



ESEG ROADSHOW

February | March

2022

AGENDA

01

Governance

- ▶ Key governance objectives and progress in FY2021
- ▶ Board profile & changes
- ▶ External auditors
- ▶ Remuneration

02

ESE impact

- ▶ ESE highlights in FY2021

03

Resolutions to be voted on (10 March 2022)

04

Appendix: ESE framework

- ▶ Transaction Capital's commitment to delivering shared value
- ▶ Economic impact
- ▶ Social impact
- ▶ Environmental impact

05

Appendix: Remuneration Policy

- ▶ Short-term incentives
- ▶ Long-term incentives: Conditional Share Plan

OBJECTIVES

- ▶ Proactively engage with our shareholders on ESEG matters and progress ahead of our AGM on 10 March 2022
- ▶ Obtain feedback and input from our shareholders
- ▶ Maintain strong relationships with our shareholders

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GOVERNANCE



- ▶ Maintained the group's swift and agile response to COVID-19, returning to our long-term track record of growth
- ▶ Adopted the following group policies:
 - ▶ Human rights policy
 - ▶ Environmental policy
 - ▶ Non-executive director policy
- ▶ Updated the group's remuneration policy and disclosure in response to shareholder feedback
- ▶ Adopted proactive approach to environmental, social & governance (ESG) engagement and conducted the group's first roadshow with shareholders
- ▶ Established the risk & technology committee as a new board sub-committee
- ▶ Further augmented the board's skills & diversity through the appointment of Albertinah Kekana as an independent non-executive director
- ▶ Reassessed & updated all ethics-related policies in line with best practice, and institutionalised formal training with regards to these policies within the group
- ▶ Centralised the internal audit, risk & ethics functions
- ▶ Participated in the Gordon Institute of Business Science (GIBS) Ethics Barometer survey

BOARD OF DIRECTORS



INDEPENDENT NON-EXECUTIVE DIRECTORS



CHRISTOPHER SEABROOKE (68)

Chairman
Appointed: June 2009
Board meeting attendance: 4/4



BUHLE HANISE (39)

Appointed: January 2019
Board meeting attendance: 4/4



SURESH KANA (66)

Lead Independent
Appointed: November 2020
Board meeting attendance: 4/4



ALBERTINAH KEKANA (48)

Appointed: April 2021
Board meeting attendance: 2/3



IAN KIRK (63)

Appointed: November 2020
Board meeting attendance: 4/4



KUBEN PILLAY (61)

Appointed: January 2019
Board meeting attendance: 4/4



DIANE RADLEY (55)

Appointed: July 2018
Board meeting attendance: 4/4



SHARON WAPNICK (58)

Appointed: March 2020
Board meeting attendance: 4/4

EXECUTIVE DIRECTORS



DAVID HURWITZ (50)

Chief Executive Officer
Appointed: April 2012
Board meeting attendance: 4/4



SEAN DOHERTY (44)

Chief Financial Officer
Appointed: June 2019
Board meeting attendance: 4/4



MARK HERSKOVITS (47)

Chief Investment Officer
Appointed: January 2014
Board meeting attendance: 4/4



JONATHAN JAWNO (55)

Founder
Appointed: March 2003
Board meeting attendance: 4/4



MICHAEL MENDELOWITZ (56)

Founder
Appointed: March 2003
Board meeting attendance: 4/4

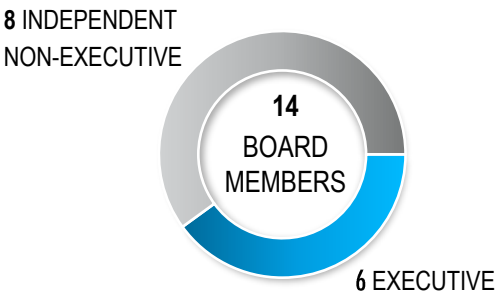


ROBERTO ROSSI (59)

