



Transaction
Capital

GOVERNANCE

Report & King IV application

for the year ended
30 September 2022

10 YEARS
AS A LISTED ENTITY

Contents

Links to additional content are provided:



This icon refers to additional information available at www.transactioncapital.co.za.



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

Our reporting suite

	Frameworks applied						
	The International Integrated Reporting <IR> Framework	Companies Act, 71 of 2008, as amended (Companies Act)	JSE Limited Listings Requirements	King IV Report on Corporate Governance™ for South Africa, 2016 (King IV)*	International Financial Reporting Standards (IFRS)	United Nations Sustainable Development Goals (SDGs)	IFRS International Sustainability Standard Board's draft Sustainability Standards
 Governance Sets out comprehensive disclosure on the group's governance structures, processes and policies in the context of recommended King IV principles.		✓	✓	✓			
 Integrated Our primary report to stakeholders communicating the group's ability to create shared value over the short, medium and long term.	✓	✓	✓	✓	✓	✓	✓
 Risk Sets out the group's approach to risk management and identifies material risks, opportunities and appropriate mitigation measures.			✓	✓			
 Sustainability Sets out detailed data-led economic, social and environmental (ESE) disclosure to provide stakeholders with an objective view of the group's impact.				✓		✓	✓
 Annual financial statements Presents the group's audited consolidated and company annual financial statements, including the audit committee and social and ethics committee reports.		✓	✓	✓	✓		
 Notice of annual general meeting and summarised financial statements Sets out the notice of the annual general meeting (AGM) and supporting documentation, and the summarised consolidated annual financial statements.		✓	✓	✓	✓		

* Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.



Our governance philosophy

The board of directors (the board) of Transaction Capital (the group) is the focal point and custodian of the group's corporate governance framework, with the board being ultimately responsible and accountable to stakeholders for the performance, activities and control of the group.

The group is positioned to sustainably deliver shared-value outcomes for our stakeholders by consistently generating strong commercial returns for clients and driving the development of our industries, while simultaneously creating net positive socio-economic returns with enduring benefits. Robust governance practices are foundational to the group's ability to deliver these outcomes, enabled through our stakeholder-inclusive approach.

Transaction Capital's board is committed to remaining at the forefront of corporate governance, beyond its commitment to complying with legislation, regulations and best practices relevant to the group. The board follows a progressive approach to governance and regards the process of assessing and monitoring adherence to adopted governance standards as dynamic. Consequently, we endeavour to continually improve governance structures to match the group's growth and evolution.

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:

King IV: Principle 6

The King IV principles are intended to provide guidance to organisations in continually working towards these governance outcomes. As such, this governance report references each principle where relevant, to demonstrate the group's progress in achieving the outcomes as envisaged in King IV. The board assessed the group's application of King IV and has satisfied itself that the group complied with these principles, in all material aspects, for the year under review.

King IV:

This icon highlights the application of King IV principles in this report.

Good performance and ethical culture



An ethical culture and good performance go hand in hand in delivering shared value outcomes. Our governance framework seeks to harmonise our entrepreneurial culture, which drives performance through growth and innovation, and our values-based approach, which enables the group's businesses to respond effectively and ethically to complex dynamics in their markets.

In undertaking its duties of directing the group's strategy, assessing its business model and enhancing sustainability to create value for all stakeholders, the board takes into consideration the risks and opportunities related to the context in which the group operates.

Effective control



The board proactively oversees the review of the group's systems of control and governance. This is supported by the combined assurance framework, and continued oversight exercised by the board and its sub-committees. Internal audit, risk and compliance functions collaborate on combined assurance to support the board, and to effectively cover the group's material risks and material matters. Value creation, preservation and erosion are thereby included in the group's control environment.

Legitimacy



Best governance practices are entrenched in order to deepen our reputation as a trusted business and social partner, and support the formalisation of our market sectors. This is realised through our stakeholder engagement strategies and processes, which enable executive management to understand and effectively respond to legitimate stakeholder concerns. Along with risk identification and control, stakeholder concerns are central to the identification of our material matters.

Key governance objectives and progress in 2022

Further enhanced the group's remuneration policy and disclosure in response to shareholder feedback.

Early adoption of the IFRS Foundation Sustainability Standards and the JSE's Sustainability and Climate Disclosure Guidance.

Establishment of a tax sub-committee to oversee the adoption and publication of a group tax strategy which provides guidance on the principles to be applied in managing the group's tax affairs as well as ensuring tax transparency.

Succession and on-boarding of new chairman of the board.

