



Transaction Capital

SUSTAINABILITY REPORT

FOR THE YEAR ENDED 30 SEPTEMBER

2021

CONTENTS

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This icon refers the reader to pages in this report or other reports in our reporting suite with more information.

OUR REPORTS

This report	Integrated report	Risk report	Governance report	Notice of annual general meeting and summarised financial statements	Annual 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 (King IV)	✓	✓	✓	✓	✓
International Financial Reporting Standards		✓		✓	✓
United Nations Sustainable Development Goals (SDGs)	✓	✓			
Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)	✓	✓			

GROUP PROFILE

Transaction Capital identifies, invests in and operates a diversified portfolio of high-potential businesses, in markets where historically low levels of client service and stakeholder trust provide compelling opportunities for disruption. Our businesses apply their specialised expertise and technology and data advantages to provide competitive and innovative solutions that deliver outstanding commercial benefits to clients and drive the development of our industries. This, in turn, enables the group to consistently generate strong financial returns for our stakeholders.

We partner with expert, entrepreneurial and significantly co-invested management teams to scale and grow unique, vertically integrated businesses. Deliberately positioned in relation to socioeconomic dynamics in defensive market segments, our businesses are strategically and operationally relevant, resilient and agile. Over many years they have proven their ability to align their operating models, financial structures and growth plans to prevailing socioeconomic realities and emerging opportunities.

Our businesses are robustly governed and aligned to the group's culture of entrepreneurship and integrity, which underpins their ability to respond effectively and ethically to complex market dynamics. As trusted partners, they collaborate with their stakeholders to create net positive socioeconomic returns with enduring benefits. This enhances their growth, risk and sustainability profiles and secures the group's ability to sustainably deliver shared value outcomes.



Transaction Capital

The business models of SA Taxi, WeBuyCars and Transaction Capital Risk Services (TCRS) are highly relevant in an operating context redefined by COVID-19. With the group's support, they continue to refine their competitive value propositions and expand their total addressable markets, while diversifying their revenues and deepening efficiencies.

TC Ventures and TC Global Finance have been established to support the group executive office in fulfilling and accelerating the group's acquisitive growth strategy. TC Ventures seeks out investments in innovative, high-growth and entrepreneurial South African businesses, with a focus on fintech disruptors, while TC Global Finance leverages the group's unique relationship with its founders to identify and grow international value-accretive investments.



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, thus supporting the sustainability of the minibus taxi industry.

SHAREHOLDING
74.5%



WeBuyCars is South Africa's trusted trader of used vehicles through its data and technology-led vertically integrated physical and e-commerce infrastructure.

SHAREHOLDING
74.2%



TCRS combines its unique technology, data and analytics competencies to provide a range of digitally enabled business services as a trusted partner to a global client base and contribute to the financial sustainability of the communities we serve.

SHAREHOLDING
100%

COLLECTION SERVICES **TRANSACTIONAL SERVICES** **BUSINESS PROCESS OUTSOURCE SERVICES**



HOW WE CREATE VALUE

OUR DEFINITION OF VALUE

Transaction Capital aims to deliver shared-value outcomes for our stakeholders by consistently generating strong commercial returns, while simultaneously creating net positive socioeconomic returns with enduring benefits.

How we consider value against each capital

INTELLECTUAL CAPITAL

We consider intellectual capital to be our core competitive advantage, which directs how other forms of capital are utilised to create shared value outcomes for our stakeholders. This includes:

- ▶ Expertise applied to actively invest in and operate a diversified portfolio of unique, high-potential businesses in market segments where historically poor service and low trust provide opportunities for digitally enabled innovation and disruption.
- ▶ An entrepreneurial culture that drives growth and innovation, overlaid with mature governance structures and processes that defend stakeholder trust and provide competitive advantage in our markets.
- ▶ Specialist expertise and digital competencies (including artificial intelligence (AI)) drive superior data, leading-edge technology and analytics capabilities that enable accurate pricing and mitigation of risk, generate business and client insights and support innovation in developing products and services, as well as operational efficiencies.
- ▶ An iterative strategic process that enables live decision-making and centres on continuous learning to achieve sustainable profitable growth and shared value creation.

HUMAN CAPITAL

- ▶ An engaged board of directors that challenges management to think long term about balancing profit with socioeconomic and environmental impacts, to ensure a net positive socioeconomic return.
- ▶ High specialism achieved by hiring skilled people with experience of managing diverse portfolios and focusing these skills on highly specialised portfolios.
- ▶ An empowered workforce that delivers against defined group and divisional strategies and embraces our entrepreneurial, high-performance, ethical and inclusive culture enables us to effectively deliver market-leading value propositions to clients.
- ▶ Attracting, retaining and developing people whose skills are aligned to our intellectual capital requirements enable us to appropriately plan for succession, which includes recruiting and developing graduates to build our internal talent pipeline.

NATURAL CAPITAL

- ▶ While our direct impact on the natural environment is low, our indirect impacts in SA Taxi are significant in the sale and refurbishment of minibus taxis to service the minibus taxi industry. Our efforts are focused on modernising the minibus taxi fleet and exploring alternative vehicle variants, including electric vehicles (EVs). However, limited infrastructure for alternative vehicle variants exists in South Africa, which will make progress on this initiative contingent on developments across the mobility and energy sectors.

FINANCIAL CAPITAL

- ▶ Track record of high-quality earnings growth with high cash conversion rates.
- ▶ Prudent and pre-emptive capital management approach that enables operational resilience in difficult socioeconomic conditions, and capacity to invest in longer-term organic and acquisitive growth initiatives.
- ▶ Optimal balance of equity and debt capital supports sustainable growth.
- ▶ Debt capital structure diversified by funder type, capital pool, funding structure and geography.
- ▶ Measurable socioeconomic returns that enable access to developmental finance institution (DFI) funding.

SOCIAL AND RELATIONSHIP CAPITAL

- ▶ Maintaining good relationships with our stakeholders and delivering net positive socioeconomic returns support access to funding, enable us to broaden our addressable markets and partner for innovation. This strengthens our reputation as an invested and accessible social partner in pursuing national transformation and developmental objectives.
- ▶ Expanding into new and adjacent markets through industry partnerships and collaboration.

MANUFACTURED CAPITAL

SA Taxi:

- ▶ Repair and refurbishment facilities and sales channels deepen vertical integration in the minibus taxi industry and enable an attractive value proposition to clients.
- ▶ Telematics infrastructure enables accurate determination of credit and insurance risk.

WeBuyCars:

- ▶ Database of buying and selling together with AI enable accurate pricing of vehicles.
- ▶ Physical and digital vehicle trading infrastructure improves access for dealerships and individual clients looking to buy or sell a vehicle.

TCRS:

- ▶ Master Data Universe (MDU) and associated algorithms enhance omnichannel collections activity.
- ▶ Digital infrastructure further allows for a mix of work-from-home and office-based activity, ensuring continued collections capability.

A summary of our value proposition to our key stakeholders

SHAREHOLDERS AND FUNDERS

- ▶ Shareholders: Quality earnings growth and capital appreciation even in difficult economic conditions.
- ▶ Funders: Reliable risk-adjusted returns.
- ▶ Measurable ESE impact.

EMPLOYEES

- ▶ Fair remuneration and benefits, including access to wellness and support services.
- ▶ Career progression within a growing group.
- ▶ A positive and inspiring work environment.
- ▶ Safe working conditions.
- ▶ Being part of an organisation that delivers net positive socioeconomic returns.

CLIENTS

- ▶ Access to products and services that are innovative, cost-effective and differentiated, delivered through efficient operational infrastructure driven by technology and augmented with rich data insights that help to secure their profitability and the sustainability of their industries.
- ▶ A trusted and respected partner with an ethical and responsible approach to doing business.

REGULATORS

- ▶ A compliant and supportive sector participant.
- ▶ A committed partner in achieving transformational and developmental objectives.

SOCIETY

- ▶ Formalising our industries through strong governance practices, driving their development through sophisticated offerings, and are active in initiatives that contribute to their sustainability.
- ▶ Improving mobility access and safety for South Africans.
- ▶ Providing affordable and trustworthy access to private vehicle ownership for first-time vehicle owners.
- ▶ Supporting credit market stability.
- ▶ Growth in tax revenue, employment opportunities and supplier base through continued growth of divisions.

BUSINESS MODEL

Transaction Capital's capital inputs (at 30 September 2021) reflect the stocks of value available to the group for future value creation:

Stakeholders impacted

INPUTS

INTELLECTUAL CAPITAL

- ▶ Unique mix of founder-led innovation and business development, with professional management skills.
- ▶ 25 years of experience in building and developing businesses around unconventional assets.
- ▶ Proprietary data sets combined with leading technology and analytics capabilities.
- ▶ Developing international business through TC Global Finance, driving quality deal origination and risk management in conjunction with founders.

FINANCIAL CAPITAL

- ▶ Total equity: R11.1 billion.
- ▶ Issued in 2021: R1.4 billion.
- ▶ R870 million of undrawn debt facilities available at holding company level.
- ▶ Undrawn debt facilities available to fund loan originations at SA Taxi and acquisition of non-performing consumer loan portfolios (NPL portfolios) at TCRS in FY2022.

HUMAN CAPITAL

- ▶ Owner-manager culture.
- ▶ Partner with expert, entrepreneurial and significantly co-invested management teams.
- ▶ Empowered, entrepreneurial and proven leadership.
- ▶ Incentive structures linked to performance and value drivers.
- ▶ 5 119 employees.

MANUFACTURED CAPITAL

- ▶ SA Taxi: Monthly refurbishment capacity of >400 vehicles, ~24 000m² workshop space.
- ▶ WeBuyCars: Eight vehicle supermarkets with capacity for 5 747 vehicles.
- ▶ TCRS: MDUs and workforce management tools.

CONSTRAINTS

Ensuring sufficient sector and geographic experience to pursue local and international opportunities for growth strategies.

Volatility in capital markets.

Operating environment creating affordability constraints.

Competing for scarce skills with financial services and technology companies.

Competing for employment equity candidates with specialist skills.

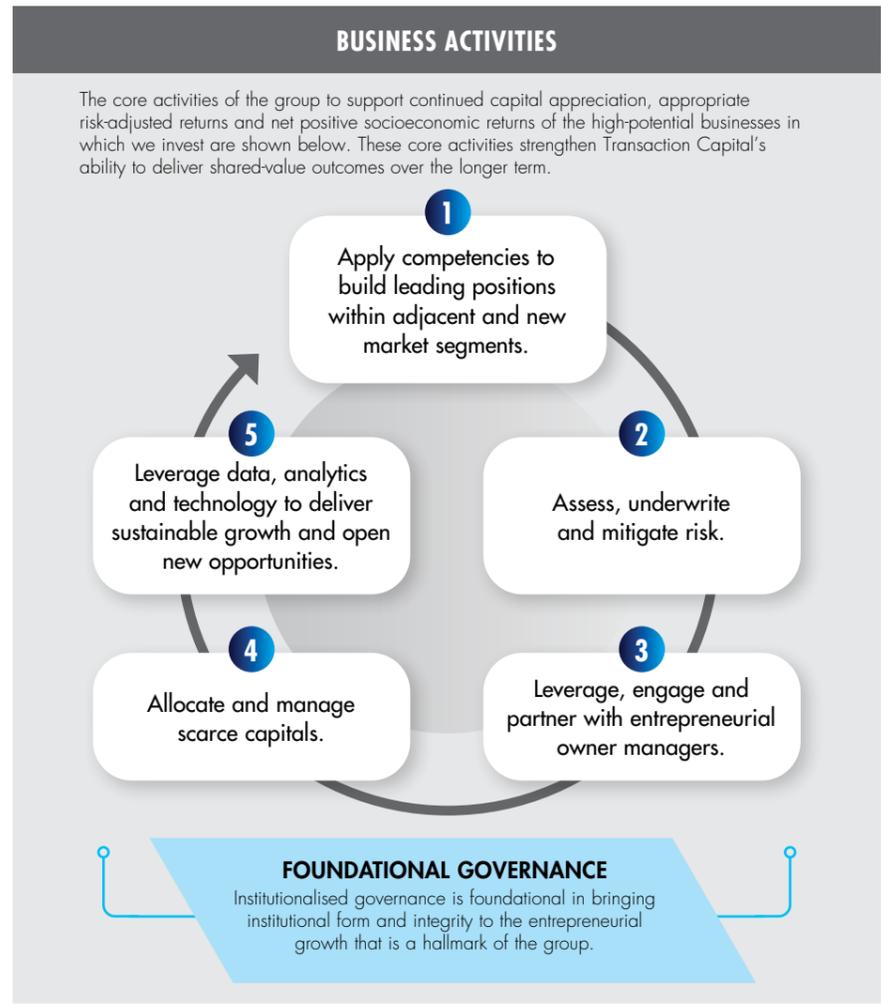
Muted rebound in economic growth in South Africa, with downside risk given new COVID-19 variant and slow economic reform.

SA Taxi: Original equipment manufacturer (OEM) supply below demand (allowing strategy to focus on quality renewed taxis (QRTs)).

Income inequality, poverty, unemployment and lack of service delivery persistent in South Africa.

South Africa's dependency on coal along with electricity supply disruptions due to loadshedding.

Water scarcity and eroding infrastructure.



OUTPUTS

KEY PRODUCTS AND SERVICES OUTPUTS BY OUR DIVISIONS

SA Taxi

Empower small and medium-sized enterprises (SMEs) through financial inclusion, including credit extension and insurance.

- ▶ **R14.0 billion** gross loans and advances (↑1.5%).
- ▶ **4.3%** credit loss ratio.

Provide innovative insurance products to taxi operators.

- ▶ **R1.0 billion** gross written premiums (↑1.2%).

Repair and/or refurbish minibus taxis.

- ▶ **>3 600** vehicles repaired or refurbished.

Provide rewards to taxi operators.

- ▶ **R3.3 million** rewards earned.

WeBuyCars

Enable safe and trusted used car buying and selling experience to both individual customers and dealerships.

- ▶ **~92 000** vehicles purchased (↑51%).
- ▶ **~88 000** vehicles sold (↑49%).

TCRS

Acquire NPL portfolios.

- ▶ **R3.4 billion** carrying value of purchased book debts (↑37%).

Collect NPLs as agent.

- ▶ **R6 115 million** contingency and fee-for-service (FFS) collections (↑8.5%).

Payment services and account management.

- ▶ **R155.2 billion** processed in electronic transactions (↑1.5%).

GROUP EMISSIONS AND WASTE

- ▶ **8 821** tonnes carbon dioxide equivalent (tCO₂e) scope 1 and 2 greenhouse gas (GHG) emissions (↓5%).
- ▶ **67** tonnes of waste generated in operations (↓40%).

INTELLECTUAL CAPITAL

- ▶ Growth of proprietary datasets (which enable enhanced analytics capabilities) informed investment decisions and supported the development of new products and services.
- ▶ Added the founder-led business of WeBuyCars as a new market vertical.
- ▶ In SA Taxi, the application of leading-edge analytics to real-time vehicle mobility datasets has mitigated credit and insurance risk, and supported operational adjustments.
- ▶ In TCRS, the MDUs have supported accurate book pricing and operational efficiency.
- ▶ In WeBuyCars, AI and machine learning has ensured vehicles are bought and sold at a fair price, driving profitability and consumer trust.

Shareholders and funders • Clients

FINANCIAL CAPITAL

- ▶ **147.9 cents** core headline earnings per share (HEPS) (↑1.5% applying 2019 as a pre-COVID-19 base).
- ▶ **1 375.4 cents** net asset value (NAV) per share (↑56%).
- ▶ **15.1%** core headline return on equity (ROE) (2020: 5.4%).
- ▶ **R29.2 billion** market capitalisation (↑77%).
- ▶ Dividend payments resumed at **52 cents** per share.

Shareholders and funders

HUMAN CAPITAL

- ▶ **R1.4 billion** paid in salaries and benefits (↑1%).
- ▶ A diverse workforce in South Africa (**89% black** and **64% female** representation).
- ▶ Focus on increasing diversity of governing bodies, with targets included as qualitative measures in the short-term incentive (STI) structures of key executives.
- ▶ **29%** total employee turnover rate (2020: 34%).
- ▶ **16%** voluntary employee turnover rate (2020: 16%).
- ▶ **26 hours** average training per employee (↑53%).

Shareholders and funders • Employees • Regulators • Society

MANUFACTURED CAPITAL

SA Taxi

- ▶ Increased refurbishment capacity by **4 000m²** (↑20%).
- ▶ Supporting ability to refurbish >400 vehicles per month.