Founder
Appointed: September 2003
Board meeting attendance: 4/4

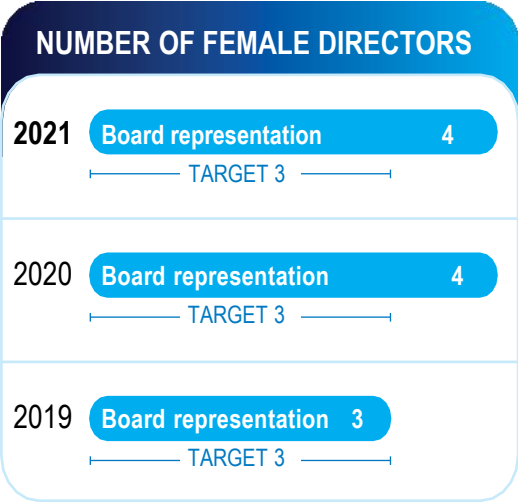
BOARD PROFILE

INDEPENDENCE

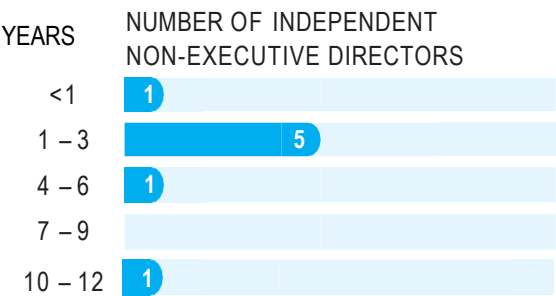


Average age of board members:
55 YEARS

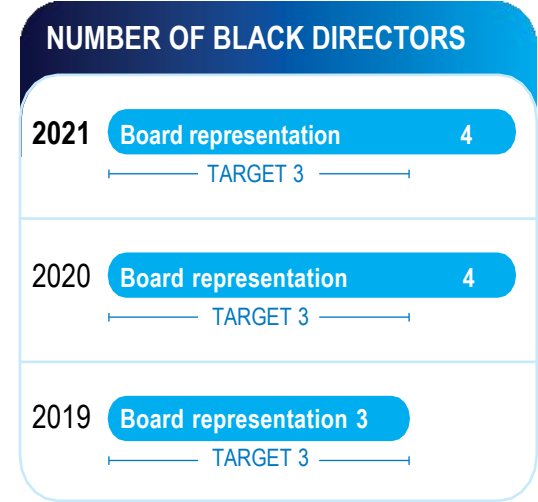
DIVERSITY



TENURE



Average tenure of independent non-executive directors:
3.7 YEARS



CHANGES TO THE BOARD

Board composition changes

- ▶ **Albertinah Kekana** appointed as an independent non-executive director on 1 April 2021
- ▶ **Paul Miller** resigned as an alternate director to Roberto Rossi on 1 April 2021
- ▶ Established the **risk and technology committee** as a new board sub-committee 1 September 2021
 - ▶ Ian Kirk (chairperson), Suresh Kana and Diane Radley appointed as committee members
- ▶ The sub-committee previously referred to as the audit, risk and compliance committee renamed the **audit committee** on 1 September 2021
- ▶ **Phumzile Langeni** resigned as independent non-executive director and chairperson of the social and ethics committee on 30 September 2021
 - ▶ Suresh Kana appointed as chairperson and Albertinah Kekana appointed as member of the social and ethics committee
- ▶ **Roberto Rossi** appointed as executive director on 30 September 2021, previously a non-executive director

Elections & re-election at AGM on 10 March 2022

- ▶ Suresh Kana, Kuben Pillay and Sharon Wapnick will retire by rotation and are standing for re-election
- ▶ Albertinah Kekana nominated for election as a director



