



SA TAXI

SUSTAINABLE BOND FRAMEWORK

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1. INTRODUCTION

1.1 SA TAXI GROUP

SA Taxi Holdings Proprietary Limited and its group of companies ("SA Taxi"), is a subsidiary of Transaction Capital Limited ("TC" or "TC Group"), a JSE listed company. The TC Group actively identifies and invests in alternative asset classes, in which best-in-class technology, proprietary data and analytics capabilities enable the TC Group to generate commercial returns. The TC Group's diversified businesses, one of which is SA Taxi, are strategically relevant, operationally resilient and robustly governed, which underpin their ability to respond effectively and ethically to complex market dynamics.

SA Taxi finances minibus taxi entrepreneurs ("minibus taxi operators") who operate minibus taxis that may not otherwise have access to credit from traditional banks. Through its ordinary course of business, the granting of loans ("Loans"), SA Taxi empowers small, micro and medium-sized enterprises ("SMMEs¹").

SA Taxi's vertically integrated business model enables safer and more reliable mobility access for millions of commuters through tailored developmental finance, insurance and allied services to minibus taxi operators. Foundational to its business model are propriety data sets and analytics capabilities that allow SA Taxi to predict risk and manage it in real time.

As a core enabler to the country's economy, an efficient public transport network is a critical catalyst for development and economic growth. SA Taxi's business model contributes to the recapitalisation, sustainability and safety of the minibus taxi industry – a critical pillar of the public transport sector servicing the majority of South Africa's working population.

1.2 COMMITMENT

This document, the "Sustainability Bond Framework" ("SBF"), contains information on interest-bearing notes which may be issued by SA Taxi's associated, asset backed, funding vehicles. This includes ringfenced Transsec structures and associated special purpose vehicles ("SPVs"), established for the purpose of funding loans, which have been originated by SA Taxi and meet the respective Eligible Use of Proceeds criteria.

The SBF addresses 4 pillars namely -

1. Definition and use of proceeds;
2. Process for selection and evaluation of projects;
3. Management of proceeds; and
4. Reporting on eligible projects which are consistent with international best practice and guidance by the International Capital Market Association ("ICMA") in respect of:
 - Green Bond Principles ("GBP");
 - Social Bond Principles ("SBP"); and
 - Sustainability Bond Guidelines.

1.3 SA TAXI'S SUSTAINABILITY STRATEGY

The TC Group's sustainability policy mandates the social and ethics committee, the audit, risk and compliance ("ARC") committee, asset and liability committee and TC Group's executives with overseeing specific sustainability matters to ensure that all group companies, including SA Taxi, operate in an ethical, corruption-free and sustainable way.

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

SA Taxi's key sustainability focus areas are to ensure financial inclusion of a community previously underserved and the subsequent positive social impact this develops through the creation of employment and the universal access to public transport.

SA Taxi enables financial inclusion by securing funding from domestic and international investors to extend developmental credit to SMMEs¹ that may otherwise not have access to credit from traditional financiers. SA Taxi's pioneering business model promotes sustainability in this segment of public transport through innovative operations that extend across the financing and asset value chain.

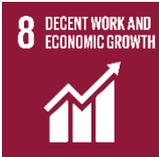
SA Taxi will report relevant sustainability metrics and targets on an ongoing basis, in line with financial reporting timelines.

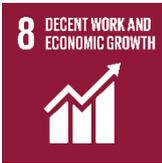
2. SUSTAINABILITY BOND FRAMEWORK

SA Taxi's SBF allows SA Taxi and / or associated SPVs to issue Green, Social and Sustainability Bonds that support SA Taxi's lending to green, social and sustainability activities.

2.1 USE OF PROCEEDS

The use of proceeds forms the foundation of classifying an instrument as green, social and / or sustainable. SA Taxi will allocate the proceeds of all bonds issued under this framework within the Eligible Use of Proceeds categories indicated below. Such proceeds will be allocated to new and / or existing eligible loans ("Eligible Loans"). Eligible Loans and / or business activities may fall into one of the respective categories and do not have to satisfy all of the categories in order to be considered eligible. The Eligible Loans and / or business activities are to be funded in whole or in part by an allocation of the bond proceeds. SA Taxi is committed to ensuring that proper due diligence is conducted on prospective customers to ensure compliance with internal standards before allocating funding. This section must be read in conjunction with the definitions section below. The Eligible Use of Proceeds are as follows:

Eligible Use of Proceeds	Green Bond Category	Socio-economic outcome / Specific Social Issue Addressed	UN SDG Mapping	Target population
Better Public Transport				
Financing or re-financing of loans to SMMEs ¹ promoting - <ul style="list-style-type: none"> • Access to affordable and safe public transport to commuters • Access to services and economic opportunities • Developmental credit² for bespoke vehicle financing for the minibus taxi industry 		Affordable basic infrastructure	  	<ul style="list-style-type: none"> • Percentage of underserved SMMEs¹ • Percentage of unemployed people • Excluded communities³