WeBuyCars

- ▶ Physical footprint expanded through one additional vehicle supermarket adding **~850 bays** in FY2021, and the purchase of The Dome in Gauteng adding **~1 100 bays** in December 2021.
- ▶ Growth in e-commerce platform now accounting for **~30%** of total sales – with a longer-term focus to expand business-to-consumer (B2C) capabilities.

Shareholders and funders • Employees • Clients

SOCIAL AND RELATIONSHIP CAPITAL

- ▶ **R363 million** direct and indirect tax contributions.
- ▶ Broad-based black economic empowerment (B-BBEE) ratings:
 - Group: **Level 3** | SA Taxi: **Level 3** | TCRS: **Level 1**
- ▶ **R13 million** corporate social investment spend.
- ▶ **SA Taxi**
 - **R152.2 million** dividend paid to SANTACO to date.
 - **76%** of SA Taxi customers classified as previously under-banked.
 - Financing provided to **100%** black-owned and **24%** female-owned SMEs.
 - **2.1 million** commuter trips per day provided by SA Taxi's financed fleet.
- ▶ **TCRS**
 - NPL portfolios purchased released **~R7 billion** risk-weighted assets, which strengthen clients' balance sheets by accelerating cash flow and removing non-performing loans.
 - Rehabilitated **~180 000** debtors in the year.

Shareholders and funders • Employees • Clients • Regulators • Society

NATURAL CAPITAL

- ▶ **5%** decrease in scope 1 and 2 GHG emissions (as measured in tCO₂e).
- ▶ Absolute scope 1 and 2 GHG emission reduction targets aligned to well below 2°C classification.
- ▶ By replacing older, predominantly petrol vehicles with newer, mostly diesel vehicles, SA Taxi contributes to reducing the carbon footprint of the minibus taxi industry by **9.9%**.
- ▶ Grey water harvesting systems in WeBuyCars facilities provide sufficient supply to wash cars for eight months of the year.

Clients • Society

ESE HIGHLIGHTS IN 2021



WORLD FINANCE SUSTAINABILITY AWARDS 2021 WINNER

SA Taxi was announced as the winner in the Most Sustainable Company in the Mobility Industry category globally, in recognition of its social purpose of enabling mobility access for millions of commuters through tailored developmental financing and support services to SMEs, its alignment to the SDGs, and the resilience of our operations during the COVID-19 pandemic.

SA TAXI VACCINATION CENTRE

The SA Taxi vaccination centre, launched in July 2021, stands as an example of a successful public-private partnership and reflects our commitment to South Africa's goal of achieving broader COVID-19 immunity and preventing ongoing transmission, and in doing so, rebuilding our economy.



SUSTAINABLE BOND FRAMEWORK

SA Taxi issued its first bond backed by a sustainable bond framework through its Transsec 5 initial issuance. This issuance achieved many milestones, including being SA Taxi's largest single issuance to date at R900 million, with the lowest initial issuance weighted average cost of 173 basis points above the three-month Johannesburg Interbank Average Rate (JIBAR). The Transsec notes are listed on the JSE Limited's sustainability segment.

FIRST ESG INVESTOR ROADSHOW

Transaction Capital adopted a proactive approach to environmental, social and governance (ESG) engagement with stakeholders, and conducted the group's first ESG roadshow with shareholders and proxy representatives in June and July 2021. This engagement resulted in a thorough understanding of current ESG focus areas and shareholders' concerns and expectations in this regard, and allowed the group to implement the appropriate measures and roadmaps where gaps were identified.



ESG WORLD PLATFORM

The group acknowledges the numerous sustainability frameworks and standards available globally. In an effort to meet stakeholder demands and move towards more standardised and frequent sustainability reporting, the group launched an ESG World Platform profile on its website, which provides real-time, consolidated and searchable ESG information, and references various sustainability frameworks, including the United Nations SDGs, the TCFD, the Global Reporting Initiative and the Sustainability Accounting Standards Board.



ROADMAP FOR TCFD ADOPTION

Transaction Capital recognises the rapidly changing global context and the risks associated with environmental and social factors, particularly climate change. As part of the operationalisation of our environmental policy, adopted in March 2021, the group has completed a base carbon footprint assessment, adopted an absolute GHG emission reduction target aligned to a 'well below 2°C' scenario, and analysed the climate-related risks and opportunities the group faces.



“We help to formalise our industries through strong governance practices, drive their development through sophisticated offerings, and are active in initiatives that contribute to their sustainability.”

INTRODUCTION

The United Nations SDGs represent a blueprint to achieve a better and more sustainable future for all. King IV reaffirms 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.

DELIVERING SHARED VALUE

Transaction Capital aims to deliver shared value outcomes for our stakeholders by consistently generating strong commercial returns for our clients and across our industry value chains, while simultaneously creating net positive socioeconomic returns with enduring benefits. The deliberate positioning of our divisions in relation to demographic and socioeconomic dynamics underpins their defensiveness and resilience, even under challenging conditions.

OUR ESE FRAMEWORK

Social relevance has long been a defining feature of Transaction Capital. An important step in our sustainability journey was the formalisation and implementation of our ESE framework in the 2020 financial year (FY2020). The ESE framework clearly defines each division’s societal purpose, which cascades into defined impact areas with supporting metrics. These were developed bottom-up through engagement with multiple stakeholders (internally and externally) to define their key concerns and expectations, and linked to appropriate metrics to articulate our ambition and track progress.



Our societal purpose is to enable mobility access for millions of minibus taxi commuters through tailored developmental financing and support services for SMEs.



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

The ESE framework now informs our strategic and operational initiatives to ensure that the group’s impacts are appropriately managed to enhance value creation for Transaction Capital and its stakeholders, while minimising value-eroding activities. Progress in operationalising and improving against these ESE indicators 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. We have chosen to target only those goals that are aligned to our core operations and strategy, to focus our efforts on making a measurable impact:



A KEY FOCUS FOR THE YEAR UNDER REVIEW: CLIMATE CHANGE

Transaction Capital recognises the rapidly changing global context and the risks and opportunities associated with environmental and social factors, particularly climate change. The group's ESE steering committee conducted a group-wide climate project in FY2021, in partnership with a carbon and climate consulting firm, to determine the group's base-year carbon footprint (being FY2020), set an absolute GHG emission reduction target aligned to a 'well below 2°C' scenario, and analyse relevant climate-related risks and opportunities. In addition, a roadmap for adopting the recommendations of the TCFD is in place.

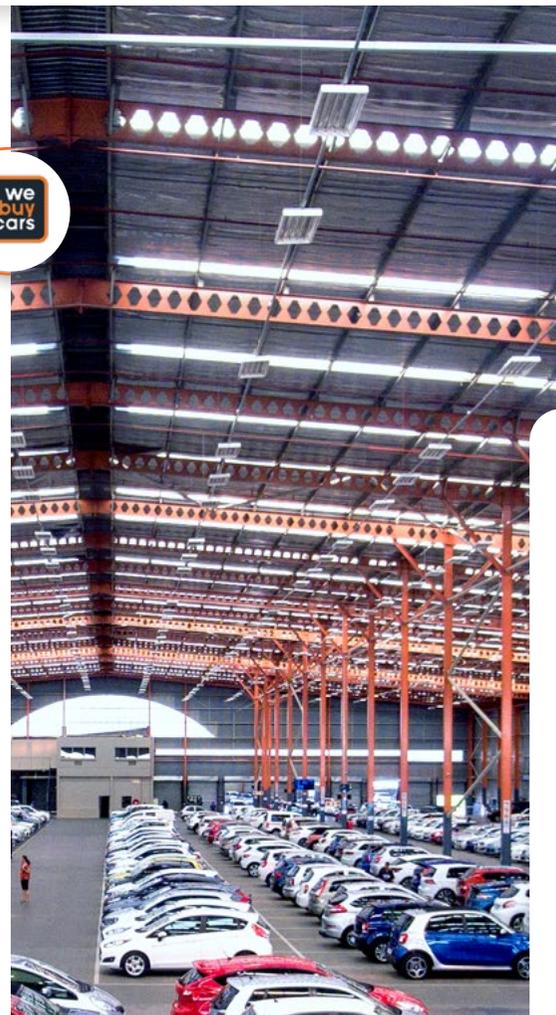
ACQUISITION OF WEBUYCARS

Transaction Capital increased its stake in WeBuyCars to a majority 74.2% shareholding in August 2021, with options in place to acquire the remaining shareholding by FY2026. A roadmap for the integration of WeBuyCars is in place, with the development of WeBuyCars' ESE framework scheduled for early 2022. As a result, all ESE metrics presented as part of this report **exclude** WeBuyCars, which employs ~1 500 people.

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 supports economically stressed consumers as they opt to trade down from new to used vehicles. These vehicles also provide a more affordable entry point for first-time vehicle ownership. Also, as a trader of used vehicles, WeBuyCars directly supports the circular economy.

The group also acquired Prushka Fast Debt Recovery (Pty) Ltd, a debt recovery business in Australia, with effect from 30 September 2021 (51 employees). This business will be incorporated into our ESE framework and reporting in FY2022.



OUR REPORTING SUITE

The sustainability report, integrated report 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 integrated report 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 group aims to constantly improve our reporting and align it with the information needs of stakeholders. We welcome stakeholder feedback on our suite of reports, including this sustainability report, which can be emailed to sustainability@transactioncapital.co.za.

"We take our responsibility seriously to help those consumers making their first vehicle purchase. We inform and educate our clients to make the right decision, which is key to them being happy vehicle owners and coming back as repeat customers."

– Faan van der Walt, WeBuyCars CEO





ECONOMIC IMPACT



FACILITATING ECONOMIC DEVELOPMENT

SA Taxi empowers SMEs through financial inclusion.
TCRS drives economic growth by promoting credit market stability.

SUPPORTING SOCIAL INCLUSION



SA Taxi promotes social inclusion by helping millions of commuters to access services and economic opportunities.



TCRS rehabilitates debtors ethically and responsibly.

BETTERING THE INDUSTRIES WE SERVE



SA Taxi works to better the public transport industry for all stakeholders.



TCRS works to better financial intermediation for all stakeholders.



SOCIAL IMPACT



WE HIRE INCLUSIVELY

We contribute to employment.
Our employment practices contribute to socioeconomic transformation.
▶ Group diversity statistics available here.

We contribute to youth employment.



WE EMPOWER OUR PEOPLE

We invest in our people's potential.
We value our employees.

ESE FRAMEWORK OVERVIEW



ENVIRONMENTAL IMPACT



WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE

GOVERNANCE

The governance report sets out the group's governance philosophy, governance framework and structures, combined assurance framework, compliance framework and key regulatory developments. The report also addresses key issues considered by the board for the year under review, as well as key board deliberations.

TRANSFORMATION

GOVERNANCE AND SUSTAINABILITY



“Our progressive governance standards will continue to be the underpin of a sustainable and growing business that delivers meaningful shared-value outcomes.”

– David Hurwitz, group CEO

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.

Transaction Capital’s governance structures are aligned to King IV, which advocates an outcomes-based approach to governance. The board considers value creation against the King IV definition of corporate governance as the exercise of ethical and effective leadership to achieve the governance outcomes of an ethical culture, good performance, effective control and legitimacy.

The board is responsible for the strategic direction of the group, and directs strategy with reference to the group’s values and ethics charter, to ensure the group consistently delivers shared-value outcomes for all stakeholders.

The principles of responsible corporate citizenship underpin all key aspects of our business, with ultimate responsibility entrusted to the board. Through its various sub-committees, the board oversees and monitors how the group’s operations and activities affect its corporate citizenship status.

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), while the audit and risk and technology committees are responsible for preventing, detecting and responding to fraud and corruption, as well as tax policy and transparency.

The board has delegated oversight of the group’s ESE impact to the social and ethics committee and climate-related risks and opportunities to the risk and technology committee. These sub-committees are chaired by independent non-executive directors. A group-wide ESE steering committee chaired by the group CFO drives and measures sustainability initiatives across the group. The ESE steering committee reports to the social and ethics committee on a quarterly basis.

POLICIES AND REPORTS

Comprehensive governance report, including King IV application (issued annually)

The group’s ethics charter

The following group policies:

- ▶ Human rights
- ▶ Environmental, including position on climate change
- ▶ Anti-bribery and corruption



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 B-BBEE 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, transformation targets are included as qualitative measures in the short-term incentive targets for key executives across the Transaction Capital group.



Transaction Capital improved its B-BBEE contributor status from Level 5 in 2020 to Level 3 in 2021.

Performance against the Department of Trade and Industry generic scorecard for the years ending 30 September:

Element	2021 Score	2020 Score	Weighting
Ownership	22.82	9.88	25.00
Management control	10.20	8.38	19.00
Skills development	18.79	17.98	20.00
Enterprise and supplier development	38.00	35.98	42.00
Socioeconomic development	5.00	5.00	5.00
TOTAL POINTS	94.81	77.22	111.00
B-BBEE CONTRIBUTOR STATUS LEVEL	LEVEL 3	LEVEL 5	
B-BBEE PROCUREMENT RECOGNITION LEVEL	110%	80%	



SA Taxi improved its B-BBEE contributor status from Level 4 in 2020 to Level 3 in 2021. The division made a concerted effort to improve its contributor level, focusing on ownership and skills development.

Performance against the Department of Trade and Industry generic scorecard for the years ending 30 September:

Element	2021 Score	2020 Score	Weighting
Ownership	23.26	19.85	25.00
Management control	8.61	8.56	19.00
Skills development	16.00	14.13	20.00
Enterprise and supplier development	37.27	38.42	42.00
Socioeconomic development	5.00	5.00	5.00
TOTAL POINTS	90.14	85.96	111.00
B-BBEE CONTRIBUTOR STATUS LEVEL	LEVEL 3	LEVEL 4	
B-BBEE PROCUREMENT RECOGNITION LEVEL	110%	100%	



We are pleased that Transaction Capital Recoveries has retained a Level 1 B-BBEE rating, reaffirmed in January 2022. The rating incorporates Transaction Capital Transactional Services. It reflects our focus on empowerment and our involvement in the Youth Employment Service (YES) programme, a business-led collaboration with government and labour that aims to create one million work opportunities for youth.

Performance against the Department of Trade and Industry generic scorecard for the years ending 30 September:

Element	2021 Score	2020 Score	Weighting
Ownership	25.00	25.00	25.00
Management control	13.41	10.90	19.00
Skills development	21.40	19.82	20.00
Enterprise and supplier development	36.07	35.66	42.00
Socioeconomic development	3.62	5.00	5.00
TOTAL POINTS	99.50	96.38	111.00
B-BBEE CONTRIBUTOR STATUS LEVEL	LEVEL 1	LEVEL 1	
B-BBEE PROCUREMENT RECOGNITION LEVEL	135%	135%	

ECONOMIC IMPACT



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, insurance and allied services to minibus taxi operators who would otherwise not be able to access traditional funding.

SA Taxi's specialist credit risk management capabilities enable it to finance previously under-banked or financially excluded clients. This in turn 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, provides comprehensive insurance and credit life, enhancing the viability of their businesses. SA Taxi continues to grow its insurance business in the open market (for clients not financed by SA Taxi) and develop new bespoke insurance products to deepen penetration, thereby extending cover to a wider number of operators.

In the past two years, COVID-19 exacerbated an already challenging environment for minibus taxi operators, with lower commuter mobility and restricted operations impacting operator profitability. While this subdued SA Taxi's performance against its ESE framework indicators, particularly in 2020, the minibus taxi industry is defensive and growing, and has demonstrated its resilience even under difficult conditions.



"I am proud of the efforts of all our people in SA Taxi winning the 'Most Sustainable Company in the Mobility Industry' category globally in the World Finance Sustainability Awards 2021. This recognises our social purpose of enabling mobility access for millions of commuters through tailored developmental financing and support services to SMEs, our alignment to the SDGs, and the resilience of our operations during the COVID-19 pandemic."

– Terry Kier, SA Taxi CEO

1 WE PROMOTE FINANCIAL INCLUSION BY PROVIDING SUSTAINABLE AND RESPONSIBLE LOANS TO SMEs WHO MIGHT OTHERWISE BE DENIED ACCESS TO CREDIT

R32.8 billion
LOANS ORIGINATED SINCE 2008, CREATING 95 855 SMEs

8 591
TOTAL LOANS ORIGINATED IN THE YEAR

2020: 6 250
 2019: 8 591

19.5%
GROSS LOANS AND ADVANCES – STAGE 3
 Against ~70% proportion of small businesses which fail¹

2020: 26.1%
 2019: 16.2%

4.3%
CREDIT LOSS RATIO

2020: 7.3%
 2019: 3.2%

~76%
PROPORTION OF SME CUSTOMERS CLASSIFIED AS PREVIOUSLY UNDER-BANKED OR FINANCIALLY EXCLUDED

2020: ~80%
 2019: ~80%

~590
AVERAGE CREDIT SCORE² FOR LOANS GRANTED BY SA TAXI

2020: ~580
 2019: ~590

versus

~640
AVERAGE CREDIT SCORE FOR LOANS GRANTED BY BANKS

2020: ~640
 2019: ~640

15 464
DIRECT JOBS CREATED IN FINANCED FLEET IN THE YEAR

2020: 11 250
 2019: 15 461

25 773
INDIRECT JOBS CREATED IN FINANCED FLEET IN THE YEAR

2020: 18 750
 2019: 25 773

2020 metrics impacted by COVID-19.