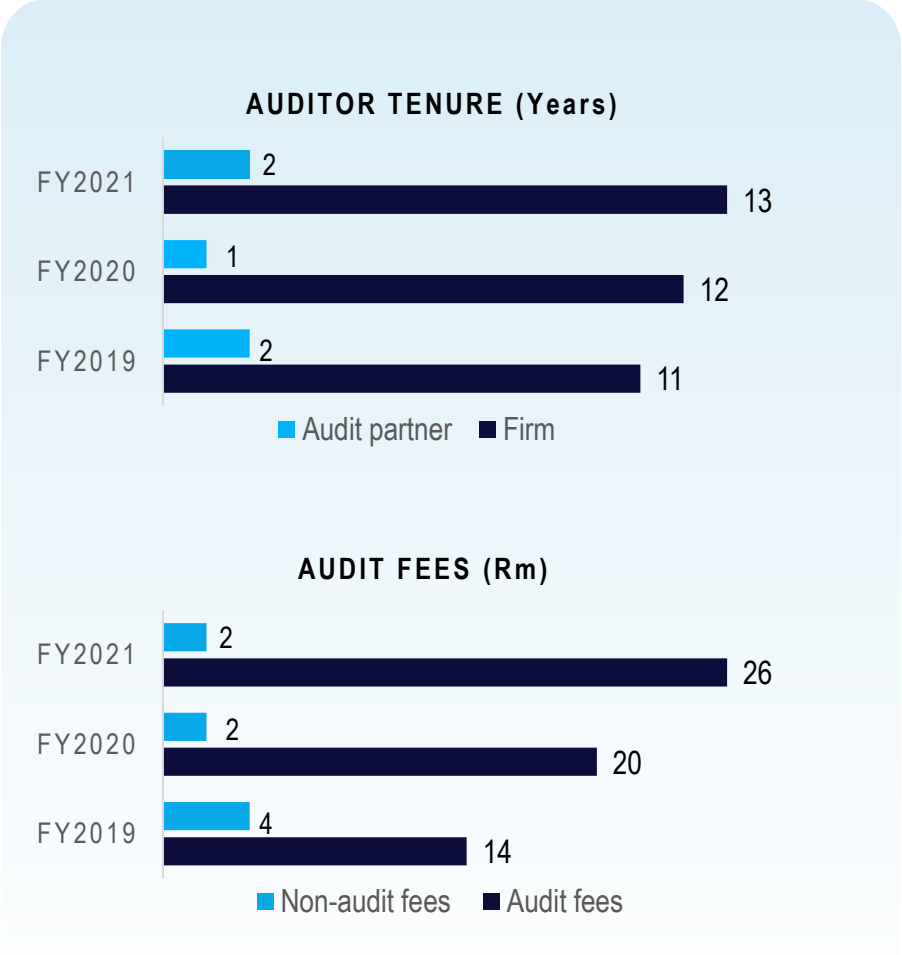


THE AUDIT COMMITTEE IS SATISFIED THAT THE EXTERNAL AUDITOR REMAINS INDEPENDENT OF THE ORGANISATION

- ▶ The audit committee considered the tenure of Deloitte & Touch and is satisfied that the external auditor remains independent of the organization;
 - The group has rotated audit partners ahead of the five-year mandatory audit partner rotation requirement
 - The group has a policy in place to address the provision of non-audit services by the external auditors
- ▶ Current responsible audit partner, Stephen Munro - audit partner for **2 years**
- ▶ Other key audit partner, Lerato Bacela - audit partner for **1 year**

Transaction Capital will undergo a managed transition to new external auditors during the financial year ending 30 September 2024

- ▶ The balance of fees paid to the auditor is reasonable and Transaction Capital has a track record of disclosing the appropriate information about all services by external auditors



ENHANCEMENTS TO THE REMUNERATION POLICY IN 2021

- ▶ **Defined** distribution of weightings for **quantitative, qualitative & discretionary** components of executives' STI awards
 - [Short-term incentives – page 106 of FY2021 Integrated report](#)
- ▶ **Defined** distribution of weightings for **HEPS and ROE as LTI hurdles**
 - [Long-term incentives – page 107 of FY2021 Integrated report](#)

ENHANCEMENTS TO THE REMUNERATION DISCLOSURE IN 2021

- ▶ **Granularity** provided to the distribution of weightings for **quantitative, qualitative and discretionary** components of executives' STI awards
 - [Executive directors – page 111 of FY2021 Integrated report](#)
- ▶ Additional detail provided for **sustainability targets** included as a measure in the qualitative component of STIs for key executives
 - [Executive directors – page 111 of FY2021 Integrated report](#)
- ▶ **Disclosed distribution** of weightings between **HEPS and ROE as LTI hurdles**
 - [Long-term incentives – page 107 of FY2021 Integrated report](#)
- ▶ Detail on **contractual terms and payments on termination** of employment for executives
 - [Service contracts and payments on termination of employment – page 109 of FY2021 Integrated report](#)

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ESE IMPACT



WORLD FINANCE SUSTAINABILITY AWARDS WINNER

- ▶ SA Taxi announced as winner in '**Most Sustainable Company in Mobility Industry**' category in recognition of:
 - Its social purpose of enabling mobility access for millions of commuters through tailored developmental financing & support services to SMEs
 - Its alignment to SDGs and resilience of operations during COVID-19 pandemic