Adoption of the non-executive director policy which establishes a clear framework and governance structure to strengthen the board's ongoing commitment to robust governance principles.

Board of directors

Independent non-executive directors



Christopher Seabrooke (70)*

Outgoing chairman
31 December 2022

BCom, BAcc, MBA, FCMA

Appointed: June 2009

Board meeting attendance: 5/5



Ian Kirk (64)*

Incoming chairman
31 December 2022

HDip BDP, FCA, CA(SA)

Appointed: November 2020

Board meeting attendance: 5/5



Buhle Hanise (40)

BCom, BCom (Hons), CA(SA)

Appointed: January 2019

Board meeting attendance: 5/5



Albertinah Kekana (49)

BCom, PGDA, AMP, CA(SA)

Appointed: April 2021

Board meeting attendance: 5/5



Suresh Kana (68)

Lead independent non-executive director

BCom, BCompt (Hons), MCom, PhD (Honorary), CA(SA)

Appointed: November 2020

Board meeting attendance: 5/5



Kuben Pillay (62)

BA, LLB, MCJ

Appointed: August 2016

Board meeting attendance: 5/5



Diane Radley (56)

BCom, BCompt (Hons), CA(SA), MBA, AMP

Appointed: July 2018

Board meeting attendance: 5/5



Sharon Wapnick (59)

BA, LLB

Appointed: March 2020

Board meeting attendance: 5/5



Executive directors



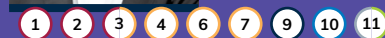
David Hurwitz (51)

Chief executive officer

BAcc (Hons), HDip Tax, CA(SA)

Appointed: April 2012

Board meeting attendance: 5/5



Sean Doherty (45)

Chief financial officer

BAcc (Hons), CA(SA), MBA, AMP, ACMA

Appointed: June 2019

Board meeting attendance: 5/5



Mark Herskovits (48)

Chief Investment Officer

BBusSci (Finance), PGDA, CA(SA), CFA

Appointed: January 2014

Board meeting attendance: 5/5



The board members' CVs can be viewed at www.transactioncapital.co.za.

* Christopher Seabrooke stepped down as chairman of the board and was succeeded by Ian Kirk with effect from 31 December 2022.

Founding directors



Jonathan Jawno (56)

BCom (Hons), PGDA, CA(SA)

Appointed: March 2003

Board meeting attendance: 4/5



Michael Mendelowitz (57)

BCom (Hons), PGDA, CA(SA)

Appointed: March 2003

Board meeting attendance: 5/5



Roberto Rossi (61)

BSc (MechEng), Graduate Diploma (IndEng), BProc

Appointed: September 2003

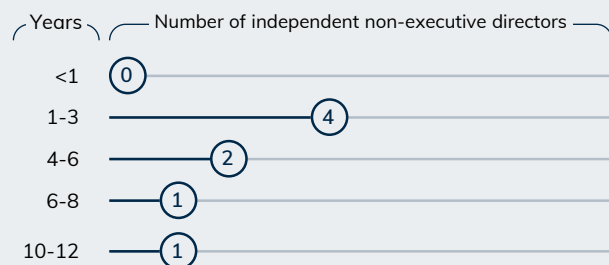
Board meeting attendance: 5/5



Tenure



Policy: Periodic, staggered rotation of non-executive directors to balance new expertise and perspectives with valuable industry knowledge, skills and experience, while maintaining continuity.



Average tenure of independent non-executive directors

4.7 years

Board composition



POLICY: The board should comprise a majority of non-executive directors, of whom the majority should be independent.



6 Executive directors
8 Independent non-executive directors

Diversity

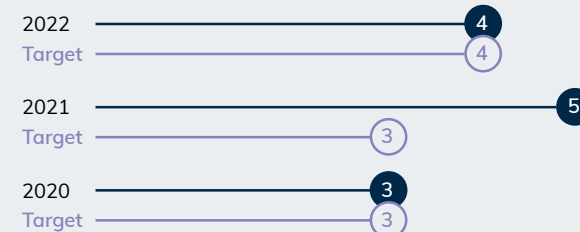


Policy: The nominations committee sets voluntary targets for race and gender diversity and assesses progress annually. Targets align to the JSE Listings Requirements on the promotion of diversity.