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.



8 WE EMPOWER SMEs THROUGH FINANCIAL INCLUSION *continued*

2 WE INVEST IN PREVIOUSLY EXCLUDED GROUPS AND UNDER-SERVED DEMOGRAPHICS

100%
LOANS PROVIDED TO
BLACK-OWNED SMEs

2020: 100%
2019: 100%

24%
LOANS PROVIDED TO
FEMALE-OWNED SMEs*

2020: 26%
2019: 25%

* On origination.

3 WE PROVIDE SUPPORT SERVICES TO SMEs ACROSS THE VALUE CHAIN

14%
PROPORTION OF
NATIONAL FLEET
SERVICED BY SA TAXI

2020: 13%
2019: 13%

35 381
MINIBUS TAXIS
FINANCED

2020: 32 890
2019: 32 441

28 461
CLIENTS
FINANCED

2020: 26 399
2019: 25 941

30 324
INSURANCE POLICIES
FOR FINANCED
CLIENTS

2020: 29 630
2019: 28 529

11 309
INSURANCE POLICIES
FOR NON-FINANCED
CLIENTS (OPEN MARKET)

2020: 11 228
2019: 10 978

52 992
SA TAXI REWARDS
CUSTOMERS

2020: 34 547
2019: 23 730





8 DECENT WORK AND ECONOMIC GROWTH
WE EMPOWER SMEs THROUGH FINANCIAL INCLUSION *continued*

SA TAXI CLIENT INTERVIEWS

Theresa Tlometsane and Vusi Macheke are taxipreneurs partnering with SA Taxi to grow their businesses.



How did you get started in the minibus taxi industry?

Eighteen years ago, my husband passed on. At the time, our boy was only about two years old. So, I had to step in and just continue with the business. We transport school kids, we transport community members, everybody is just using our taxis. As a female, you just have to be strong enough to deal with whatever comes your way. And at the end of the day, they end up viewing you not as a woman, but as a colleague.



How many people do you employ and how many people depend on your business?

I have three drivers for my three vehicles that I have at the moment. I have five family members. Two are at college, and I have twins that are in high school. So, we really depend on the business to make a living. As an entrepreneur, I require finance to grow my business. SA Taxi is not only a financier, but it's also a partner in running my business, actually walking the path with us.



How did COVID-19 affect your business?

With COVID it's been very, very bad. If the community does not go to work, then it means our taxis have to be parked as well. People are still struggling to bring their accounts up to date. There was a programme where we could have payment relief for about three months or so during the initial level 5 lockdown in 2020. And that did help.

Having survived COVID, we can see the light at the end of the tunnel, especially when you have a partner like SA Taxi that understands our needs, that understands how we operate, that knows exactly what we are going through. I am proud of being a female taxi owner and entrepreneur. And we are hoping to see more females the industry. We are just about to change the whole of the industry.



How did you get started in the minibus taxi industry?

I started as a taxi driver. It was hard when I started this business, you have to pay the driver at full payment, and then you have to pay the instalment, you have to service the car, you need money to take children to school and food and everything. Commercial banks, when you don't have money, they don't finance you. With SA Taxi, it was easy for us, for me to buy vehicles. The taxi industry is like soccer – it's a big industry in South Africa. And minibus taxis are a big industry in South Africa. Everybody is using taxis. We take people from wherever they are. So, without taxis, people will suffer a lot.



How many people do you employ and how many people depend on your business?

I have kids that I have to take to university and others to college, I'm also supporting my sisters and the rest of my family with taxi money. If you know your story, then you're going to grow. What they do is to help people to grow right now. I have, I think now it's close to 20 Toyota Quantums.



How did COVID-19 affect your business?

COVID and the lockdown, when it started at the ranks, there were no people, there's no business. During COVID, SA Taxi gave us relief for our instalments. SA Taxi provided us with sanitisers.



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 continued operating as an essential service during the COVID-19 pandemic and various levels of lockdown. By supporting minibus taxi operators, SA Taxi contributes to commuter mobility, which is a precursor to economic activity.



SHARE OF TRANSPORT CHOICES¹

73%
PUBLIC TRANSPORT

23%
PERSONAL VEHICLES



NEW PASSENGER VEHICLE SALES **↓ 13%** in FY2021 compared to FY2019².



MINIBUS TAXI USE INCREASED >16% SINCE 2013¹

- ▶ Preferred form of transport due to accessibility and flexibility
- ▶ ~15 million commuter trips daily³
- ▶ Essential service with spend non-discretionary
- ▶ Currently **no government subsidy**⁴



BUS USE DECREASED >28% SINCE 2013¹

- ▶ Higher dissatisfaction around bus stop facilities
- ▶ ~670 000 commuter trips daily (↓ 15% from FY2020)⁵
- ▶ Receives **56%** of government subsidy⁴



RAIL USE DECREASED ~64% SINCE 2013¹

- ▶ Dwindling operator capacity and lengthy travel times
- ▶ ~60 000 commuter trips daily (↓ 75% from FY2020)⁵
- ▶ Receives **44%** of government subsidy⁴

E-HAILING SERVICES

- ▶ Small proportion of public transport trips due to affordability constraints

1 WE SUPPORT A CRITICAL PUBLIC TRANSPORT SERVICE

2.2 billion

DISTANCE TRAVELLED BY SA TAXI'S FINANCED FLEET (KILOMETRES)

2020: 1.9 billion • 2019: 2.0 billion

2.1 million

COMMUTER TRIPS PER DAY PROVIDED BY SA TAXI'S FINANCED FLEET

2020: 2.0 million • 2019: 1.9 million

76%

PROPORTION OF WORK AND EDUCATIONAL TRIPS MADE VIA MINIBUS TAXI¹

2020: 75% • 2019: 75%



Sources: 1. National Household Travel Survey 2020 (conducted before the start of the COVID-19 pandemic). | 2. Internal estimation applying eNatis and Lightstone data. | 3. Reuters. | 4. Public Transport and Infrastructure System Report. | 5. Stats SA.

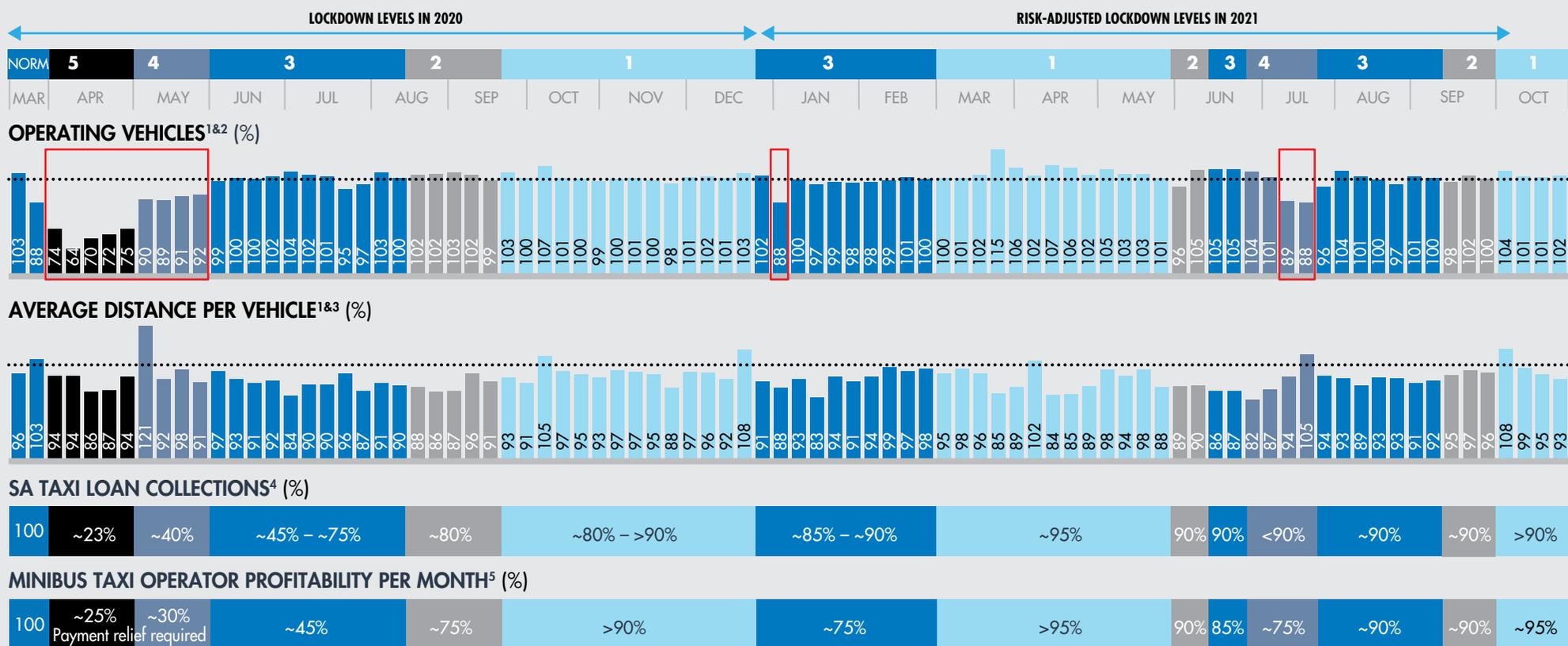


WE PROMOTE SOCIAL INCLUSION BY HELPING MILLIONS OF COMMUTERS TO ACCESS SERVICES AND ECONOMIC OPPORTUNITIES *continued*

During the pandemic, the minibus taxi industry has shown itself to be indispensable to economic activity.

COVID-19 has proven that the minibus taxi industry is indispensable to South Africa's productivity and an early beneficiary of economic recovery.

SA Taxi's vehicle mobility analytics are applied to manage credit and insurance risk, providing granular insights related to the impact of COVID-19 restrictions on minibus taxi operators' activity and profitability.



1. Each 'bar' represents a week (benchmarked week 14 onwards - in 2021 to 2019 activity). | 2. Minibus taxi vehicles in SA Taxi's fleet that have travelled more than 10 kilometres a day. | 3. Total kilometres travelled by SA Taxi's minibus taxi fleet/number of operating vehicles. | 4. Collections activity expressed as a percentage of pre COVID-19 levels. | 5. Calculations are based on a new Toyota HiAce diesel vehicle, referring to average profitability after all expenses.



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

continued

2 WE ARE A TRUSTED AND RESPECTED PARTNER

PROPORTION OF REPEAT CUSTOMERS (INDICATING FINANCED OPERATOR SATISFACTION LEVELS)

28%

2020: 28%
2019: 29%

Bi-annual review of data privacy and protection policies conducted by the group's risk and technology committee, including the adoption of and full compliance with the Protection of Personal Information (POPI) Act, which came into effect in July 2021.



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, 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 constituted 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 include collaboration on initiatives to support operators during COVID-19, an increased focus on industry development and initiatives to improve road safety. These initiatives also included awareness

campaigns promoting SA Taxi's vaccination centre. 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 also partnered with TOPSTAR Taxi Association to launch a tyre fitment centre in Mbombela, where taxi operators can repair and/or replace tyres without having to leave the taxi rank.

SA Taxi applies its telematics and other data from across the business to change driver behaviour in the industry, with a view to improving 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.

R60.0 million

DIVIDEND PAID TO SANTACO

2020: R27.4 million*
2019: R64.8 million

52 992

NUMBER OF REWARDS CARDS

2020: 34 547
2019: 23 730

~425 million

LITRES OF FUEL PURCHASED

2020: ~399 million

R152.2 million

TOTAL VALUE OF DIVIDEND PAID TO SANTACO TO DATE

10% trickle dividend allocated to COVID-19-related safety initiatives and the Hlokomela road safety project, which directly benefits the safety of minibus taxi operators and commuters.

R3.3 million

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

2020: R1.8 million
2019: R3.1 million

In 2021, the SA Taxi rewards programme extended benefits to include airtime, in addition to tyres, brake pads and other vehicle parts through various supplier partnerships.

* Restated.



WE WORK TO BETTER THE PUBLIC TRANSPORT INDUSTRY FOR ALL STAKEHOLDERS *continued*

1 WE FORM PARTNERSHIPS THAT PROMOTE SAFETY WITHIN THE INDUSTRY

43 741

BRIDGESTONE TYRES SOLD TO THE INDUSTRY AT A REDUCED RATE

2020: 39 298
2019: 25 000

According to Arrive Alive, an estimated 20% of road accidents are tyre-related. Incentivising tyre replacement with new and safer tyres contributes to road and commuter safety.

R2.2 million

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

2020: R3.4 million
2019: R5.9 million



2 WE PROMOTE FORMALISATION OF THE INDUSTRY

R550 million

VALUE-ADDED TAX CONTRIBUTED BY SA TAXI THROUGH THE SUPPLY OF MINIBUS TAXIS

2020: R372 million*

R2.9 billion

TAX CONTRIBUTED TO FUEL LEVIES BY SA TAXI'S FLEET

2020: R2.5 billion*

Part of the formalisation of the minibus taxi industry is through tax contributions to the national fiscus. SA Taxi supports tax contributions from this predominantly cash-based industry through the VAT contribution from SA Taxi's new and QRT vehicle sales.

Also, as a major user of petrol and diesel, the minibus taxi industry contributes to the fiscus through fuel levies.

* First year of reporting this indicator.



WE WORK TO BETTER THE PUBLIC TRANSPORT INDUSTRY FOR ALL STAKEHOLDERS *continued*

SA TAXI'S VACCINATION CENTRE

While the group has undertaken numerous initiatives to support its clients during the COVID-19 pandemic, a highlight was the launch of the SA Taxi vaccination centre in early July 2021 – the result of a successful public-private sector working relationship.

Most South Africans rely on public transport, with the minibus taxi industry being the largest and most vital service in the integrated public transport network. As such, a vaccination service dedicated specifically to minibus taxi industry participants was a top priority for us. With the support of the Department of Health, and in partnership with the minibus taxi industry, international development finance institutions and local healthcare providers, SA Taxi initiated a vaccination rollout programme at a dedicated facility in Midrand, Gauteng, with full compliance with COVID-19 safety regulations and Department of Health requirements. As an occupational health site, this vaccination service has also been extended to our employees.

The SA Taxi vaccination centre administered approximately 155 Pfizer vaccines every weekday until the end of December 2021, resulting in a total of 18 987 vaccines being administered at this site. It also provided educational information that enables informed decision-making about the vaccine, in addition to a personal supply of hand sanitisers and face masks.

The SA Taxi vaccination centre is our contribution to South Africa's goal of achieving broader COVID-19 immunity and preventing ongoing transmission, and in doing so rebuilding our economy.



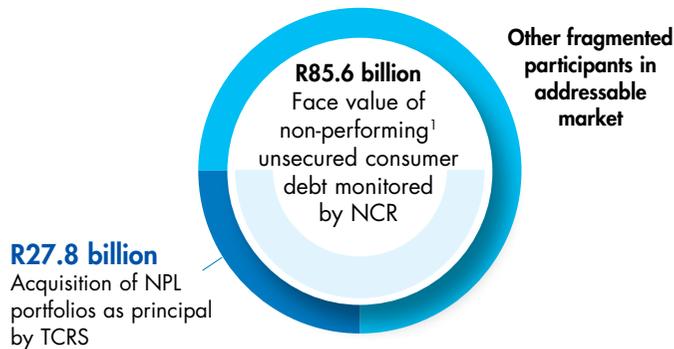


WE DRIVE ECONOMIC GROWTH BY PROMOTING CREDIT MARKET STABILITY

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

1 WE SUPPORT A SUSTAINABLE SUPPLY OF CREDIT BY IMPROVING THE FUNCTIONING OF CREDIT MARKETS

The collections market in South Africa



Value of debt serviced by TCRS (South Africa)

TCRS collections (South Africa)	2021	2020*	2019*
Contingency and FFS	R3.5 billion	R3.2 billion	R3.4 billion
Principal	R1.4 billion	R1.0 billion	R0.9 billion
TOTAL	R4.9 billion	R4.2 billion	R4.2 billion

* Reclassification between contingency/FFS and principal collections in 2019 and 2020, with no change to total collections reported in the prior year.