SUSTAINABLE BOND FRAMEWORK

- ▶ SA Taxi issued its **1st** bond backed by a **Sustainable Bond Framework**
- ▶ Milestones achieved:
 - Initial listing on sustainability segment of Johannesburg Stock Exchange
 - Largest single issuance to date (**R900 million**)
 - Lowest initial issuance weighted average cost of **173 basis points** above three-month JIBAR
- ▶ Sustainable Bond Framework available at www.transactioncapital.co.za



ESG WORLD PLATFORM

- ▶ The group launched an ESG World Platform profile on its website:
 - Provides real-time, consolidated and searchable ESG information, and references various sustainability frameworks, including the UN SDGs, the TCFD, the GRI and the SASB



SA TAXI'S VACCINATION CENTRE

- ▶ Launch of **SA Taxi Vaccination Centre** | **18 987** Pfizer vaccines administered
- ▶ Vaccination service aimed primarily at servicing the minibus taxi industry
- ▶ With support of Department of Health & in partnership with minibus taxi industry, international development finance institutions
 - Distinguished example of successful public-private sector working relationship



PROGRESS IN TCFD ADOPTION



WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE

- ▶ TC recognises rapidly changing global context & risks associated with environmental & social factors, particularly climate change
- ▶ Progress in adopting the **recommendations of the TCFD**:
 - Base year carbon footprint assessment (FY2020) completed
 - Assigned appropriate GHG emission reduction targets
 - Achievement of reduction targets included as non-financial KPIs in executive remuneration
 - Analysed climate-related risks & opportunities TC faces
 - Climate-related risks incorporated into the group's risk management framework
- ▶ **Key future commitments:**
 - Embed climate-related risk identification, analysis (including financial impact), monitoring and reporting across the group
 - The group's first CDP submission is planned for FY2022
 - Continuous improvement of the robustness of our environmental data collection processes, including implementation of an environmental data collection system

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





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RESOLUTIONS TO BE VOTED ON (10 MARCH 2022)



RESOLUTIONS TO BE VOTED ON (10 MARCH 2022) | ORDINARY RESOLUTIONS



Election and re-election of directors

- Ordinary resolution number 1 – Re-election of K Pillay as a director
- Ordinary resolution number 2 – Re-election of S Wapnick as a director
- Ordinary resolution number 3 – Re-election of S Kana as a director
- Ordinary resolution number 4 – Election of A Kekana as a director

- ▶ In terms of the company's MOI, one-third of non-executive directors shall retire and stand for re-election at each AGM

Appointment of directors to the audit committee

- Ordinary resolution number 5 – Appointment of D Radley as a member & chairperson of the audit committee
- Ordinary resolution number 6 – Appointment of B Hanise as a member of the audit committee
- Ordinary resolution number 7 – Appointment of I Kirk as a member of the audit committee
- Ordinary resolution number 8 – Appointment of S Kana as a member of the audit committee

- ▶ In terms of section 90(1) of the Companies Act, the audit committee must be elected annually at the AGM of a public company
- ▶ The audit committee is required to comprise minimum 3 independent non-executive directors

Appointment of auditors

- Ordinary resolution number 9 – Appointment of Deloitte & Touche as auditors

- ▶ The audit committee is satisfied that Deloitte & Touche remains independent of the organisation
- ▶ Current responsible audit partner, Stephen Munro - audit partner for 2 years
- ▶ TC will undergo a managed transition to new external auditors in FY2024

Non-binding advisory vote on remuneration

- Ordinary resolution number 10 – Non-binding advisory vote on remuneration policy
- Ordinary resolution number 11 – Non-binding advisory vote on remuneration implementation report

- ▶ The remuneration policy and implementation report are presented to shareholders annually for consideration and approval under the terms of separate non-binding advisory votes at the AGM
- ▶ TC has specifically enhanced certain aspects of its remuneration policy and disclosures in FY2021

Issue of securities

- Ordinary resolution number 12 – Issue of securities for acquisitions in circumstances other than those covered by special resolution 5

- ▶ General authority for directors to issue authorised (but unissued) ordinary shares for acquisitions subject to the company's MOI, the Companies Act and the JSE Listings
- ▶ Limited to approximately 5% of the ordinary shares in issue as at the date of issue of AGM notice

Authority to act

- Ordinary resolution number 13 – Authority to act

- ▶ Authority for directors or company secretary to implement and give effect to the ordinary and special resolutions set out in AGM notice and/or approved at the AGM



Approval of non-executive directors' and committee members' fees

Special resolution number 1 – Approval of non-executive directors' and committee members' fees