Eligible Use of Proceeds	Green Bond Category	Socio-economic outcome / Specific Social Issue Addressed	UN SDG Mapping	Target population
Financial Inclusion				
Financing or re-financing of loans to SMMEs ¹ providing - <ul style="list-style-type: none"> • Access to credit to previously disadvantaged individuals based on Broad-Based Black Economic Empowerment ("BBBEE") principles⁴ for investment in transport through the financing of minibus taxis • Access to credit to previously disadvantaged ("black⁶") women 		Access to essential services Socioeconomic advancement and empowerment	 	<ul style="list-style-type: none"> • Percentage of under-banked or financially excluded⁵ SMMEs¹. • Previously disadvantaged individuals ("black people⁶") • Percentage of previously disadvantaged ("black⁶") women
Social Inclusion (Improved Access to Funding for SMMEs¹)				
Financing or re-financing of loans to SMMEs ¹ generating - <ul style="list-style-type: none"> • Direct and indirect employment through the potential effect of SMME¹ financing. • Direct access to financial services, which is otherwise not accessible to SMMEs¹ • Direct access to support services to SMMEs¹ across the value chain 		Employment generation including through the potential effect of SMME ¹ financing Socioeconomic advancement and empowerment	 	<ul style="list-style-type: none"> • Percentage of excluded SMMEs¹ • Percentage of unemployed people

Eligible Use of Proceeds	Green Bond Category	Socio-economic outcome / Specific Social Issue Addressed	UN SDG Mapping	Target population
Climate Resilience (Pollution prevention and control)				
Financing or re-financing of any business activities supporting the reduction of air emissions including – <ul style="list-style-type: none"> • The replacement of aged vehicles with reduced emission vehicles⁷ • The extension of the useful life of vehicles through refurbishment 	Reduction of air emissions Climate mitigation			
Exclusions: Exclusions are aligned with SA Taxi's internal credit approval processes.				

2.2 REFINANCING

The proceeds from the Green, Social and or Sustainable Bond issuance/s can be used to finance new loans and / or refinance existing loans. New loans are those where disbursements have been made no more than one year before the issue of the respective bond or at any time from the date of the issuance. Existing loans are those which have been advanced one year or more before the issuance.

3. PROCESS OF SELECTION AND EVALUATION

The overall process of evaluating loans consists of general policy rules, credit scoring, affordability assessments and business rules all of which are assessed on a monthly basis by the credit committee. The credit committee is the custodian of all credit policies which governs the terms and conditions under which credit is granted and loans are managed. This committee is the executive decisioning body on all credit related matters within SA Taxi. All Eligible Loans are screened, reviewed and approved through this rigorous approval process.

SA Taxi will identify Eligible Loans, including other investments and related expenditures, that meet the Eligible Use of Proceeds defined in section 2.1 above. The finance and credit teams are responsible for the assessment and selection of Eligible Loans. The Chief Financial Officer, is responsible for governing the framework to ensure alignment, consistency of approach and oversight.

Internal systems ensure the allocation of a unique Eligible Loan to a particular SPV to ensure no double counting of Sustainable / Social / Green Bond financing. Eligible Loans may not belong to more than one bond at any given time.

The additional details of SA Taxi's internal approval processes and selection criteria are outlined in the relevant placement documents, such as the Programme Memoranda, which are available on the TC Group's website – www.transactioncapital.co.za/transsec5.php.

4. MANAGEMENT OF PROCEEDS

SA Taxi intends to allocate the proceeds from the Green, Social or Sustainable Bond issuance to Eligible Loans which will be selected in accordance with the Eligible Use of Proceeds criteria and the evaluation and selection process mentioned above.

SA Taxi will track the receipt and use of proceeds via SA Taxi's internal accounting systems, ensuring that Eligible Loans financed by SA Taxi's Green, Social and Sustainable Bonds are appropriately identified. SA Taxi will maintain records of all Eligible Loans financed by SA Taxi or able to be financed by SA Taxi's Green, Social and Sustainable bonds.

SA Taxi will strive to achieve a level of allocation for the Eligible Loans that matches or exceeds the balance of net proceeds from the outstanding Green, Social and Sustainable Bonds issued in terms of this framework. Eligible Loans will be added to or removed from SA Taxi's Eligible Loans to the extent required. However, should SA Taxi be unable to fully allocate the net proceeds, SA Taxi will hold and / or invest those proceeds, as per the requirements of the placement documents of the bond.

5. REPORTING

SA Taxi intends to disclose the allocation and report on the impact of funding raised through this SBF on an annual basis, reflecting best market practices. SA Taxi will prepare and disclose annually an impact report with respect to the Green, Social and Sustainable bonds issued under this framework. SA Taxi will disclose the division of net proceeds between funds allocated to Eligible Loans and funds held as cash investments annually until the funds are fully allocated. These reports will be made available under the ESG tab on the TC Group's website - www.transactioncapital.co.za.

5.1 ALLOCATION REPORTING

The allocation report will provide:

- the total amount of proceeds allocated to Eligible Loans;
- the number of Eligible Loans;
- the balance of unallocated proceeds;
- the amount or the percentage of new financing and refinancing; and
- annual impact indicators.