TCRS drives economic growth by promoting credit market stability through unlocking value from its clients' NPLs:

- ▶ Value recovered for clients through contingency and FFS collections:
 - **South Africa: R3.5 billion**
2020: R3.2 billion
2019: R3.4 billion
 - **Australia: R2.7 billion**
2020: R4.5 billion*
2019: R8.6 billion*
- ▶ Value recovered through principal collections:
 - **South Africa: R1.4 billion**
2020: R1.0 billion
2019: R0.9 billion
 - **Australia: R0.9 billion**
2020: R1.0 billion
2019: R0.3 billion

In Australia, the sporadic lockdowns have caused the business impact of COVID-19 experienced during FY2020 to continue unabated into FY2021. Trading conditions were again subdued, with banking and government clients still showing greater leniency on outstanding credit, and debt moratoriums continuing.

- ▶ 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 TO DATE

R40.3 billion ORIGINAL FACE VALUE	R25.3 billion REMAINING FACE VALUE	R4.5 billion CAPITAL OUTLAY
~R12 – R14 billion PROVISION RELEASE ²	~R8 – R9 billion RISK-WEIGHTED ASSET RELEASE ³	~R1 billion REGULATORY CAPITAL RELEASE

TCRS has assisted its South African banking clients by acquiring NPL portfolios to the value of R27 billion since embarking on its NPL portfolio acquisition strategy in 2013. This has facilitated the release of approximately R11.1 billion in credit provisions and R9.0 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 FY2021 relate to 159 235 consumers with an average outstanding balance of R37 092, which, according to our estimates, resulted in an average consumer credit provision and risk-weighted release of R15 011 and R12 156 respectively.

2 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.

¹ Unsecured consumer debt in arrears for 90 days or more. TCRS's target market and assets under management also include sectors not regulated by the National Credit Regulator (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 NPL 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.

* Restated.



10 REDUCED PRECEDENTS



WE REHABILITATE DEBTORS ETHICALLY AND RESPONSIBLY

TCRS rehabilitates and educates debtors (both 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.



1. Average payment plan prior to default as 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.

1

WE FOCUS ON THE REHABILITATION AND EDUCATION OF DEBTORS TO ENABLE EXPEDITED RE-ENTRY INTO THE ECONOMY

~180 000

AVERAGE NUMBER OF REHABILITATED DEBTORS IN THE YEAR TO THE VALUE OF ~R308 MILLION

2020: ~220 000 to the value of ~R309 million*

OUR MONTHLY PAYMENT PLANS BALANCE REHABILITATION WITH AFFORDABILITY

Average payment amount before defaulting¹

R1 070 (2020: R986)

Promise to pay

R779 (2020: R720)

Amount finally agreed

R334 (2020: R378)

9.27%

RATIO OF AVERAGE FEES CHARGED TO MAXIMUM PERMITTED IN REGULATION²

2020: 9.27%

2

WE REHABILITATE DEBTORS ETHICALLY AND COLLECT DEBT RESPONSIBLY

R109

TCRS AVERAGE FEES PER ACCOUNT OVER THE LIFE OF ACTIVE ACCOUNTS

2020: R109

R1 176

MAXIMUM PERMITTED PER DEBT COLLECTION ACT²

2020: R1 176

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. The average fees per account charged by TCRS refers to a rolling three-year 'months in distress' triangle which entails tracking the fees per account until the consumer/account has been settled/rehabilitated.

TCRS call centre agents are trained to negotiate repayment plans to ultimately rehabilitate the consumer. This is reinforced through coaching in a live environment and our messaging to debtors. On specific mandates, TCRS is measured by clients on the rehabilitation of their debtors and whether or not they then resume buying their product/services.

In addition, our digital consumer portal includes information for debtors on their credit score. Debtors can access additional detail and acquire a consolidated credit health report from our Credit Health platform.

3

WE ARE A TRUSTED AND RESPECTED PARTNER

RANKED AS 1ST OR 2ND BEST IN 83% OF MANDATES IN SOUTH AFRICA

RANKED AS 1ST OR 2ND BEST IN 88% OF MANDATES IN AUSTRALIA

PROPORTION OF COMPLAINTS RESOLVED THAT ARE RECEIVED THROUGH DEBTOR COMPLAINTS CHANNEL

Resolved within one month

58% (2020: 55%)

Resolved within three months

91% (2020: 93%)

Resolved within six months

97% (2020: 96%)

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 POPI Act).

The group's risk and technology committee conducts bi-annual reviews of data privacy and protection policies and practices in South Africa and Australia.

* Metrics reported in the prior year represented a 12-month rolling average for the period 1 June 2019 to 31 May 2020. Prior year numbers have been restated to represent a 12-month rolling average for the financial year ended 30 September 2020.



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.

R155.2 billion

VALUE OF ELECTRONIC TRANSACTIONS PROCESSED BY TRANSACTION CAPITAL TRANSACTIONAL SERVICES

2020: R134.4 billion*
2019: R38.4 billion

* Updated to incorporate Fihrst's contribution, the acquisition of which was effective from 1 December 2019.



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 characteristics and competencies that make the group what it is and give us convincing reason to be confident about the future, are vested in our people – our human and our intellectual capital.”

– David Hurwitz, group CEO

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 an 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 SA Taxi, our entrepreneurial senior management team applies its professional and financial experience across SA Taxi’s divisions to support ongoing specialisation and commercial outcomes in each market segment.

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.

SPECIALISM

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

The group’s conditional share plan (CSP) 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.

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.

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.

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.



10 REDUCED INEQUALITIES

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.

1 WE CONTRIBUTE TO EMPLOYMENT

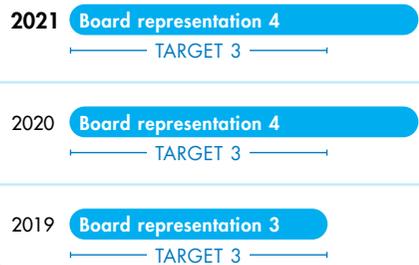
Group	2021	2020	2019	2018	2017
Number of employees	3 953	3 965	4 662	4 445	4 095
Growth rate of employment	0% ¹	(14%) ²	5%	9%	26%
South Africa					
Number of employees	3 463	3 259	3 962	3 865	3 417
Growth rate of employment	6%	(18%) ²	3%	13%	5%
National unemployment rate ³	34.4%	30.8%	29.1%	27.5%	27.7%
Movement in national unemployment rate	⬆️ 3.6%	⬆️ 1.7%	⬆️ 1.6%	⬆️ 0.2%	⬆️ 0.6%

1. Recoveries Corporation in Australia retrenched 69 employees in FY2021 in response to the impacts of the COVID-19 pandemic.
 2. Decrease in the number of employees predominantly due to a Section 189 process (which deals with large-scale retrenchments) in TCRS that affected 544 employees.
 3. Source: Stats SA Quarterly Labour Force Survey Quarter 2 2021.

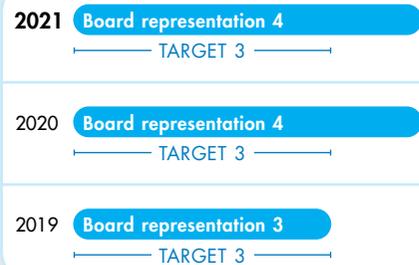
2 OUR EMPLOYMENT PRACTICES CONTRIBUTE TO SOCIOECONOMIC TRANSFORMATION

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.




WE HIRE INCLUSIVELY *continued*
GROUP DIVERSITY STATISTICS

	2021	2020	2019
Total number of employees	3 953	3 965	4 662
Number of employees by type of employment contract	3 953	3 965	4 662
Permanent	3 845	3 819	4 492
Temporary	108	146	170
Number of employees by region	3 953	3 965	4 662
South Africa	3 463	3 259	3 962
Australia	490	706	700
Number of employees by gender	3 953	3 965	4 662
Female employees	2 251	2 331	2 901
Male employees	1 702	1 634	1 761
Number of employees by age	3 953	3 965	4 662
<35 years	2 110	2 042	2 196
>35 years	1 843	1 923	2 466
Number of employees by occupational level (permanent)	3 845	3 819	4 492
Executive management	43	36	73
<i>Of which are female employees</i>	<i>12</i>	<i>8</i>	<i>21</i>
Senior management	121	141	151
<i>Of which are female employees</i>	<i>62</i>	<i>68</i>	<i>72</i>
Middle management	192 ¹	330	323
<i>Of which are female employees</i>	<i>85</i>	<i>159</i>	<i>170</i>
Junior management	931	860	914
<i>Of which are female employees</i>	<i>421</i>	<i>426</i>	<i>498</i>
Semi-skilled	2 244	2 024	2 663
<i>Of which are female employees</i>	<i>1 438</i>	<i>1 337</i>	<i>1 795</i>
Unskilled	314	428	398
<i>Of which are female employees</i>	<i>169</i>	<i>240</i>	<i>220</i>

	2021	2020	2019
Number of employees appointed	1 359	681	862
<i>Of which are female employees</i>	<i>837</i>	<i>481</i>	<i>555</i>

	2021	2020	2019
Number of employees promoted	186	116	257
<i>Of which are female employees</i>	<i>68</i>	<i>56</i>	<i>106</i>

SOUTH AFRICA²

	2021	2020	2019
Number of employees	3 463	3 259	3 962
Black employees	3 083	2 869	3 576
Female employees	1 965	1 940	2 478
Disabled employees	43	40	47

	2021	2020	2019
Number of employees promoted	160	64	225
Black employees	139	54	151
Female employees	57	26	84

	2021	2020	2019
Number of low-skilled employees³	2 232	1 979	2 688

Transformation of governing bodies⁴

	2021	2020	2019
<i>As a % of governing bodies:</i>			
Black employees	15%	12%	–
Female employees	20%	19%	–
Disabled employees	1%	1%	–

Black employees include African, Coloured and Indian employees.

- The decrease in middle management is partially attributable to the retrenchment of employees at Recoveries Corporation in Australia in response to the impacts of the COVID-19 pandemic.
- These figures exclude 490 employees (2020: 706; 2019: 700) 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 during 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.
- Given that the unemployment rate is highest among those with the lowest skills, employing semi-skilled and unskilled workers is highly impactful in driving socioeconomic transformation.
- 2020 was the first year of tracking and reporting on this indicator.


SOUTH AFRICA
AUSTRALIA

 2021: **88%** vs **12%**

 2020: **82%** vs **18%**

 2019: **85%** vs **15%**

FEMALE
MALE

 2021: **57%** vs **43%**

 2020: **59%** vs **41%**

 2019: **62%** vs **38%**



WE HIRE INCLUSIVELY *continued*

3 WE CONTRIBUTE TO YOUTH EMPLOYMENT

Unemployment disproportionately affects younger South Africans, with a national youth unemployment rate reaching record highs of 64.4% in the second quarter of 2021¹. 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.

YOUTH EMPLOYMENT IN SOUTH AFRICA

	2021	2020	2019	Labour force participation rate ¹
Number of employees	3 463	3 259	3 962	
As a % of total headcount:				
< 25 years old	8%	8%	21%	22.9%
< 35 years old	53%	53%	47%	71.4%
People on internships and learnerships at SA Taxi	15	15	30	
Call centre agent trainees at TCRS (as a % of TCRS headcount)	60%	49%	56%	

1. Source: Stats SA Quarterly Labour Force Survey Quarter 2 2021.

TRANSACTION CAPITAL'S CA PROGRAMME

Transaction Capital believes that its progress is dependent on the ability, intellect, calibre and character of its people, and their ability to innovate and create value for its counterparties and stakeholders. We aim to attract the best leadership and operational management teams across our various divisions, which we believe is central to our success. In 2021, we extended our efforts to attract specialised skillsets through the introduction of a chartered accountant (CA) training programme.

The CA(SA) designation represents a robust professional qualification in the financial world, and the associated skillset is of great value to the commercial sector and broader society. As such, we seek to contribute to the continued growth of this profession and to maximise the value these individuals add to the group. Transaction Capital employs CAs across all levels in its various divisions.

The Transaction Capital CA Programme was launched as a group-wide initiative with CA trainees being given the opportunity to gain experience at the group executive office and across our divisions over their three years of articles. In developing the programme, it was important for us to find candidates who are not only strong academically but who also embody the group's values of ownership, entrepreneurship, partnership and all-round excellence. Sean Doherty, Transaction Capital's CFO, spearheads the initiative and is the programme training officer.

RESULTS

Following our accreditation as a training office for the CA(SA) designation by the South African Institute of Chartered Accountants in August 2021, we opened applications for our first-year trainee intake in 2022. Our launch campaign has been well received in the marketplace with ~1 080 applications for the 2022 intake and ~500 candidates indicating their interest in being contacted for the 2023 intake. From the interested applicants we have been able to select our top five candidates who will be joining Transaction Capital in January 2022. Later in the year we will also be launching our Immersion Programme, a holiday work programme allowing students studying towards a CA(SA) qualification to immerse themselves in the world of work and obtain a better understanding of our business.





WE HIRE INCLUSIVELY *continued*

SA TAXI

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.

In addition, 15 interns currently studying at public Technical Vocational Education and Training colleges were placed with SA Taxi, in partnership with the Department of Basic Education (DoBE), to provide workplace experience over an 18-month period.

SA Taxi's joint venture with FASSET (the finance, accounting, management consulting and other financial services sector education and training authority) and the DoBE was endorsed by the Minister of Basic Education in June 2021, and formally named Nisela – meaning irrigation – as it relates to SA Taxi's contribution in lowering the unemployment rate in South Africa by providing opportunities for youth development.

TCRS

In TCRS, most new recruits into the call centre environment are individuals who have only recently completed high school. All new collectors are required to complete the 26-day debt recovery programme that is accredited with the Sector Education and Training Authority (SETA) for the Finance, Accounting, Management Consulting and Other Financial Services sector.

Of the 296 trainees who completed the debt recovery programme this year, ~95% were below the age of 35 years and ~50% were between the ages of 18 and 25 years. The majority of the participating trainees (~92%) were absorbed into the business as call centre agents immediately after the successful completion of the programme. The remaining trainees will be called upon when employment opportunities are confirmed.

Established in 2018, the YES programme is a national initiative that aims to curb high levels of youth unemployment in South Africa. In 2021, Transaction Capital Recoveries recruited an additional 17 young people to be part of our intake into the YES programme, bringing the total number of participants to 46. All participants have completed debt recovery programme training and 26 (2020: 19) are currently undertaking a workplace experience placement for 12 months.



WE EMPOWER OUR STAFF

EMPLOYEE WELLNESS DURING COVID-19

A key material matter for Transaction Capital is our ability to support and develop our people in a challenging professional and personal context to maintain performance levels.

The physical and emotional wellbeing of our employees remains a critical priority. Comprehensive safety protocols to protect employees working at the group's premises remain in place. These include providing personal protective equipment (PPE), daily health checks, hygiene and social distancing measures, as well as ongoing communication to connect people to the organisation and keep them engaged, motivated and productive during the pandemic. Campaigns were run to ensure that all employees remained informed of developments in the businesses, along with educational campaigns that focused on emotional, social and physical wellbeing. Specific procedures to protect high-risk employees, including those with comorbidities, are in place.

Continued support is also provided to our employees working from home.

The group's leave policies 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 providing counselling and support to employees are available as a matter of course in all our businesses.

Employees were strongly encouraged to get vaccinated against COVID-19, and to make use of the SA Taxi vaccination centre in this regard. As an employer it is our responsibility to protect the health and safety of all our employees, and Transaction Capital supports mandatory vaccination. Relevant policies are being implemented across the group, which will require all employees to receive vaccinations as determined by the Department of Health.