- ▶ Annual approval of non-executive directors' fees in accordance with Section 66 of the Companies Act
- ▶ Proposed non-executive directors' fees for 2022 have increased by 4.5% compared to the prior year

Authority to provide financial assistance

Special resolution number 2 – Authority to provide financial assistance in terms of section 44 of the Companies Act

Special resolution number 3 – Authority to provide financial assistance in terms of section 45 of the Companies Act

- ▶ Annual general authority to provide financial assistance to related and interrelated companies in accordance with sections 44 and 45 of the Companies Act for the provision of loans, guarantees and other financial assistance to group companies
- ▶ Transaction Capital's main purpose is to facilitate inter-company lending and is normal course of business for the group

Annual general authority to repurchase securities

Special resolution number 4 – Annual general authority to repurchase securities

- ▶ Annual general authority to enable acquisition of the company's own securities, subject to the provisions of the MOI of the company, the Companies Act and the JSE Listings Requirements
- ▶ At present, the board has no specific intention to utilise the authority granted under special resolution 4

Issue of securities

Special resolution number 5 – Annual general authority to allot and issue authorised but unissued securities for cash

- ▶ Authorise and approve the company's allotment and issue of authorised but unissued securities to any persons, subject to limitations and other provisions contained in the Companies Act, the MOI of the company and the JSE Listings Requirements

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APPENDIX ESE FRAMEWORK



DELIVERING SHARED VALUE

- ▶ Business model operationalises commitment to sustainable & inclusive growth
 - Consistently generating **good commercial returns** for clients & across our industry value chains
 - Simultaneously creating **net positive socioeconomic returns** with enduring benefits

- ▶ **Economic, social & environmental (ESE) framework** in place
 - Societal purpose cascades into defined impact areas & supporting metrics, developed through extensive stakeholder engagement
 - Informs strategic & operational initiatives to ensure group's impacts are appropriately managed to enhance value creation for TC & its stakeholders
 - ESE targets included as a qualitative component for key executives' remuneration

- ▶ Commitment to **enhanced reporting** over time
 - **First sustainability report** issued in January 2021
 - › Sets out detailed data-led ESE disclosures
 - › FY21 Sustainability report was published in January 2022
 - **Human rights & Environmental policies** adopted in FY2021
Available at www.transactioncapital.co.za
 - Roadmap in place for adoption of the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**



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



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

By targeting only the following Sustainable Development Goals (SDGs) that are aligned to our core operations & strategy, we are able to focus our efforts to make a measurable impact:



- ▶ WeBuyCars is a trusted & reputable brand in an industry where trust & customer satisfaction have traditionally been low
- ▶ TC stands to bring greater transparency & accountability to market through enhanced governance
- ▶ WeBuyCars directly supports a circular economy through trading of used vehicles
- ▶ In addition to the six SDGs set out above, TC will consider WeBuyCars' ESE performance against SDGs 9 & 12
- ▶ Formalisation & operationalisation of WeBuyCars' ESE framework scheduled for FY2022

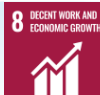


FACILITATING ECONOMIC DEVELOPMENT

Transaction Capital's focus on traditionally under-served market segments where it can make a meaningful social impact supports economic growth & development



We empower SMEs through financial inclusion



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

R32.8 billion

Loans originated since 2008, creating **95 855** SMEs

~76%

Proportion of SA Taxi's clients classified as previously under-banked or financially excluded

~590

Average credit score for loans granted by SA Taxi

versus

~640

Average credit score for loans granted by banks

15 464

Direct jobs created by SA Taxi's financed fleet in FY2021

25 773

Indirect jobs created by SA Taxi's financed fleet in FY2021

We invest in previously excluded groups & under-served demographics

100%

Loans provided to black-owned SMEs

24%¹

Loans provided to female-owned SMEs

We provide support services to SMEs across the value chain

28 461

Clients financed

30 324 & 11 309

Insurance policies for financed & open market clients

52 992

SA Taxi rewards customers

Data as reported for the financial year ended 30 September 2021, excluding WeBuyCars

1. Relates to loans provided at origination



We drive economic growth by promoting credit market stability



We support a sustainable supply of credit by unlocking value from our clients' non-performing loans

R3.5 billion

in South Africa

R2.7 billion

in Australia

Value recovered for clients through contingency & fee-for-service collections in FY2021