Number of female directors



Number of black directors



Skills

FC	Financial capital	Number of directors	MC	Manufacturing Capital	Number of directors
1	Accounting and auditing	10	8	Information and technology	6
2	Financial services	13	9	Strategy	12
3	Risk and opportunity management	13			
IC	Intellectual Capital		HC	Human Capital	
3	Risk and opportunity management	13	10	People management and remuneration	13
4	Governance and compliance	14			
5	International experience	11			
6	Leadership	14			
7	Legal and regulatory	12			
8	Information and technology	6			
			SC	Social Capital	
			11	Sustainability/ESE	10
			NC	Natural capital	
			11	Sustainability/ESE	10



Policy: Non-executive directors are selected on the basis that their business skills and expertise are appropriate to the group's strategic direction. The board and nominations committee consider the academic qualifications, technical expertise, industry knowledge, experience, business acumen and diversity of board appointments.

Board age profile



Ethical leadership and responsible corporate citizenship

Ethical leadership

The board maintains a high level of individual and collective accountability and responsibility, and strives for fairness and transparency in all its dealings. Together, these principles drive a culture of ethical leadership and protect the creation of value for the group's stakeholders.

The board is responsible for the strategic direction of the group. The board 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 group's values form a common platform for effective, responsible and ethical leadership, and are the basis for all deliberations, decisions and actions at board level and within every area of the business.

King IV: Principle 1

Ethics and culture

A sound ethical foundation provides the basis for how we do business and is viewed as a key competitive advantage in the sectors in which we operate. Transaction Capital's culture of ethics and respect for human rights goes beyond compliance with legal and regulatory requirements and codes of best practice, by being embedded in our day-to-day activities and our stakeholder engagements. Our reputation as an ethical business is critical and is the reason why clients and customers, suppliers, communities, shareholders, funders and public sector partners choose to partner with us and trust our ability to conduct good business that grows in value and benefitting all our stakeholders.

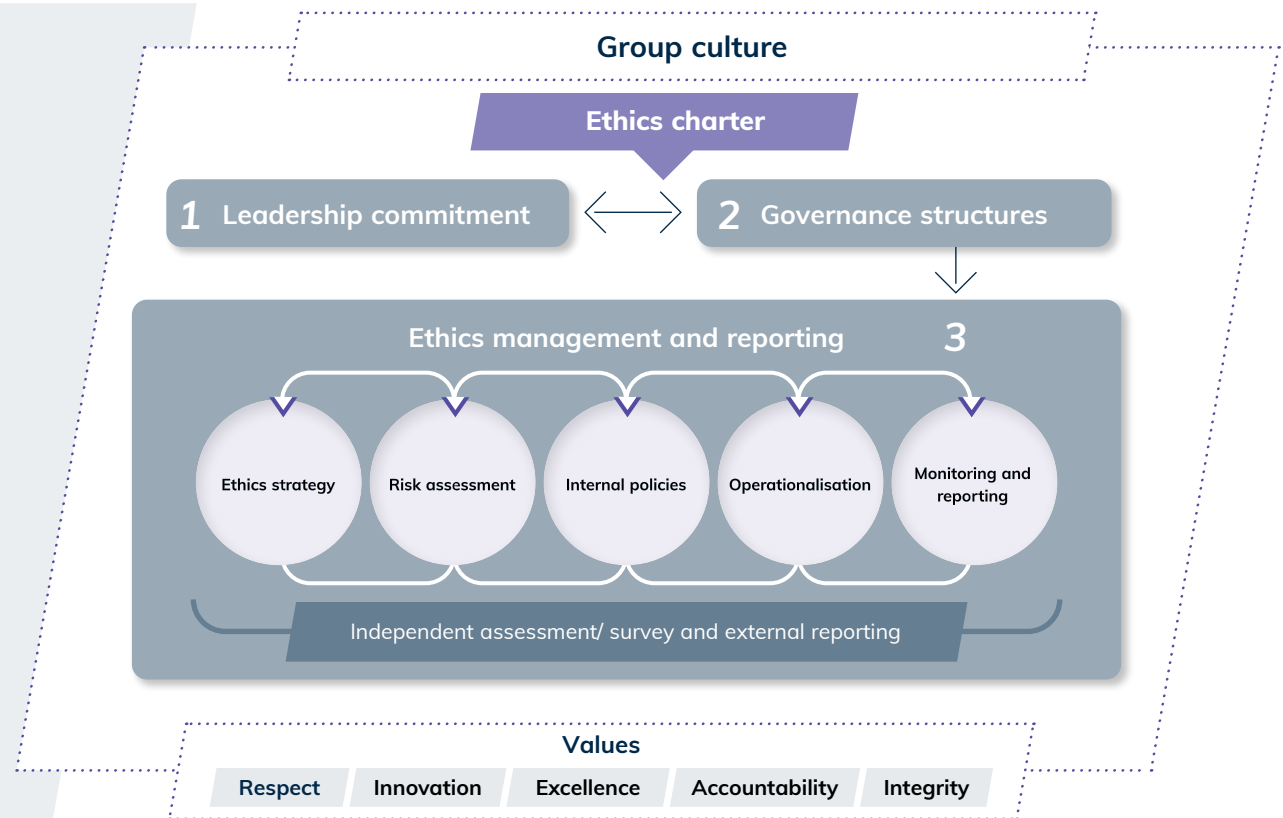
Our values support our ability to maintain an ethical culture by setting the tone for the behaviour we expect from our executives and employees across the group. This includes always acting with integrity, striving for excellence, treating all our colleagues and stakeholders with respect, innovating in our markets, and taking accountability for our actions. Together, our ethical and values-based culture lays the groundwork for responsible value creation.