WE EMPOWER OUR STAFF *continued*



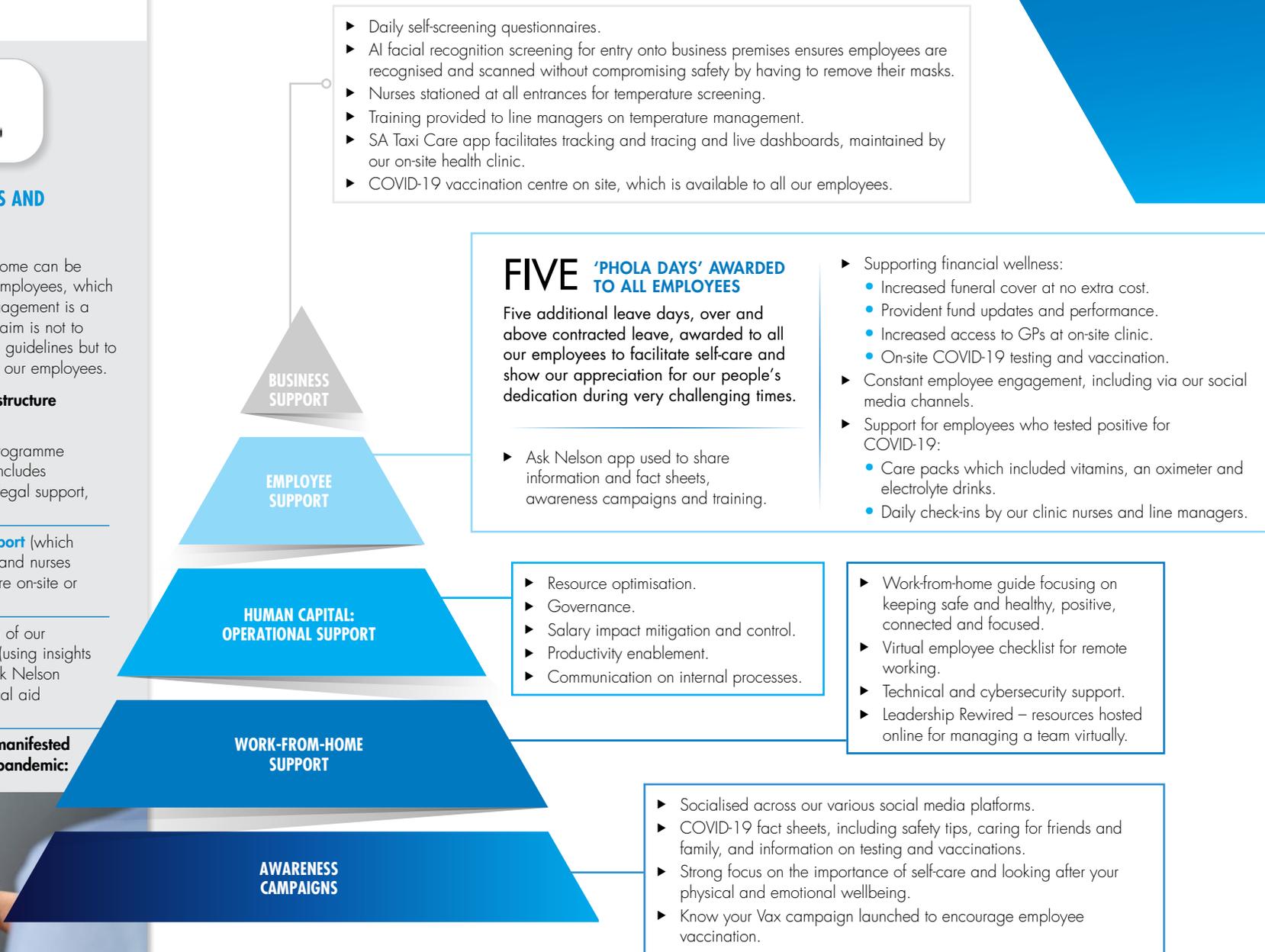
SA TAXI'S MULTI-TIER WELLNESS AND BUSINESS SUPPORT INITIATIVES DURING THE PANDEMIC

We recognise that no business outcome can be achieved without the efforts of our employees, which is why ensuring their safety and engagement is a critical focus area for SA Taxi. Our aim is not to merely send out regulations, rules or guidelines but to show care, support and empathy to our employees.

Our multi-tier employee support structure consists of:

- 1** Our employee assistance programme called **Ask Nelson** (which includes telephonic counselling and legal support, among others).
- 2** Medical aid and **clinic support** (which includes dedicated doctors and nurses providing primary health care on-site or at home).
- 3** The **proactive identification** of our employees' wellness needs (using insights from our Wellness Days, Ask Nelson utilisation reports and medical aid reporting).

This employee support structure manifested as follows during the COVID-19 pandemic:





8 DISCUSS HOW WE ARE ADDRESSING CHALLENGES
WE EMPOWER OUR STAFF *continued*



TCRS'S APPROACH FOR ENSURING THE WELLBEING OF EMPLOYEES DURING THE PANDEMIC

HIGHLY EFFECTIVE WORK-FROM-HOME STRATEGY

- ▶ Implemented 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.

IMPLEMENTATION OF EFFECTIVE ON-SITE COVID-19 TESTING

- ▶ Rapid antigen testing conducted by our on-site health clinic.
- ▶ Enables quick and efficient intervention to minimise the spread of the virus and protect our employees working at our premises.

WEEKLY COMMUNICATIONS ON AND ACCESS TO COVID-19 VACCINES

- ▶ Employees are strongly encouraged to get vaccinated against COVID-19.
- ▶ Weekly mailers include the most up-to-date information available from credible sources on the COVID-19 vaccines.
- ▶ Communication intended to increase employee confidence and dispel misinformation.
- ▶ Partnered with SA Taxi's vaccination centre to administer COVID-19 vaccines at the group's premises.



VIRTUAL CONSULTATIONS WITH MEDICAL PROFESSIONALS

- ▶ Private consultations with on-site nurses offered via virtual platforms to all employees, at no charge to the employee.
- ▶ Allow our employees to enjoy the benefit of having access to our on-site health clinic in the same manner they did before the pandemic, albeit now via a virtual platform.
- ▶ Employees referred for a virtual consultation with our on-site doctor if required.
- ▶ This service saves our employees time and money, and is available to our employees' immediate family members.

FOCUS GROUP DISCUSSIONS TO UNDERSTAND HOW EMPLOYEES ARE ADAPTING TO WORKING FROM HOME

- ▶ 15 virtual focus groups were held across operations using Mentimeter, allowing employees the freedom to participate and share their views and experiences in a confidential manner.
- ▶ Discussions focused on the key themes of adaptability, communication and connection.
- ▶ Results from these focus groups were positive. All participants expressed that they have adapted positively to work-from-home, attributable to the financial benefit of saving on commuting costs, and increased safety and productivity. Participants indicated mixed experiences when it comes to communication and forming relationships within the organisation. There is therefore a strong need to conduct targeted focus groups on a more regular basis, or to provide an open platform for employees to engage with the business.

SUPPORT FOR EMPLOYEES TESTING POSITIVE FOR COVID-19

- ▶ Care packs which included vitamins, an oximeter and electrolyte drinks.
- ▶ Daily check-ins by our clinic nurses and line managers.
- ▶ Transport, drivers and health care professionals are provided in instances where employees require medical assistance.
- ▶ Our on-site clinic, Workforce Healthcare, has been approved and authorised by the Department of Health to register as a designated pick-up point for chronic medication, allowing employees to collect medication on-site.
- ▶ Assisted with the collection and delivery of chronic medication on behalf of and at no cost to employees.
- ▶ Maintained a strong focus on monitoring the utilisation of our clinic.

EMPLOYEE WELLNESS PROGRAMME (EWP)

- ▶ Our employees are our most important assets, and we acknowledge the numerous social challenges they face and the support required.
- ▶ Our EWP is offered through Life EHS Careways, with the aim of empowering our employees with coping mechanisms during these challenging times.
- ▶ This service is also extended to our employees' immediate family members.



8 HUMAN RESOURCES AND ECONOMIC GROWTH
WE EMPOWER OUR STAFF *continued*

WORKFORCE MORALE FOLLOWING THE SECTION 189 PROCESS AT TCRS

As previously reported, the impact of COVID-19 on TCRS's business activity in 2020 required TCRS to reassess its organisational structure, which included 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 end of FY2020.

Managing the impact on morale following this process, in addition to the general impact of COVID-19, was one of the biggest priorities within TCRS in the current year. Our employee engagement focuses on ways to maintain and improve motivation, enthusiasm and passion for their work through the following mechanisms:



<p>Change management roadshows</p>	<p>Virtual engagement sessions held in January and February 2021. The roadshows were hosted by TCRS's executive team and provided insight into the reasons for change and how we envisage the future growth of our company. Employees were encouraged to ask questions and raise any concerns, and action plans have been implemented to ensure these concerns are addressed.</p>
<p>Regular catch-up meetings</p>	<p>Additional engagement sessions were held with employees within the various areas of the business to assist with any further questions or concerns. Sessions with our employee wellness partner, Life EHS Careways, were also encouraged to assist with stress and anxiety management.</p>
<p>Internal communication</p>	<p>Internal communications continued to communicate any required business changes to ensure employees are informed and supported effectively. Employee notices were sent out regularly from the TCRS managing director to communicate these changes, along with the support of our employee wellness partner.</p>
<p>Integrated wellness programme</p>	<p>In line with supporting our employees' wellness holistically, we launched an Integrated Wellness Programme to support the intellectual, social, physical and emotional health of our employees. Roadshows were held with the support of various external suppliers as well as our other wellness partners: Workforce Healthcare, Discovery Health and Life EHS Careways.</p>
<p>Employee value proposition (EVP)</p>	<p>We continue to reflect and communicate our EVP in our communications and actions with employees. We have redesigned our EVP to align to our corporate culture, which places our values and the wellness of our employees at the heart of our EVP.</p>
<p>Employee engagement forums</p>	<p>Frequent employee engagement ensured our employees remained aligned to our culture at every step. These interactions occur through various forums and leadership sessions within the business, including for our call centre agents in our Touch Base Tuesdays sessions.</p>
<p>Focus groups</p>	<p>We rolled out continued virtual engagement sessions with employees, following on from our change management roadshows. These focus groups were crucial for us to engage with employees as well as to ensure additional support was given where needed within our teams.</p>



WE EMPOWER OUR STAFF *continued*

1 WE INVEST IN OUR PEOPLE'S POTENTIAL

Group	2021	2020	2019
Training			
Average training hours per employee per year	26	17	28
Total training spend per year (Rm)	8.7	6.3	12.3
Junior employee development			
Average number of years on the job for junior employees:			
< 25 years old	1.2	1.4	1.2
< 35 years old	3.1	3.0	3.1

As an ongoing initiative, the group invests in training and development to improve the skills of our people and enhance 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.



SIYA PHAMBILI FORWARD WE GO LEADERSHIP DEVELOPMENT PROGRAMME

Focuses on achieving leadership development aligned to the competencies in our job architecture, and concurrently drives the development of our black employees. The programme also facilitates access to mentorship and coaching.

77
NUMBER OF EMPLOYEES ON PROGRAMME TO DATE

- 83% black representation
- 60% high-performing employees

IMBOKODO SOLID AS A ROCK WOMEN IN LEADERSHIP FORUM

Platform created to facilitate the development of our female leaders and support our efforts to build stronger female representation across all levels of the business.

ACCELERATED LEADERSHIP DEVELOPMENT PROGRAMME

Programme created to strengthen our talent bench, support succession planning and enable diversity at senior management levels.



INVESTORS IN PEOPLE®
We invest in people Silver

Transaction Capital Recoveries is a proud **INVESTORS IN PEOPLE SILVER ACCREDITATION HOLDER.**

Investors in People is a United Kingdom-based, internationally recognised people accreditation with more than 50 000 accredited organisations, making it the global benchmark when it comes to people management.

A Silver accreditation is only achieved by ~15% of assessed organisations, and confirms that the right people practices are in place.



8 DIVERSITY, INCLUSION AND ECONOMIC GROWTH
WE EMPOWER OUR STAFF *continued*



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.

**TRCS SPENT A TOTAL OF
 ~113 000 HOURS ON TRAINING IN
 THE BUSINESS IN 2021**

This represents an 81% increase from the prior year, attributable to an increased focus on learnerships, operational training to support employee performance against targets, and an increased requirement for compliance training, specifically ahead of the adoption of the POPI Act.



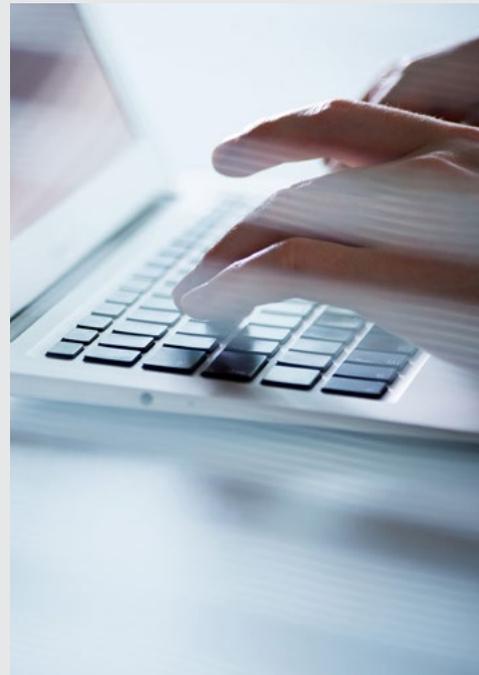
OUR FUNDZA BURSARY FUND

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. A total of **R2 million** was dedicated to this fund in FY2021, with **51 employees** benefiting from this initiative.



OUR NISELA SCHOLARSHIP FUND

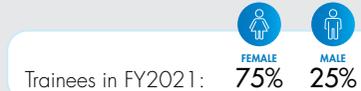
(included as part of our corporate social investment) provides financial assistance to dependants of employees to further their schooling or studies. It is awarded on academic merit and according to the financial needs of employees in the business. A total of **R0.4 million** was dedicated to this fund in FY2021, with **92 children and dependants** of our employees benefiting from this initiative.



TRAINING AND LEARNERSHIP INITIATIVES

Debt Recovery Programme

- ▶ 26-day FASSET SETA accredited programme.
- ▶ **296** individuals trained in FY2021.
- ▶ **272** of whom were appointed as TCRS call centre agents.
- ▶ Remaining 24 individuals to be absorbed once additional collection mandates have been secured.
- ▶ Trainees receive a stipend of R1 950, and an additional R500 incentive on completion of the programme.



YES initiative

- ▶ **17 YES participants** employed within the business in FY2021, with 59% African female representation.
- ▶ Further intake of **nine** youth participants in October 2021 on completion of programme.

POPI compliance training

- ▶ **96%** of our employees completed POPI training.

Learnerships

- ▶ Contact centre learnerships provided to **100 learners**, 23 of whom are physically and/or mentally disabled learners:
 - 100% black representation (65% male and 35% female).
- ▶ All <25 years old.

Women empowerment programme

- ▶ **Women in Leadership committee** established.
- ▶ Composed of diverse female leaders from across the organisation and various management levels, with the aim of creating a platform for dialogue on women empowerment to develop initiatives and programmes that drive female leadership development, progression and visibility in the organisation.
- ▶ This committee is sponsored by the TCRS group human resources executive and co-chaired by two male group executives in order to ensure representation of different perspectives.



8 WE EMPOWER OUR STAFF *continued*

TALENT MANAGEMENT AND ORGANISATIONAL DEVELOPMENT

Top collectors profiling

- ▶ Benchmarking of our top performing collectors who consistently perform at Super Star and Mega Star performance levels.
- ▶ Assessment to uncover cognitive capability, behavioural competencies and conduct in the workplace contributing to this high level of performance.
- ▶ Insights gained will inform our integrated talent management approach for call centre agents, focusing on recruitment, development, career advancement and retention.

Building emerging talent

- ▶ Young Professionals Sales Programme launched in September 2021 to build the TCRS Global Sales team.
- ▶ Key capabilities will be developed from the talent pool selected to include entrepreneurial acumen, networking ability, influence and negotiation skills, and client-centricity.
- ▶ These individuals will have an opportunity to earn a competitive salary with profit share, coupled with international travel and career growth opportunities within the TCRS group as regional business managers.

Graduate programme

- ▶ Two-year programme targeting black graduates younger than 25 across various academic disciplines that are relevant to the operations of TCRS.
- ▶ Graduates will be supported by a mentor, buddy system and a network of on-the-job coaches throughout their programme.
- ▶ The key objective of this programme is to develop high-calibre emerging talent, fast-track their development and afford them opportunities to progress within the organisation. This will progressively feed into our various successor pools.

Career progression

- ▶ The career progression model for our call centre agents has been updated in response to insights and recommendations from our rewards and recognition survey.
- ▶ The model now incorporates an interim post-trainee level to support the crucial first year of employment.

2 WE VALUE OUR EMPLOYEES

Group	2021	2020	2019
Turnover rates			
Voluntary employee turnover rate	16%	16%	18%
▶ Female employee voluntary turnover rate*	10%	–	–
▶ Black employee voluntary turnover rate (South Africa only)*	10%	–	–
▶ Senior management voluntary turnover rate*	0%	–	–
Total employee turnover rate ¹	29%	34%	24%
▶ Female employee turnover rate*	18%	–	–
▶ Black employee turnover rate (South Africa only)*	22%	–	–
▶ Senior management turnover rate*	1%	–	–
Occupational health and safety (OH&S)			
Implemented OH&S management system as per defined OH&S policy	✓	✓	✓
Injuries and/or ill health related to working conditions ²	96	34	55
▶ Of which were reportable cases	33	9	21
▶ Of which were first aid cases	63	25	34
Employee benefits³			
Proportion of employees on:			
▶ Healthcare benefits	73%	77%	69%
▶ Provident fund or pension benefits	82%	84%	77%

* 2021 was the first year of tracking and reporting on this indicator.