R1.4 billion

in South Africa

R0.9 billion

in Australia

Value recovered through principal collections in FY2021

Selling their non-performing loan portfolios frees up operational capacity & capital within TCRS's client base, enabling them to resume lending. **Our support for financial institutions:**

R40.3 billion

Original face value

R25.3 billion

Remaining face value

R4.5 billion

Capital outlay

~R14 billion

Provision release

~R9 billion

Risk-weighted asset release

~R1 billion

Regulatory capital release

TCRS's non-performing loan portfolios acquired to collect as principal in FY2021 related to **159 235** consumers, with an average outstanding balance of **R37 092**, which, according to our estimates, resulted in an average consumer credit provision & risk-weighted release of **R15 011** & **R12 156** respectively



SUPPORTING SOCIAL INCLUSION

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



We support a critical public transport service

2.2 billion kilometres

Distance travelled by SA Taxi's financed fleet in FY2021

2.1 million

Commuter trips per day provided by SA Taxi's financed fleet

76%

Proportion of work & educational public transport trips made via minibus taxi

We are a trusted & respected partner

28% Proportion of repeat customers (indicating financed operator satisfaction levels)

TCRS rehabilitates debtors ethically & responsibly



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

180 000

Average number of rehabilitated debtors in FY2021, to the value of **R308 million**

Our monthly payment plans balance rehabilitation with affordability:

R1 070

R779

R334

Average payment amount before defaulting

Promise to pay

Amount finally agreed

We rehabilitate debtors ethically & collect responsibly

R109 TCRS average fees per account versus **R1 176** maximum permitted per Debt Collectors Act

We are a trusted & 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

BETTERING THE INDUSTRIES WE SERVE

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



We form partnerships that promote inclusivity & safety of the industry

R152.2 million

Total value of SANTACO dividend to date

52 992

Number of SA Taxi rewards cards

R3.3 million

Rewards earned by the industry through SA Taxi's reward programmes

43 741

Bridgestone tyres sold to the industry at a reduced rate

R2.2 million

Investments in taxi infrastructure in FY2021

We promote formalisation of the industry

R2.1 billion

Value of SA Taxi's VAT contribution

R2.9 billion

Tax contributed to fuel levies by SA Taxi's fleet

TCRS works to better financial intermediation for all stakeholders



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

R155.2 billion

Value of electronic transactions processed by Transaction Capital Transactional Services



WE HIRE INCLUSIVELY



Our employment practices contribute to socioeconomic transformation

The **Transaction Capital board** comprises 14 directors, of whom eight are independent non-executive directors & six are executive directors

Four

Number of female directors

Four

Number of black directors

Transaction Capital is **committed to job creation & driving transformation in its workforce**, including increasing the representation of previously under-represented groups & contributing to youth employment

3 953 Total number of employees

57%



FEMALE

43%



MALE

88%



12%



89%

Black employees
(South Africa)

54%

Employees
under the age of 35

36%

Female employees
as a % of total promotions

65%

Low-skilled employees
(South Africa)

Refer to page 24 of the FY2021 Sustainability report for the group's diversity statistics

WE EMPOWER OUR PEOPLE



We value our employees & invest in our staff's potential

26

Average training hours
per employee per year

R8.7 million

Training spend for the year

16%

Voluntary employee turnover
rate

Implemented occupational health & safety (OH&S) management system as per **clear OH&S policy**

INVESTORS IN PEOPLE®
We invest in people Silver



INVESTORS IN PEOPLE
SILVER ACCREDITATION HOLDER

WE ARE A GOOD CORPORATE CITIZEN



We contribute to humanitarian needs

R14 million

Total CSI spend

1.9%

Proportion of net profit after tax
dedicated to CSI programmes

R8.9 million

Donated to the minibus taxi
industry in COVID-19 related
initiatives since the start of the
pandemic



WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE



Transaction Capital is committed to supporting sustainable & 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 & contributing to a circular economy through its salvage & 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, & pursuing efforts to limit it to 1.5°C



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. Our FY2021 Sustainability report (pages 38 & 39) includes a detailed TCFD roadmap setting out our progress and commitments.

Progress to date:

- Environmental policy and position on climate change approved by the board in FY2021.
- Oversight of climate-related risks and opportunities delegated to risk and technology committee.
- ESE Steerco, chaired by the CFO, drives sustainability initiatives across the group.
- Scope 1, scope 2 and select scope 3 GHG emissions measured for FY2020 (base year) and FY2021.
- Overall GHG emission reduction targets adopted and reported in FY2021. Targets are based on the Absolute Contraction Approach as defined by the SBTi.
- Achievement of reduction targets included as non-financial KPIs in executive remuneration.
- Detailed assessment of the group's climate-related risks and opportunities across all our geographies completed in FY2021.
- Climate-related risks incorporated into the group's risk management framework.