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's ethics charter is available at www.transactioncapital.co.za.

Ethics governance framework



Our ethics governance framework sets out the structures and functions for governing ethics across Transaction Capital. Effective governance of ethics enhances our businesses' growth, risk and sustainability profiles and secures our ability to sustainably deliver shared-value outcomes. The pillars of this framework ensure the group's ethics charter is applied.

1 Leadership commitment

Our approach to ethics governance is to set the correct tone at the top. The chairman of the board and the group and divisional CEOs endorse Transaction Capital's ethics charter, which commits us to:

- ▶ Upholding the highest standards of ethical behaviour and integrity
- ▶ Aligning our behaviour in the workplace with Transaction Capital's values
- ▶ Abiding by the principles and recommended practices of King IV
- ▶ Complying with all prevailing laws that are applicable to our business
- ▶ Providing relevant information on our approach and attitude to conducting business ethically to our stakeholders
- ▶ Supporting group initiatives to manage ethics effectively.

These commitments support our efforts to:



Ensure **ethical leadership**



Act as a **responsible corporate citizen**



Include our **stakeholders** in our efforts to operate ethically



Nurture an **ethical culture** through a work environment where **everyone is treated with respect and dignity**, and where **discrimination of any kind is not tolerated**

2 Governance structures

The social and ethics committee is responsible for ensuring adherence to our values, ethics charter and human rights policy. This oversight role is supported by subsidiary boards that review the ethical conduct and culture within their operations.

3 Ethics management and reporting

The group ethics officer is responsible for implementing policies and procedures that support and enhance Transaction Capital's ethical culture. The group ethics officer is independent and has direct access to the chairperson of the social and ethics committee.

The following policies remain in place to guide and strengthen our ethical culture, supported by formal training programmes and annual awareness campaigns to promote compliance:

- ▶ Anti-bribery and corruption policy
- ▶ Sponsorship and donations policy
- ▶ Human rights policy
- ▶ Sexual harassment policy
- ▶ Gifts, entertainment and hospitality policy
- ▶ Declaration of interest policy
- ▶ Diversity policy
- ▶ Transformation and broad-based black economic empowerment (B-BBEE) policy
- ▶ Remuneration policy
- ▶ Environmental, including climate change
- ▶ Whistleblowing

The group follows a comprehensive approach to ethics management, which includes prevention, detection, investigation, and resolution. Any incidents of non-compliance are independently investigated and reported to management, the respective subsidiary boards, the social and ethics committee, and, where appropriate, the audit committee and the board. In 2022, Transaction Capital addressed 60 incidents of non-compliance to group policies, where the necessary disciplinary processes were instituted.

To ensure the effective management of ethics, in FY2022 the group focussed on addressing employee feedback raised through the Ethics Barometer survey conducted by the Gordon Institute of Business Science in FY2021. A survey will be conducted again in FY2023 and will include WeBuyCars for the first time. Progress against our ethics management plan is presented to the social and ethics committee at every meeting and, where relevant, to the audit committee and the board.

An independent whistleblowing hotline operated by an external service provider enables the anonymous reporting of ethics incidents, all of which are investigated. Executive management is provided with a report on the results of the investigation and appropriate action is taken. Further, unethical or fraudulent behaviour can be reported to line management and to our businesses' respective human resources departments.

The group received 10 new reports (2021: 41 new reports) through its whistleblowing hotline for the year under review. All reports were independently investigated and where appropriate, disciplinary action instituted for all substantiated allegations.