1. A large portion of TCRS's employees work in the call centre environment and are first-time employees, contributing to higher turnover. Refer to the section We contribute to youth employment on page 25 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.
2. The increase in 2021 is partially attributable to the inclusion of TCRS's operations in Australia for the first time in 2021 (29 injuries, of which 20 were reportable cases and 9 were first aid cases). In addition, SA Taxi also noted an increase in the number of injuries as its employees returned to the workplace following the level 5 COVID-19 lockdown restrictions in 2020.
3. Extending healthcare and pension benefits to our employees demonstrates the group'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. All permanent employees are required to participate in a medical aid and provident or pension fund, and can participate in the group's schemes or through an individual or their spouse's schemes (with proof of membership required if not participating in the group's schemes). The reported figures only include employees covered through the group's schemes. We aim to disclose total membership of scheme participation (including group and individual or through a spouse's scheme) in the following reporting year.



WE EMPOWER OUR STAFF *continued*



NTANDO SHEZI

EXECUTIVE: Tactical Support Services & Operations at Transaction Capital Recoveries

Ntando started as a call centre agent in Transaction Capital Recoveries 14 years ago and currently serves on the executive team, with primary responsibility for tactical support services and operations. He takes us through his career progression and how TCRS has empowered him to reach his full potential.

Q Over the years, what have been the key training and development programmes through TCRS that have supported your career progression? And have those or other initiatives helped with personal development as well?

TCRS prides itself on being a learning organisation, and as such tailor-makes learning to suit the career journey of its talent. In my case, at every pending career change there were learning interventions, including a 12-month supervisory development programme, an 18-month middle management development programme and several university-facilitated educational programmes, as well as management development through the Gordon Institute of Business Science (GIBS). Most recently, I was awarded a bursary to complete my MBA with GIBS. All of these initiatives have been carefully curated and aligned to where I was in my career, and gaps and skills were identified and addressed each step of the way to ensure I succeed at the next level.

In addition, TCRS also provided me with a unique opportunity by assigning me a business coach two years ago. This assisted greatly with expansive thinking, breaking new ground and providing new insights into my own development. This illustrates a learning organisation that not only looks at improving technical skills, but also looks at education holistically to equip and empower you in your career and life journey going forward.

Q In your career, starting as a call centre agent has definitely opened the door to a successful career trajectory. Does the same still count for agents starting off in TCRS today?

The answer is a resounding yes – TCRS’s commitment to developing talent from within the group has never changed. Forty percent of senior managers who report to me directly started off as call centre agents. Put differently, you could argue that any of the 1 200 call centre agents we have today have a nearly 50% chance of operating at the highest level of the organisation.

Q As a senior manager, what are the key elements of success for TCRS in growing its pipeline of future leaders internally?

I’ll quote our leadership charter here, which includes a statement “We invest time in people development and mentorship.” My personal story, and the story of many others within the organisation, gives credence to that lived experience for all of us. One of the key elements of success at TCRS has been to hire leaders who measure their success through the success of the people they lead, having an understanding and appreciation that developing people takes time and are willing to invest that time. A culture of mentoring exists at all levels – top-down, bottom-up, peer-to-peer. All of this has enabled the success of TCRS.

Q Given the moral and regulatory imperative to transform private enterprises in South Africa to be more demographically representative, what are the key challenges you have faced and how have you overcome those challenges?

Any corporate citizen in South Africa faces the same challenges we grapple with daily – the key issue being the hyper-competitiveness for scarce science, technology, engineering and mathematics (STEM) skills, especially in the context of transformation. We also employ a workforce that deals with day-to-day socioeconomic challenges, which in essence require us as an organisation to be conscious and deliberate in our hiring and people practices. We have a responsibility to develop leaders of tomorrow who themselves lend themselves to our key transformation policies.

Transaction Capital Recoveries (TCR) has an international Investors in People Silver accreditation, which gives credence to our people practices. That in essence is one of the key ways in which we address transformation. We have leaders who at their core are not only committed but through their daily interactions, where they invest their time and energy, show their commitment to the country and its transformation agenda.

Q How has TCRS supported transformation and where should it focus its efforts to continue transforming?

TCRS hires young people who are entering the job market for the first time, which allows us to directly influence the transformation agenda, youth unemployment and topical socioeconomic issues. We equip newly matriculated youth with the skills and knowledge to become an expert in the collections space, and empower them for their future career trajectory.

TCRS has made great strides in the diversity of its executive team, not only showing diversity of skill and knowledge, but equally representative of our country’s demographics. The division will continue to focus on talent development of our junior employees to translate into female and black representation at top management level.

Q In leading and supporting diverse teams with diverse skills, how do you drive performance while ensuring your teams feel valued and respected?

There should be an acceptance that a high-performance culture and staff welfare are not mutually exclusive. These two elements can and should co-exist very successfully. For me the starting point is ensuring you have the right leaders in place to lead a high-performance culture, but equally leaders with strong values aligned with those of the company. In addition, we should continue to put a premium on understanding people, and how the context in which they operate influences their behaviour. A simple example here – we talk about the value of respect, which can mean different things to different people. I have a higher regard for someone who demonstrates and uses this value as a guiding light to determine how your teams are managed and operate.

Q At what age did you start working in the call centre? If you could reach back in time and give yourself advice at the beginning of your career with TCRS, what would you tell your younger self?

I started working in TCR’s call centre as a newly matriculated 18-year-old. I would tell my younger self to be a little more patient in my striving for greater things. There will be bumps in the road, and it’s important not to get discouraged.





WE ARE A GOOD CORPORATE CITIZEN

In addition to the social impact of their respective business models, the divisions deliver targeted corporate social investment (CSI) 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.

1

WE CONTRIBUTE TO HUMANITARIAN NEEDS

R14 million

TOTAL CSI SPEND

2020: R13 million

2019: R10 million

1.9%

PROPORTION OF NET PROFIT AFTER TAX DEDICATED TO CSI PROGRAMMES

2020: 6.5%

2019: 1.2%



CSI programmes are delivered through **SA Taxi Foundation**, a non-profit organisation aimed at implementing projects that **contribute to the sustainability of the minibus taxi industry and the communities it serves**. The foundation partners with local associations to create further income streams for themselves while creating employment and bettering the minibus taxi rank ecosystem.

Most recently, the foundation partnered with TOPSTAR Taxi Association to launch a tyre fitment centre in Mbombela, where taxi operators can repair and/or replace tyres without having to leave the taxi rank. The primary objectives of this initiative were job creation, skills development and the promotion of road safety.

The foundation also runs a project where it sponsors each regional, provincial and national taxi council with a new Toyota Corolla patrol vehicle, to be used for administrative duties and in the promotion of road safety, among others. To date, 141 patrol vehicles have been donated to the minibus taxi industry.

Other efforts from the foundation remain deeply rooted in the fight against gender-based violence, with continued collaborations with taxi industry associations. In this regard, the foundation supports the Home of Hope for Girls, which provides a safe residence to ~75 girls vulnerable to or who have survived abuse, predominantly linked to child sex trafficking.

SA Taxi also 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 TO THE MINIBUS TAXI INDUSTRY IN COVID-19 RELATED INITIATIVES SINCE THE START OF THE PANDEMIC

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.

TOPSTAR TYRE FITMENT CENTRE

SA Taxi is committed to supporting small business ventures that offer real value to their communities. During South Africa's annual October transport month, the SA Taxi Foundation announced its support of TOPSTAR Taxi Association's most recent venture – a tyre fitment centre based at Mbombela taxi rank in Mpumalanga.

The tyre fitment centre offers tyre changing services and wheel balancing to encourage taxi operators to check their wheels and tyres frequently and increase road safety. On 22 October 2021, the foundation handed over a container that will serve as an office and equipment storage, complete with a marketing wrap to promote the business.



"The organisation is always keen to take part in initiatives that give back to both the industry and the community. The sustainability and growth of the industry has proved to be the most important component of the public transport sector. SA Taxi Foundation is proud of the partnership with TOPSTAR Tyre Centre and the city of Mbombela. We hope to continue to make a great impact within the ecosystem of taxi ranks as a strategic partner in the industry."

– Maroba Maduma, SA Taxi's Group Communications Executive



WE ARE A GOOD CORPORATE CITIZEN *continued*



TCRS is active in supporting CSI programmes aligned to its core operations. We also invest in CSI initiatives that aim to uplift targeted communities. Our focus for CSI remains rooted in **supporting the education of previously disadvantaged beneficiaries and the development of black-owned enterprises.**



TCRS is a shareholder of the **iThemba Trust**, a non-profit organisation in the Eastern Cape focused on community transformation and development. Over the past two years, we have donated ~R1.2 million to the iThemba Trust in support of their early learning phase initiatives. Our contributions to the iThemba Trust have included donations to two beneficiary organisations, Head Start Kids and Project Literacy.

Head Start Kids is an early childhood development (ECD) non-profit organisation whose main goal is to provide pre-school children (six months to five years of age) of low-income families with a comprehensive wellness programme to meet their emotional, social, health, nutritional and psychological needs.

Project Literacy is a non-profit organisation established to address the needs of illiterate and semi-literate adults in South Africa through their education and training programmes and adult education and training. Our contributions are set out below:

254
NUMBER OF BENEFICIARIES
2020: 448

R1 600
AMOUNT PAID PER BENEFICIARY
2020: R1 600

R406 400
TOTAL CONTRIBUTION
2020: R716 800

In addition, TCRS also supported the following organisations:

Beneficiary	Operations	Nature of support	Number of beneficiaries
Nisela	Scholarship fund for our employees' children and/or dependents.	Donation	92
Aahaah Shuttle & Tours	A 100% black female-owned organisation focusing on scholar transport and tours to Sowetan landmarks.	Donation	3
The Love Trust (Nokuphila School)	A non-profit organisation with a black beneficiary base of ~94%. The Love Trust looks after the Nokuphila School, a donor-funded school for vulnerable children from Tembisa, and a teacher training project. Nokuphila School educates 340 learners from Grade 000 to Grade 7 in Tembisa and The Love Trust supports Nokuphila School by providing daily transport for the learners, as well as meals and educational and social support. Their second project, Teacher Training, focuses on training pre-school teachers from the Tembisa community. At the end of the training these students obtain a South African Qualifications Authority (SAQA) accredited ECD level 4 certificate.	Donation	340
TC Kwande	TC Kwande is a 100% black-owned company operating in the collections space.	Provision of office space, including desks and IT infrastructure	6
The LLC Academy	The LLC Academy focuses on addressing the critical shortage of qualified teachers in South Africa. TCRS sponsored two student teachers who were hosted in schools as assistant teachers, where they gained practical experience while they study. The sponsorship covers tuition, coaching and mentoring, a monthly stipend, travel and stationery for a year. The end goal of the initiative is long-term employment of the student teachers who will in turn educate and uplift the children they teach.	Donation	2
Imbeleko Foundation	A 100% black female-owned foundation established to benefit orphaned and vulnerable children from rural KwaZulu-Natal, at the Valley of a Thousand Hills. The foundation has been in operation since 2010 and runs an after-school curriculum focusing on STEM programmes.	Donation	9
TOTAL NUMBER OF BENEFICIARIES			452



WE ARE A GOOD CORPORATE CITIZEN *continued*

2 WE HAVE ZERO TOLERANCE FOR CORRUPTION AND HUMAN RIGHTS ABUSES

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 ethics charter defines our vision, mission and values, and outlines our approach to delivering shared-value outcomes.

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.

OUR HUMAN RIGHTS COMMITMENT

Respect for human rights is fundamental for Transaction Capital. We strive to protect and promote human rights in our relationships with all stakeholders. The board, including the CEO and divisional CEOs, are committed to respecting, upholding, protecting and promoting all internationally recognised human rights. They provide leadership in this regard by role-modelling correct behaviour and ensuring that key decisions are aligned to the principles set out in our human rights policy. The human rights policy was approved by the board in the year under review.

3 WE PROMOTE RESILIENCE BY ACTIVELY ANTICIPATING AND MITIGATING SOCIOECONOMIC AND ENVIRONMENTAL RISK

An annual review for ongoing compliance monitoring against all applicable laws and regulations is conducted on systems within the divisions. 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



13

CLIMATE
ACTION

WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE

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. Furthermore, we recognise that our investment decisions and capital allocation have both social and environmental impacts.

Transaction Capital is committed to supporting sustainable and inclusive economic growth within the markets in which we operate.

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

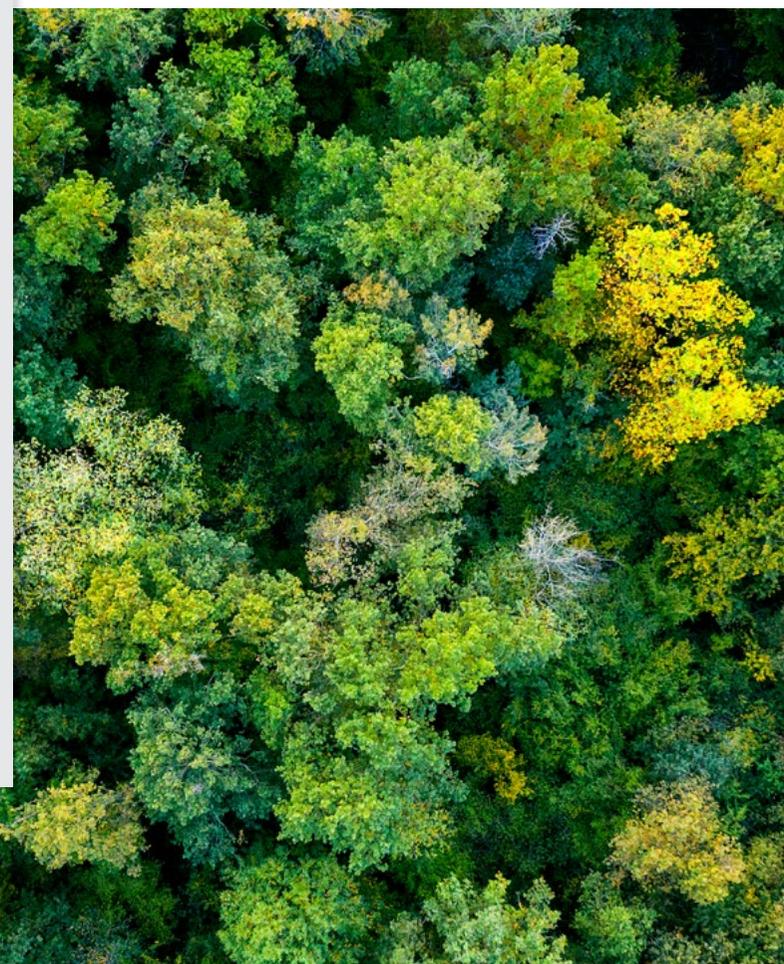
Although TCRS has a low overall impact on the natural environment, it continues to undertake initiatives to reduce its environmental footprint.

We support the Paris Agreement's aim of limiting global warming to well below 2°C compared to pre-industrial levels, and pursuing efforts to limit it to 1.5°C.

Although Transaction Capital's direct operations have a low overall impact on the natural environment, we continue to undertake initiatives to understand and manage our carbon footprint, in keeping with our duty of care towards the environment.

We also recognise the imperative for sustainable development in order to build a prosperous and resilient society.

We acknowledge that our most impactful influence is to manage and reduce the carbon emissions in our financed minibus taxi portfolio.





WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE *continued*

TCFD ROADMAP: PROGRESS AND COMMITMENTS

Transaction Capital supports the recommendations of the Financial Stability Board's TCFD and will, over time, expand and refine our reporting as we continue the process of firmly embedding financial climate-related risks and opportunities in our operations.