A summary of the impact of the Eligible Loans may include the metrics set out below and relevant project narratives, where the data is available from clients and subject to permitted disclosure in accordance with relevant confidentiality agreements and privacy, competition or other relevant regulation.

5.2 IMPACT REPORTING

Investment category	Indicative Impact Indicators
Social Categories	
Better Public Transport	<ul style="list-style-type: none"> • Number of individuals commuting (daily and annually) through the use of minibus taxis financed by SA Taxi; • Number of direct jobs created in financed fleet; • Number of indirect jobs created in financed fleet • Total kms covered by financed fleet; • Number of people transported for educational purposes • Number of job seekers transported annually
Financial Inclusion	<ul style="list-style-type: none"> • Number of previously disadvantaged individuals financed; • Number of loans issued to previously disadvantaged individuals; • Average credit score for loans granted; • Percentage of loans provided to black-owned SMMEs¹; • Percentage of loans provided to female-owned SMMEs¹; • Percentage of loans provided to SMME¹ owners under the age of 35;
Social Inclusion (Improved Access to Funding for SMMEs ¹)	<ul style="list-style-type: none"> • Percentage of loans provided to black-owned SMMEs¹; • Percentage of loans provided to female-owned SMMEs¹; • Percentage of loans provided to SMME¹ owners under the age of 35; • Proportion of national fleet serviced by SA Taxi • Number of SMMEs¹ on book • Number of insurance policies of financed clients • Number of rewards customers • Value of loans issued to SMMEs¹
Green Categories	
Climate Resilience (Pollution Prevention and Control)	<ul style="list-style-type: none"> • Total GHG emissions of fleet • Change in energy consumptions • Total weight of waste disposal

The underlying methodology and assumptions for calculating the above quantitative impact indicators will be disclosed in SA Taxi's impact reporting.

5.3 EXTERNAL REVIEW

SA Taxi will prepare and publish annual impact and allocation reporting (to the extent applicable) with respect to the funding under this framework. This report will be made available on the TC Group's website. SA Taxi intends to show the allocation and impact of the Green, Social or Sustainable Bond proceeds within the Eligible Loans portfolio at least at a category level.

5.3.1 SECOND PARTY OPINION

SA Taxi's Sustainable Bond Framework will be reviewed by an independent party with experience and a track record in issuing second party opinions. This second party opinion will be made available along with the Sustainable Bond Framework to investors under the ESG tab on the TC Group's website www.transactioncapital.co.za.

5.3.2 VERIFICATION

An appropriate external auditor or independent assurance provider will annually assure the allocation process and that the allocation of proceeds are in accordance with SA Taxi's Sustainable Bond Framework. To the extent all funds have been deployed and all allocations have been made no further verification is required.

6. DISCLAIMER

SA Taxi will, on an ongoing basis, review the SBF and reserves the right to update the SBF if improvements are identified or to be able to extend the reach to further eligible projects, provided that the second opinion is updated. The updated second party opinion will be made publicly available on the TC Group's website.

This document is provided for information purposes only. It is not to be delivered nor shall its contents be reproduced or used, in whole or in part, for any purpose.

No liability is accepted by the SA Taxi Group and/or any affiliate or subsidiary and its and their respective directors, officers, controlling persons, employees and agents whatsoever for any direct or consequential loss arising out of reliance upon all or any part of the information contained in this document.

7. DEFINITIONS

Note #	Term	Definition
1.	SMME	The National Small Enterprise Act, No. 102 of 1996, or as amended from time to time, classifies businesses into micro, very small, small or medium enterprises, using a set of thresholds.
2.	Developmental Credit	Developmental credit is a special type of credit that is created and defined in the National Credit Act of 2005. In terms of The Act, there are three types of developmental credit i.e. loans for educational purposes, loans to build, expand or improve low-cost housing and loans to set up SMMEs. SA Taxi is a registered Developmental Credit Provider.
3.	Excluded Communities	Excluded communities covers individuals who are classified under the BBBEE Principles and includes the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies.
4.	Broad-Based Black Economic Empowerment Principles	BBBEE is a government policy to advance economic transformation and enhance the economic participation of Black people (African, Coloured and Indian people who are South African citizens) in the South African economy.
5.	Financially Excluded	Typically an individual with an empirica score below ~640 would not be considered by traditional financiers. These individuals would be considered for financing by SA Taxi. An empirica score is a number generated by the TransUnion Credit Bureau to rank an individual's credit worthiness: www.transunion.co.za .
6.	Black people/Black	A generic term which means Africans, Coloureds and Indians as per the BBBEE Act;
7.	Reduced emission vehicles	The different ways in which a reduction in carbon emissions is achieved by SA Taxi is laid out in the 4 cases below: Mitigation Case 1: Improved fuel efficiency due to SA Taxi financed new vehicles replacing old vehicles Mitigation Case 2: Improved fuel efficiency due to replacement of 14 seaters with 16 seaters Mitigation Case 3: Improved fuel efficiency due to replacement of petrol vehicles with diesel vehicles Mitigation Case 4: Improved fuel efficiency due to vehicle refurbishments.

