>▷ TCRS is benefitting from a strong pipeline of employment equity candidates moving into various leadership roles. TCRS has maintained its Level 1 B-BBEE rating.</li> </ul>	<b>Sustainability report</b>
For suppliers, timeous payment of commission and invoices for services rendered.	<ul style="list-style-type: none"> <li>▷ Payment processes in place to ensure timeous payment for services rendered within agreed service levels.</li> </ul>	
Taking action on climate change.	<ul style="list-style-type: none"> <li>▷ SA Taxi contributes to climate resilience by maximising value retention through its vertically integrated platform, thereby contributing towards a circular economy through its parts recycling and sale of pre-owned vehicles; improving the environmental impact of the minibus taxi industry; and by reducing its operational environmental footprint.</li> <li>▷ The group and its divisions continuously work to reduce energy, water use and waste in its operations.</li> </ul>	<b>Sustainability report</b>

# APPENDIX A – REGULATIONS AND POLICIES

## Regulatory environment

Due to the nature of its businesses, Transaction Capital is subject to a range of regulations and legislation, including, without limitation:

- ▷ National Credit Act.
- ▷ Debt Collectors Act.
- ▷ Financial Sector Regulation Act.
- ▷ Insurance-related legislation including the Financial Advisory and Intermediary Services Act, the Insurance Act, the Short-term Insurance Act and Long-term Insurance Act.
- ▷ Financial Intelligence Centre Act.
- ▷ Consumer Protection Act.
- ▷ Competition Act.
- ▷ Legislation relating to the corporate affairs of the group, including the Companies Act, the Financial Markets Act, the JSE Listings Requirements and the JSE Debt Listings Requirements.
- ▷ Tax-related legislation, including the Income Tax Act and the Value-added Tax Act.
- ▷ Labour-related legislation, including the Labour Relations Act, the Basic Conditions of Employment Act, the National Minimum Wage Act and the Employment Equity Act.
- ▷ Occupational Health and Safety Act.
- ▷ Second-hand Goods Act.
- ▷ Electronic Communication and Transaction Act.
- ▷ National Payment System Act.
- ▷ Protection of Personal Information Act.



Details on key regulatory developments in 2020 can be found on page 14 of the full governance report, available at [www.transactioncapital.co.za](http://www.transactioncapital.co.za).

## Policies and frameworks

The group has a comprehensive set of policies to guide its business conduct and the activities of its people. Stakeholders can find key policies below that are relevant to this report, but note that this is not an exhaustive list of all policies in place for the group and its divisions.

### GOVERNANCE POLICIES

- ▷ Anti-bribery and corruption policy, with sub-policies:
  - ▶ Gifts, entertainment and hospitality policy.
  - ▶ Sponsorships and donations policy.
  - ▶ Whistleblowing policy.
- ▷ Board diversity policy.
- ▷ Director securities dealings policy.
- ▷ Ethics charter.
- ▷ Price sensitive information policy.
- ▷ Sustainability policy, incorporating:
  - ▶ Transformation policy.
  - ▶ Broad-based Black Economic Empowerment policy.

### HUMAN RESOURCE POLICIES

- ▷ Compensation policy.
- ▷ Disciplinary process.
- ▷ Employee benefits policy (including conditions relating to maternity pay, employee wellness, retirement benefits, group life, medical aid).
- ▷ Employee conditions of employment policy (including leave conditions).
- ▷ Fraud policy.
- ▷ Recruitment policy.
- ▷ Securities dealings policy.
- ▷ Sexual harassment policy.
- ▷ Training and development policy.



Specific divisional policies are published on their respective websites at <https://sataxi.co.za/legal-and-policy-documents/> and <http://tcriskservices.co.za/about/>.