Future commitments:

- Embed climate-related risk identification, analysis, monitoring and reporting across the group.
- Continuous upskilling of our board, management and employees.
- Continued to obtain a comprehensive view of the potential financial impact of climate-related risks and opportunities, as well as appropriate mitigation measures, identified in FY2021.
- Pursue efforts to further reduce emissions in line with a 1.5°C classification, as appropriate.
- Continuous improvement of the robustness of our environmental data collection processes, including implementation of an environmental data collection system.
- The group's first CDP submission is planned for FY2022.
- Integration of newly acquired subsidiaries into the group's carbon footprint assessment.
- Continued alignment of our disclosures on metrics and targets with international developments.



WE UNDERSTAND OUR IMPORTANT ROLE IN PROMOTING CLIMATE RESILIENCE

OUR CARBON FOOTPRINT

We are committed to measuring, tracking & reporting the impact of our operations on the natural environment, & we embrace our responsibility to manage our carbon footprint.

CARBON FOOTPRINT
ASSESSMENT:
PARAMETERSMETHODOLOGY: **GHG Protocol**CONSOLIDATION APPROACH: **Operational control**

INTENSITY METRICS	FY21	FY20	
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%)

OUR REDUCTION TARGETS

- ▶ Transaction Capital's social and ethics committee approved an overall GHG emissions reduction target aligned with limiting the global temperature increase to well below 2°C for the group's scope 1 and 2 GHG emissions.

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 FY2021

- ▶ Reducing GHG emissions from energy usage
 - Energy efficient light management is used within buildings
 - Sensors in offices automatically turn off the lights when rooms are unoccupied
 - Solar panels in place at select group premises, with additional investment under consideration for FY2022
- ▶ Disposing of harmful products in a responsible manner by working with accredited 3rd parties
- ▶ Paper & plastic recycling processes in place at most buildings, including relying on circular economy principles where possible
- ▶ Responsible water management
- ▶ 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 at SA Taxi
- ▶ Continued investment in technologies to modernise minibus taxi vehicles, resulting in improved fuel efficiency due to:
 - ▶ SA Taxi-financed new vehicles replacing old vehicles
 - ▶ Replacement of 14-seaters with 16-seaters
 - ▶ Replacement of petrol vehicles with diesel vehicles
 - ▶ Vehicle refurbishments
- ▶ Continued investigation of the feasibility of alternatively fuelled vehicles in South Africa

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APPENDIX **REMUNERATION POLICY**



SHORT-TERM INCENTIVES



Maximum STI award
(expressed as months
of annual CTC)

- ▶ CEOs: 12 months
- ▶ Other executives: Nine months

	QUANTITATIVE COMPONENT	QUALITATIVE COMPONENT
MAXIMUM QUANTITATIVE AWARD	<ul style="list-style-type: none">▶ CEOs: Nine months▶ Other executives: Six months	<ul style="list-style-type: none">▶ CEOs: Three months▶ Other executives: Three months
MAXIMUM WEIGHTING	<ul style="list-style-type: none">▶ CEOs: 75%▶ Other executives: 67%	<ul style="list-style-type: none">▶ CEOs: 25%▶ Other executives: 33%
PERFORMANCE HURDLES	<p>A combination of factors are considered in setting quantitative STI targets, depending on the role of the executive and the division in which they are employed (as pre-approved by the remuneration committee):</p> <ul style="list-style-type: none">▶ Growth in divisional headline earnings or the group's HEPS above consumer price inflation (CPI).▶ ROE or return on invested capital (ROIC).▶ New business origination or growth in revenue.▶ Unfettered access to debt capital or the reduction in the cost of capital. <p>Qualitative STIs can only be earned if a minimum quantitative STI award hurdle is achieved.</p>	<p>The remuneration committee considers individual performance in meeting strategic imperatives, which include:</p> <ul style="list-style-type: none">▶ Strategy implementation, including but not limited to:<ul style="list-style-type: none">• Enhanced risk management processes.• Technology and system optimisation.• New client acquisition.• Embedding the combined assurance framework into day-to-day business operations.▶ Meeting employment equity targets, with a specific focus on top and senior management representation.▶ Improvement in B-BBEE scorecards.▶ Sustainability performance targets, including the operationalisation of the group's ESE framework.▶ Efficient capital management.▶ Identification, successful implementation and integration of acquisitions.▶ Other non-financial key performance indicators (KPIs).