TCFD FOCUS AREA	RECOMMENDED DISCLOSURE	OUR RESPONSE	LOOKING FORWARD	REFERENCE
<p>1</p> <p>GOVERNANCE</p>	<ul style="list-style-type: none"> ▶ The organisation's governance around climate-related risks and opportunities. ▶ Management's role in assessing and managing climate-related risks and opportunities. 	<ul style="list-style-type: none"> ▶ In accordance with King IV, the board of directors is ultimately responsible for ensuring Transaction Capital is and is seen to be a responsible corporate citizen. ▶ The board has delegated oversight of the group's ESE impact to the social and ethics committee and climate-related risks and opportunities to the risk and technology committee. These sub-committees are chaired by independent non-executive directors. ▶ Senior management responsibility for climate-related risks and opportunities has been assigned at a group level. ▶ A groupwide ESE steering committee, chaired by the group CFO, drives sustainability initiatives, including the management of climate-related risks and opportunities, across the group. ▶ The ESE steering committee reports to the social and ethics committee on a quarterly basis. ▶ The board approved the group's environmental policy and position on climate change in March 2021, which formalises and integrates our approach to climate change into our risk management framework. ▶ The group's risk management framework has been updated to include climate risk as a material risk. 	<ul style="list-style-type: none"> ▶ Further updates to the risk management framework to enhance governance around climate-related risks and opportunities: <ul style="list-style-type: none"> • Allocate management responsibility at divisional levels. • Embed climate-related risk identification, analysis, monitoring and reporting across the group. ▶ Continuous upskilling of our board, management and employees. 	
<p>2</p> <p>STRATEGY</p>	<ul style="list-style-type: none"> ▶ The impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning over the short, medium and long term. ▶ The resilience of the organisation's strategy under different climate-related scenarios. 	<ul style="list-style-type: none"> ▶ Transaction Capital acknowledges and supports the aims of the Paris Agreement, and is committed to reducing emissions in line with a well below 2°C classification by 2035. ▶ GHG emission reduction targets have been set for the short (2025), medium (2030) and long term (2035). ▶ The group's strategy focuses on reducing the carbon footprint of our direct operations, while exploring and investing in products that would accelerate the transition of the minibuss taxi industry. ▶ Consistent engagement with a broad range of stakeholders further informs our environmental strategy. ▶ A detailed assessment of the group's climate-related risks and opportunities across all our geographies was completed in 2021. This assessment was performed in consultation with a carbon consulting firm through the application of scenario-based methodology for physical and transitional risks. ▶ The group continues to focus on climate-related initiatives through the lens of SDG 13: Climate Action. 	<ul style="list-style-type: none"> ▶ Continued work to obtain a comprehensive view of the potential financial impact of climate-related risks and opportunities identified in 2021. This exercise will be undertaken in 2022. ▶ The group will also pursue efforts to further reduce its emissions in line with a 1.5°C classification, as appropriate. 	



WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE *continued*

TCFD ROADMAP: PROGRESS AND COMMITMENTS *continued*

TCFD FOCUS AREA	RECOMMENDED DISCLOSURE	OUR RESPONSE	LOOKING FORWARD	REFERENCE
<p>3</p> <p>RISK MANAGEMENT</p>	<ul style="list-style-type: none"> ▶ The organisation's process for identifying, assessing and managing climate-related risks. ▶ How these processes are integrated into the overall risk management process. 	<ul style="list-style-type: none"> ▶ The group worked with carbon and climate change consultants in 2021 to identify climate-related risks (both physical and transitional) and opportunities that could have a material impact on its operations. ▶ These climate-related risks have been incorporated into the group's risk management framework, with climate risk elevated from an emerging risk to a material risk for the group in 2021. 	<ul style="list-style-type: none"> ▶ Continued work to obtain a comprehensive view of the potential financial impact of climate-related risks and opportunities identified in 2021. This exercise will be undertaken in 2022. 	
<p>4</p> <p>METRICS AND TARGETS</p>	<ul style="list-style-type: none"> ▶ Metrics to assess climate-related risks and opportunities in line with strategy and risk management process. ▶ Scope 1, 2 and 3 GHG emissions and related risks. ▶ Targets to manage climate-related risks and opportunities, and performance against targets. 	<ul style="list-style-type: none"> ▶ Scope 1, scope 2 and a number of select scope 3 GHG emissions measured for 2020 (base year) and 2021. These metrics are reported as part of this sustainability report for the first time. ▶ Overall GHG emission reduction targets adopted and reported in 2021. Targets are based on the Absolute Contraction Approach as defined by the Science Based Targets initiative (SBTi). ▶ The achievement of these reduction targets is included as non-financial key performance indicators (KPIs) as part of executive remuneration. 	<ul style="list-style-type: none"> ▶ Continuous improvement of the robustness of our environmental data collection processes, which include the implementation of an environmental data collection system. ▶ Dedicated managers at each division responsible for managing and monitoring GHG emissions. ▶ The group's first CDP (formerly the Carbon Disclosure Project) submission is planned for 2022. ▶ Integration of newly acquired subsidiaries into the group's carbon footprint assessment. ▶ Submission of science-based targets for approval by the SBTi over the medium term. ▶ Continued alignment of our disclosures on metrics and targets with international developments. 	



WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE *continued*

1 GOVERNANCE

BOARD OF DIRECTORS

In accordance with King IV, the board of directors is ultimately responsible for sustainability and sustainable development. The board recognises that to incorporate climate-related risks and opportunities into the business of Transaction Capital, the board will require the support of adequate resources. In this regard, the board has mandated the social and ethics and the risk and technology committees, as well as Transaction Capital’s executives, with overseeing specific social and environmental matters.

The social and ethics committee is chaired by the lead independent director and comprises three independent non-executive directors, the group CEO and one founding executive director. The risk and technology committee is chaired by an independent non-executive director and comprises three independent non-executive directors.

9 MEMBERS OF THE BOARD HAVE STRONG ESE SKILLS (64%)

SENIOR LEADERSHIP

An ESE steering committee drives sustainability initiatives, including climate-related risks and opportunities, across the group. The committee is chaired by the group CFO and comprises executives and senior management from across the group.

The committee convenes on a monthly basis and agenda items include, amongst others:

- ▶ Monitoring performance and progress against the group’s ESE framework and strategy.
- ▶ Initiatives to further operationalise the ESE framework across the group, with TCFD adoption a key focus in 2021.
- ▶ Feedback from ESG investor roadshows, and development of action plans as required.
- ▶ International ESG trends and developments, including training in this regard.

Bi-annual reporting against the group’s ESE framework is compiled by the steering committee, with progress against predefined targets monitored and reported to the social and ethics committee. In addition, quarterly reporting to the social and ethics committee includes feedback on relevant agenda items and monitoring of specific ESG ratings and scores.

POLICIES AND REPORTS AVAILABLE ON OUR WEBSITE:

2 STRATEGY

The following strategic actions are being taken in line with our commitment to sustainability and with due regard for risks associated with climate change and the environment:

- ▶ Acknowledge the urgency of climate change and recognise that our investment decisions and capital allocation have both social and environmental impacts.
- ▶ Support the recommendations of the TCFD.
- ▶ Support the Paris Agreement’s aim of limiting global warming to well below 2°C compared to pre-industrial levels, and pursue efforts aligned to limiting this to 1.5°C.
- ▶ Minimise the group’s direct carbon footprint by applying a precautionary approach to the natural environment and undertaking initiatives that demonstrate environmentally responsible behaviour.
- ▶ Explore and invest in products and services that accelerate the transition of the minibus taxi industry to a low-carbon and more circular economy.
- ▶ Engage consistently with a broad range of stakeholders to inform our strategy and ensure alignment with stakeholder concerns and expectations.
- ▶ Determine how climate-related risks transmit to the economy and financial sector in the countries in which we operate, and identify how these risks are likely to be material for Transaction Capital going forward.
- ▶ Identify the exposures of group entities that are vulnerable to climate-related risks and assess the potential financial impact should these risks materialise.
- ▶ Continue with the work of the social and ethics and risk and technology committees to assess social and environmental matters against measurable metrics and targets, and the group’s impact in this regard.
- ▶ Ensure that adequate mitigation measures in respect of climate-related risks are adopted where appropriate.
- ▶ Disclose meaningful environmental and climate-related impacts on the business and related mitigation measures and opportunities, guided by the recommendations of the TCFD.
- ▶ Contribute to the achievement of the United Nations’ SDGs.
- ▶ Embrace, support and enact the UN Global Compact’s ten principles, including the environmental principles of (i) supporting a precautionary approach to environmental challenges (principle 7), (ii) undertaking initiatives to promote greater environmental responsibility (principle 8), and (iii) encouraging the development and diffusion of environmentally friendly technologies (principle 9).

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Transaction Capital partnered with carbon and climate change consultants in FY2021 to identify and assess climate-related risks and opportunities which may have an impact on our business strategy over the short, medium and long term. Through early adoption of mitigating actions, these climate-related risks can present opportunities for the group.

Transaction Capital analysed various climate change scenarios based on Representative Concentration Pathways (RCP), a GHG concentration trajectory adopted by the Intergovernmental Panel on Climate Change (IPCC). The pathways are expressed as concentrations of GHGs in the atmosphere and attempts to predict how GHG concentrations will change in the future as a result of human activities, and what the implications would be in terms of changing physical climate impacts and the changing market, technology, policy and legal, and reputational drivers associated with different pathway transitions.

RCP 8.5	RCP 6	RCP 4.5	RCP 2.6	RCP 1.9
Business as usual	Some mitigation	Strong mitigation	Strong mitigation	Stringent mitigation
Global average temperature increase up to 4.8°C	Global average temperature increase up to 3.1°C	Global average temperature increase up to 2.6°C	Global average temperature increase not to exceed 2°C	Global average temperature increase not to exceed 1.9°C
Extreme weather	Moderate increase in extreme weather	Moderate increase in extreme weather	Small increase in extreme weather	Minimal increase in extreme weather
High adaptation	Moderate adaptation	Moderate adaptation	Low adaptation	Minimal adaptation

MINIMAL TRANSITION

GREATER TRANSITION

- ▶ Policy changes
- ▶ Carbon and other environmental taxes
- ▶ High technology innovation
- ▶ Change in consumer behaviour



WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE *continued*

PHYSICAL RISKS AND OPPORTUNITIES

The physical risk scenario analysis focused on the three most densely populated metropolitan areas in South Africa, being Durban, Cape Town and the province of Gauteng (aligned to the group’s most significant areas of business operations), and Australia from a national viewpoint.

Climate change summary

DURBAN

- ▶ Extremely hot temperatures.
- ▶ Increased rainfall (in volume and intensity).
- ▶ Storm surges/abnormal waves.
- ▶ Increased lightning, strong winds, flooding, hail and extended fire hazards.

CAPE TOWN

- ▶ Higher average temperatures.
- ▶ Reduced rainfall; increased severity of droughts.
- ▶ Increased intensity of extreme weather events, flooding and storm surges, coastal impact and extended fire hazards.

GAUTENG

- ▶ Higher average temperature; more prominent heatwaves.
- ▶ Increased intensity of rainfall (higher rainfall over shorter periods).
- ▶ Increased intensity of extreme weather events and flash floods.

AUSTRALIA

- ▶ Higher average temperature; more heatwaves.
- ▶ Longer fire season, more dangerous fire weather.
- ▶ Fewer tropical cyclones, but greater proportion of high-intensity storms.
- ▶ Heavy, more intense rainfall.

Physical risks for Transaction Capital

- ▶ Health concerns arising from the following climate change hazards:
 - Heat stress and air pollution.
 - Severe droughts affecting availability of water (Cape Town).
 - Decline in water quality as a result of floods, droughts and illegal connections, giving rise to water-borne diseases.
 - Overburdening of sewerage systems.
- ▶ These health issues impact an individual’s ability to work, placing pressure on disposable income which translates into affordability constraints for our minibus taxi operators (SA Taxi) and the debtors from whom we collect (TCRS).
- ▶ Pressure on disposable income further exacerbated by:
 - Damage to road infrastructure as a result of extreme weather events impacting minibus taxi operators’ ability to operate.
 - Extreme weather events increasing the cost of food production.
- ▶ The health and safety of our employees in the context of our occupational health and safety commitments.
- ▶ Supply chain disruption (SA Taxi Auto Parts):
 - Damage to coastal infrastructure as a result of sea-level rise impacting vital import facilities such as ports.
 - Damage to road infrastructure as a result of extreme weather events affecting the transportation of goods and services.
- ▶ Damage to the group’s buildings and personal infrastructure.
 - Increased wind speeds and other extreme weather events.

Opportunities

- ▶ South Africa’s response to climate change is considered at a city, provincial and national level.
- ▶ Opportunity for Transaction Capital to participate and capture emerging opportunities:
 - Recycling plans imposed for businesses’ environmental licence to operate. Financial support to participate in these recycling initiatives.
 - Subsidies for low-carbon and efficient vehicles.
 - City of Johannesburg’s Green Transport Goal: By 2030, 70% of commuters will be using public transport, walk or cycle. This will increase to 90% by 2050, with all residents having access to safe, affordable and net-zero emissions transport.

CASE STUDY

AUSTRALIAN BUSHFIRES OF 2019/20

Physical impact

18 million
HECTARES BURNT

2 800
HOUSES DESTROYED

5 900
BUILDINGS DESTROYED

Human health impact

- ▶ In January 2020, Canberra recorded the worst air quality index of any major world city.

Economic impact

- ▶ 1.8 million workdays lost.
- ▶ AUD1.3 billion in lost economic production.
- ▶ 0.2% to 0.5% of national annual GDP lost.
- ▶ Bushfires and early COVID-19 resulted in 20 000 tourism jobs lost by August 2020.

Human health impact

- ▶ Assuming a 1.5°C warming world: Heat stress will result in an increase of 2% in working hours lost internationally, translating into 72 million full-time jobs.

(Source: International Labour Organization)

- ▶ The last 60 years of warming in South Africa resulted in local GDP being 20% lower.

(Source: Stanford University)



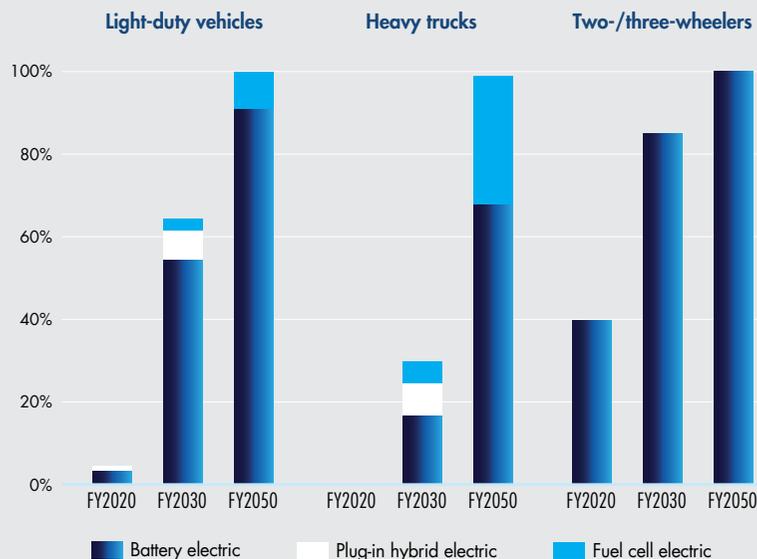


WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE *continued*

TRANSITIONAL RISKS AND OPPORTUNITIES

Electrification plays a central role in the decarbonisation required to limit the global temperature rise to 1.5°C. According to the International Energy Agency’s (IEA) Net zero by 2050 – a roadmap for the global energy sector report, decarbonisation of the transport sector relies on policies to promote shifting to different modes of transport, more efficient operations across passenger transport modes, as well as improvements in energy efficiency. It also depends on two major technology transitions: shifts towards electric mobility – battery electric vehicles (BEVs) and fuel cell electric vehicles – and shifts towards a higher fuel-blending ratio and direct use of low-carbon fuels. These shifts are likely to require interventions to stimulate investment in supply infrastructure and consumer uptake.

One scenario sets out that in order to achieve net-zero emissions by 2050, over 60% of global vehicle sales will need to be electric or hybrid electric by 2030, and 100% by 2050. Light-duty vehicles are expected to be electrified faster in advanced economies over the medium term and to account for ~75% of sales by 2030. In emerging and developing economies, they account for ~50% of sales. Almost all light-duty vehicle sales in advanced economies will be battery electric, plug-in hybrid or fuel cell electric by the early 2030s, and in emerging and developing economies by the mid-2030s.



Source: IEA.

The group has considered the implications of electrification, together with the risks and opportunities this presents, in the context of its SA Taxi operations.

Globally, public transport electrification initiatives are focused on e-buses (as minibus taxis outside the African context are less relevant). We are however starting to see a greater focus on e-minibus taxis locally.

While national policies are focused on EVs and modal shifts, there is no explicit focus on the minibus taxi industry. South Africa’s Nationally Determined Contributions (2021) and Green Transport Strategy for South Africa (2018 – 2050) focus on road to rail and a 2025 target for shifting private transport to public by 20%, while the EV Roadmap (2021) focuses on local EV production, mostly for private passenger vehicles, with an explicit mention of e-buses.