DISCRETIONARY COMPONENT

In instances where – in the opinion of the remuneration committee – an individual executive has outperformed set KPIs, a discretionary STI may be awarded. A portion of this award may be deferred or delivered in the form of share plan awards at the sole discretion of the remuneration committee.

LONG-TERM INCENTIVES: CONDITIONAL SHARE PLAN



The group’s CSP mechanism is overseen and approved by the remuneration committee. It operates as follows:

	GROUP EXECUTIVES	DIVISIONAL EXECUTIVES
GRANT PRICE	10-day VWAP of Transaction Capital share on date of issue.	Divisional notional value per share on date of issue.
NUMBER OF CSPs GRANTED	Equal to the monetary value of the LTI award, as approved by the remuneration committee, divided by the approved share price of the relevant member group to which the LTI award relates.	
EXERCISE PRICE	10-day VWAP of Transaction Capital share on date of exercise.	Divisional notional value per share on date of exercise.
VALUATION	Transaction Capital share price.	<p>A valuation of each division is performed by an independent expert on the date of the CSP award and exercise. Among others, the following key metrics are considered in determining divisional valuations:</p> <ul style="list-style-type: none">▶ Level of revenue and earnings.▶ Growth in revenue, cost-to-income ratios and HEPS.▶ ROE, return on assets and net asset value.▶ Credit performance.▶ Assessment of quality of earnings and expected future performance.▶ Dividend pay-out rates and cash conversion levels.▶ A ‘sum of the parts’ of the divisions is compared to the group market capitalisation for reasonability.
COST	Executives receive CSP awards for zero cost.	
VESTING PERIOD	The CSP vesting period was amended in 2019 to vest in years three, four and five after the award, in equal proportions of 33.33% per annum.	

LONG-TERM INCENTIVES: CONDITIONAL SHARE PLAN continued



PERFORMANCE CRITERIA	Performance criteria are pre-set by the remuneration committee for each vesting period. The most recent performance criteria have been set as follows (per division for divisional executives, and on a consolidated basis for group executives):		
	Thresholds	Continuing core HEPS growth over vesting period (Weighting: 67%)	ROE target (Weighting: 33%) % of CSP to be awarded
	Minimum vesting	CPI (South Africa)	≥ 15% 25%
		CPI (Australia)	≥ 9% 25%
	On-target performance	CPI + 9% (South Africa – group)	≥ 16% 100%
		CPI + 7% (South Africa – SA Taxi and TCRS)	≥ 16% 100%
		CPI + 5% (Australia)	≥ 10% 100%
	* Growth levels between bands will be vested on a proportionate basis.		
	Note that the valuation, and thus the benefit received by executives on vesting, is determined on the share price of Transaction Capital for group executives and on the divisional valuations for divisional executives. This provides direct alignment with shareholders and considers the performance and valuation of the group and divisions as a whole. As such, executives are exposed to all performance metrics of the group on which the valuation of the group is determined, and not simply the metrics of growth in core HEPS and ROE over the vesting period.		
	Commencing from the May/June 2019 CSP awards and in line with the revised remuneration policy, no further awards based only on continued employment of an executive have been issued.		
STRETCH-PERFORMANCE	Stretch-performance is to be rewarded, where select executives will receive an additional component of their CSP settlement value, should predetermined stretch-performance criteria be met. Stretch-performance criteria will be set annually by the remuneration committee with reference to CPI, the operating environment and budgets. The most recent stretch-performance criteria are:		
		Continuing core HEPS growth over vesting period	% of CSP to be awarded
	South Africa	CPI + 15%	120%
	Australia	CPI + 12%	120%
	If minimum performance criteria are not achieved (tabled above), there will be no additional settlement.		
DELIVERY	Once the vesting period has passed and performance criteria are met, the participant receives shares in Transaction Capital to the value of the notional CSP awards on date of vesting.		
CONTINUED EMPLOYMENT	Employees are required to remain in the employ of the group to be eligible for vesting of the CSP (subject to standard 'good leaver' rules). However, no portion of the CSP award is based on continued employment alone, and all are subject to the performance criteria detailed above.		