All sub-national policies reference EVs and modal shifts, and while there is a greater focus on electrification of the public transport sector, there is nothing of substance as yet:

CAPE TOWN (2021)

Launched two public charging stations, EV pilots in fleets, explicit mention of policy-enabling environment for e-buses and e-minibus taxis.

JOHANNESBURG (2021)

EV readiness support programme, with an explicit focus on e-minibus taxis.

Johannesburg’s Metrobus has committed to only purchasing electric buses from 2030 onwards.

eTHEKWINI (2021)

No explicit focus on e-buses or e-minibus taxis.

PRIVATE

Golden Arrow Bus Service conducting an e-bus pilot study.

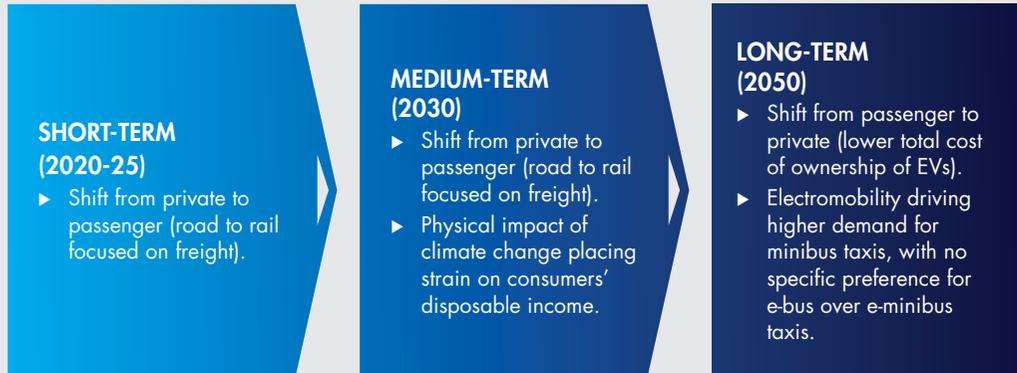




WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE *continued*

TRANSITIONAL RISKS AND OPPORTUNITIES *continued*

SA Taxi considers the modal shift in response to public policy an opportunity, with increased demand for SA Taxi's product offering:



Another consideration for the group is the improved affordability of EVs. While BEVs carry lower operating, maintenance and fuel costs, the initial capital outlay is still significantly higher than an internal combustion engine vehicle, in the absence of policy change addressing higher capital costs.

Research indicates that the total cost of ownership (TCO) of BEVs will however become increasingly competitive in South Africa. A recent study by the National Business Initiative suggests TCO parity (being the net present value of capital and operational expenditure over time on a per passenger per kilometre basis) could be reached between 2025 and 2027.



The question of who will drive the education around the public transport transition to EVs is critical, and will require a multiple-stakeholder approach. Where this responsibility lies is not yet clear in a South African context.

Power interruptions from South Africa's energy provider, including loadshedding, are not considered a significant risk to the effective transitioning at this stage. Charging of EVs will mainly take place at home during the night, utilising a material amount of unserved energy. Given that around 77% of South Africa's primary energy needs are provided by coal, EVs will support maximising usage of this resource as the country transitions to renewable energy sources. Eskom estimates an 8% increase in EV electricity demand by 2050, which is not considered significant. This estimate does however depend on the ratio of charging models to be used (e.g. at home with solar versus the grid). The medium- to long-term nature of this transition makes it possible to plan and build up the system over time.

Similarly, while there is currently inadequate EV infrastructure in South Africa, there is still time to invest and implement, with the private sector indicating its willingness to participate. Inadequate infrastructure is not considered a significant stumbling block given the transition timelines.





WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE *continued*

TRANSITIONAL RISKS AND OPPORTUNITIES *continued*

There is also an opportunity for SA Taxi to attract funding from DFIs for EV initiatives. While global efforts are focused on e-buses, where DFIs are building up their experience to support the transition, the group has had constructive engagements with DFI partners in this space.

The group has also considered the transitional risks and opportunities of climate change for its TCRS operations. Climate change will exacerbate distressed debt, even if the Paris Agreement's targets are achieved, with lower disposable income and higher unemployment, specifically in South Africa. TCRS's sophisticated and proven ability to price NPL portfolios for prevailing market conditions, together with its extensive collections infrastructure, positions it strongly to accelerate the acquisition of NPL portfolios to be collected as principal, and to win agency collection mandates in these conditions. In doing so, we strengthen consumer-facing entities' balance sheets by accelerating cash flow and removing non-performing loans, which in turn improves their

ability to continue providing debt finance to the consumer market. TCRS's operations will become even more relevant given the impact of climate change, and strengthen our social purpose of promoting stable, functioning credit markets and facilitating financial rehabilitation.

SUSTAINABLE FINANCE

Transaction Capital is committed to driving sustainable and inclusive socioeconomic growth through the delivery of sustainable finance solutions. To this end, SA Taxi developed and published its first sustainable bond framework in May 2021, which allows the issuance of green and social bonds that support SA Taxi's financing efforts in the minibus taxi industry. The sustainable bond framework was evaluated by Standard and Poor's, whose published opinion confirmed it to be aligned to the four components of the green bond principles 2018 and the four components of the social bond principles 2020, collectively referred under the sustainability bond guidelines.

Proceeds from SA Taxi's sustainable bond framework will be used to contribute to the following SDGs:

SOCIAL CATEGORIES

- ▶ **Better public transport**
 - Affordable basic infrastructure
- ▶ **Financial inclusion**
 - Access to financial services
 - Socioeconomic advancement and empowerment
 - Employment generation through SME financing
- ▶ **Social inclusion**
 - Improved access to funding for SMEs

GREEN CATEGORY

- ▶ **Climate resilience**
 - Reduction of air emissions
 - Climate mitigation



SA Taxi issued its first social bond on the JSE Limited's sustainability segment through its Transsec 5 initial issuance in May 2021. This issuance achieved many milestones. It was SA Taxi's largest single issuance to date at R900 million, with the lowest initial issuance weighted average margin of 173 basis points above the three-month JIBAR and a sub-loan of 10% (reduced from 12% in previous issuances).

Subsequent to the end of the 2021 financial year, the group concluded a Transsec 5 tap issuance in November 2021. This raised an additional R543 million for SA Taxi and again set a new milestone by achieving a weighted average margin of 167 basis points above the three-month JIBAR.



WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE *continued*

3 RISK MANAGEMENT

Transaction Capital defines risk as uncertain future events that could influence its ability to achieve its objectives. The possibility of loss is inextricably linked to uncertainty, thus for risk to be quantified both the probability of an event occurring and its consequences must be considered. A detailed framework for managing risk is in place to facilitate rational decision-making.

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's environmental policy formalises and integrates our approach to climate change into our risk management framework.

Transaction Capital continues to enhance its processes for identifying, assessing and managing climate-related risks. The group recognises that climate-related risk management requires collaboration between the risk management function, operations and governance forums. The group worked with carbon and climate change consultants in 2021 to identify climate-related risks (both physical and transitional) and opportunities that could have a material impact on our operations. As a result, climate risk has been elevated from an emerging risk to a material risk in the group's risk register.

4 METRICS AND TARGETS

Transaction Capital is committed to measuring, tracking and reporting the impact of our operations on the natural environment, and we embrace our responsibility to manage our carbon footprint.

OUR CARBON FOOTPRINT

The group's carbon footprint has been calculated according to the international Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard methodology, and includes all direct scope 1 and indirect scope 2 emissions as required by the GHG Protocol, with a number of scope 3 emissions included at Transaction Capital's discretion. The base year has been set as 2020, being the earliest period for which reliable data is available. The appropriateness of the base year, when operations were significantly impacted by COVID-19, will be assessed on an ongoing basis as we adjust to a new way of doing business.

CARBON FOOTPRINT ASSESSMENT: PARAMETERS

METHODOLOGY:

GHG Protocol

CONSOLIDATION APPROACH:

Operational control

EMISSIONS FACTOR DATA SOURCES:

DEFRA (2020), IEA, Eskom (electricity in South Africa) and the Department of Industry, Science, Energy and Resources (electricity in Australia)

INTENSITY RATIOS:

- ▶ GHG emissions per employee
- ▶ GHG emissions per m² of buildings
- ▶ GHG emissions per total income

GHG emissions inventory	2021	2020 (Base year)	Movement
Coverage			
Employees covered by carbon footprint	97%	93%	
Buildings covered by carbon footprint (in m ²)	98%	83%	
	Metric tonnes of CO₂e		
SCOPE 1: DIRECT EMISSIONS			
Stationary fuel	161.65	198.89	(19%)
Fugitive gas	20.88	16.50	27%
Mobile fuel	2 284.61	1 634.84	40%
Total scope 1 emissions	2 467.14	1 850.23	33%
SCOPE 2: INDIRECT EMISSIONS			
Purchased electricity	6 353.60	7 403.70	(14%)
Total scope 2 emissions	6 353.60	7 403.70	(14%)
Total scope 1 and 2 emissions	8 820.75	9 253.93	(5%)
Intensity metrics			
Scope 1 and 2 emissions per employee	2.304	2.506	(8%)
Scope 1 and 2 emissions per m ² of buildings	0.180	0.215	(16%)
Scope 1 and 2 emissions per total income	1.949	2.177	(10%)
SCOPE 3: INDIRECT EMISSIONS FROM CORPORATE VALUE CHAIN			
Purchased goods and services – Office paper	65.18	39.63	64%
Purchased goods and services – Water	82.69	45.42	82%
Fuel and energy related activities – Electricity transmission and distribution losses	742.71	737.63	1%
Upstream transportation and distribution – Logistics and courier	0.53	0.75	(29%)
Waste generated in operations – Waste to landfill	63.39	107.24	(41%)
Waste generated in operations – Recycling	3.61	3.59	1%
Business travel – Car hire	251.04	166.20	51%
Business travel – Air travel	31.73	336.56	(91%)
Business travel – Accommodation	19.16	30.25	(37%)
Business travel – Travel claims	15.50	26.74	(42%)
Investments – SA Taxi's financed minibus taxi fleet*	437 695.72	419 381.48	4%
Total scope 3	438 971.26	420 875.49	4%
Total scope 1, 2 and 3 emissions	447 792.00	430 129.42	4%

* The scope 3 category 15 emissions represent GHG emissions from SA Taxi's financed minibus taxi fleet for the financial year under review and relative to the SA Taxi-financed portion only, as directed by the Partnership for Carbon Accounting Financials carbon accounting methodology for financial institutions. The analysis performed by Environmental Resource Management, presented on page 47, represents a cumulative view over the lifetime of all vehicles historically financed by SA Taxi.



WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE *continued*

OUR REDUCTION TARGETS

Following the finalisation of Transaction Capital’s base year carbon footprint detailed on the previous page, the group consulted with carbon consultants to produce a target-setting report that modelled a suite of target-setting options for the group’s operational (scope 1 and 2) emissions.

Targets were modelled based on the SBTi methodology applying the Absolute Contraction Approach (ACA). The ACA is based on an allocation approach of the carbon budget that all companies should reduce or ‘contract’ their absolute emissions at the same rate, regardless of their initial emissions baseline. This method allows companies to set emissions reduction targets that are aligned with the global, annual emissions reduction rate required.

The target-setting options were presented to the group’s social and ethics committee in October 2021. The committee approved an overall GHG emissions reduction target which is aligned with limiting the global temperature increase to well below 2°C for Transaction Capital’s scope 1 and 2 GHG emissions. Targets have been set for the short (2025), medium (2030) and long term (2035). Efforts to further reduce our impact to a 1.5°C classification will be investigated and pursued to the extent feasible.

Timeframe	2025	2030	2035
Method used	SBTi: ACA		
Linear annual reduction rate	2.5%		
Temperature alignment	Well below 2°C		
Target timeframe ambition	12.50%	25.00%	37.50%



KEY FOCUS AREAS TO REDUCE OUR CARBON FOOTPRINT IN 2021

Reducing GHG emissions from energy usage.

- ▶ Energy efficient light management is used within buildings.
- ▶ Sensors in meeting rooms and offices automatically turn off the lights when rooms are unoccupied.
- ▶ Solar panels in place at select group premises, with additional investment in 2021.

Disposing of harmful products in a responsible manner by working with accredited third parties.

Paper and plastic recycling processes in place at most buildings, including relying on circular economy principles where possible.

Responsible water management.

- ▶ Grey water collections systems in place at select group premises.

Employee awareness campaigns advocating a cautious approach to consumption.

Contributing to a circular economy through parts recycling and the sale of reliable and affordable QRTs.

SA Taxi maximises value retention through its vertically integrated business platform. Its salvage operation recovers and refurbishes used parts from vehicles that are not economically viable to repair, contributing to a circular economy through parts recycling. SA Taxi also retails well-priced new and pre-owned auto parts to taxi operators, with the latter contributing to both re-use and passing on cost savings to the consumer.

SA Taxi’s fully refurbished QRTs provide operators with an affordable yet reliable alternative to buying a new vehicle, and contributes to minimising industry waste.

5 038

NUMBER OF NEW MINIBUS TAXIS FINANCED

2020: 4 064
2019: 6 025

3 553

NUMBER OF QRTs FINANCED

2020: 2 186
2019: 2 566

63%

YEAR-ON-YEAR GROWTH IN QRT LOAN ORIGINATIONS

2020: (15%)*
2019: 38%

New vehicle loan originations for the year increased by 24% compared to a 63% increase in QRT loan originations. This indicates continued strong momentum in the sale and finance of SA Taxi’s fully refurbished QRT vehicles, and an enhanced contribution to a more circular economy.

*2020 impacted by COVID-19.



WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE *continued*

KEY FOCUS AREAS TO REDUCE OUR CARBON FOOTPRINT IN 2021 *continued*

Continued investment in technologies to modernise minibus taxi vehicles.

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 (~14%), this has a material 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 are provided in the four mitigation cases below. The analysis by Environmental Resource Management 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 tCO₂e emissions proposed for the road transport sector of South Africa in 2021.

Mitigation case	Emissions abatement (tCO ₂ e)		
	2021	2020	2019
1 Improved fuel efficiency due to SA Taxi-financed new vehicles replacing old vehicles	40 052	38 114	36 580
2 Improved fuel efficiency due to replacement of 14-seaters with 16-seaters	30 842	26 654	23 846
3 Improved fuel efficiency due to replacement of petrol vehicles with diesel vehicles*	22 728	17 746	14 718
4 Improved fuel efficiency due to vehicle refurbishments	1 001	771	621

* In the South African context, replacing older petrol vehicles with new or QRT diesel vehicles, along with the cleaner grade of diesel available in the country, represents a higher mitigation of emissions.

SA TAXI'S PERFORMANCE

866 474

EMISSIONS OF SA TAXI'S FLEET (tCO₂e)

2020: 763 392
2019: 694 617

9.9%

GHG EMISSIONS ABATEMENT

2020: 9.8%
2019: 9.8%

SA Taxi 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.

Continued investigation of the feasibility of alternatively fuelled vehicles in South Africa, and investing in technologies to modernise minibus taxi vehicles.

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.

TERRY KIER

SA TAXI CEO



There are complexities in our unique South African context regarding the viability of EVs as a mode of transport. Firstly, the tax regime and incentives for EVs are not yet conducive for import. However, government is currently reviewing excise duties on these vehicles, which should reduce import costs in time. There is an additional weight consideration for road infrastructure itself, considering the wide reach of the minibus taxi industry. Batteries also reduce the number of passengers compared to traditional minibus taxis.

Beyond logistical considerations for the vehicles themselves, there are questions about the impact to the fiscus (due to revenue loss from tax on fuels), along with electricity costs and supply issues.

I am not suggesting that electric taxis do not have a place in our longer-term strategy, but there are many stakeholders that must be included, and constraints considered and planned for to successfully replace the fleet.



"As always, our approach is grounded in the practical consideration of the real benefit to commuters and operators, especially as operators' livelihoods depend on the success of their small businesses."

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.
- ▶ Consumer Protection Act.
- ▶ Debt Collectors Act.
- ▶ Second-hand Goods 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.
- ▶ National Payment System Act.
- ▶ Anti-corruption and anti-money laundering legislation including the Financial Intelligence Centre Act and the Protection of Constitutional Democracy Against Terrorist and Related Activities 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 and the Employment Equity Act.
- ▶ Legislation relating to information processing and electronic records including the Electronic Communications and Transactions Act, Protection of Personal Information Act, Promotion of Access to Information Act and the Cybercrimes Act.

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.
- ▶ Environmental policy and position on climate change.
- ▶ Ethics charter.
- ▶ Human rights policy.
- ▶ 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 <https://triskservices.co.za/>