The ethics function assesses any ethical issues raised against a matrix that categorises the severity of any breach based on the employee and their seniority, and the nature and magnitude of the breach. This assessment determines which resource will investigate the breach (across different internal levels or involving external investigators) and to whom it will be reported. This approach removes subjectivity from the assessment, enhancing fairness and transparency in our approach to managing ethics.

During the year, the following actions and initiatives were undertaken to enhance our ethics management capability:

- ▶ Fraud awareness campaigns across all divisions
- ▶ Groupwide whistleblowing awareness campaigns

Our human rights commitments

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 acting as role models of 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 2021 financial year and remains in place.



The group's human rights policy is available at www.transactioncapital.co.za.

King IV: Principle 2

Responsible corporate citizen

Transaction Capital seeks to be a responsible corporate citizen and the business model demonstrates our commitment to sustainable and inclusive growth. We consistently generate good commercial returns for clients, across our industry value chains, while simultaneously creating net positive socio-economic returns with enduring benefits.

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

An economic, social and environmental (ESE) framework is in place which defines each division's societal purpose, cascading into defined impact areas and supporting metrics. These were developed through engagement with internal and external stakeholders to address their key concerns and expectations.

The ESE framework informs our strategic and operational initiatives to ensure that the group's impacts are appropriately managed to create and protect value for Transaction Capital and our stakeholders, while minimising activities that could erode value. Progress in improving these ESE indicators forms part of the scorecards of group and divisional executives, supporting alignment to sustainability objectives across the group.

The impact areas were defined with reference to specific United Nations SDGs. The following global goals remain the company's targets as they are aligned to our core operations and strategy and enable us to focus our efforts on making a measurable impact:



The board continues to support the principles of the United Nations Global Compact in the areas of human rights, labour standards, the environment and anti-corruption, and follows the recommendations of the Organisation for Economic Co-operation and Development (OECD) regarding corruption.

While ultimate responsibility for corporate citizenship lies with the board, various board sub-committees and specific executives have been tasked with overseeing specific sustainability matters. 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). The audit committee is responsible for preventing, detecting and responding to fraud and corruption, as well as tax policy.

Climate change

The board recognises the rapidly changing global context and the risks and opportunities associated with environmental and social factors, particularly climate change. The group continues to identify and assess climate-related risks and opportunities which could have a material impact on our business both directly or indirectly. In FY2022 our group companies have done extensive work on unpacking these risks and opportunities in detail and will be integrating these as part of our formal risk management practices in the group going forward. Part of this work includes developing and implementing mitigation measures to minimise our impact in this regard, as well as ensure the group is in a position to capitalise on opportunities that may arise from climate change. The board acknowledges the need for consistent and transparent reporting and is in the process of adopting the IFRS International Sustainability Standards Board's (ISSB) draft Sustainability and Climate-related Disclosure Standards along with the JSE's Sustainability and Climate Disclosure Guidance for all our reporting. A roadmap of our reporting journey and for the adoption of these Standard recommendations is included in our sustainability report.

Tax transparency

The board, in conjunction with the audit committee, is ultimately responsible for the group's tax strategy, policy, philosophy and approach. Transaction Capital is committed to being a responsible taxpayer and ensures professionally executed tax compliance and legitimate tax planning are in place to meet its compliance and disclosure obligations in accordance with all relevant laws.

Political donations

Transaction Capital's sponsorships and donations policy prohibits political donations to any political party, political party candidate or politically exposed person. In exceptional circumstances, the board may consider such a donation in light of public policy issues that impact the company's business interests and/or enhance the company's capacity to understand political developments. Where such circumstances arise, the sponsorships and donations policy expressly prohibits political donations made under circumstances that could be construed as a contravention of any of the provisions of the Prevention and Combating of Corrupt Activities Act, 2004, or any other laws applicable in the Republic of South Africa and also prohibits donations made directly or indirectly to any individual member of a political party or paid into the bank account of an individual.

Divisional CFOs are responsible for creating and maintaining full and proper records of the political donations made in exceptional cases, with a record provided to the group company secretary to report to the social and ethics committee at each reporting period.

Transaction Capital made no political donations for the year under review (2021: Rnil).

King IV: Principle 3



Strategy, performance and reporting

Strategy and reporting functions of the board

The board appreciates the interconnectedness of the group's vision, business model, strategy and associated material risks and opportunities as set out in the integrated report. In undertaking its duties of directing the group's strategy, assessing its business model and enhancing sustainability to create value for all stakeholders, the board takes into consideration the risks and opportunities related to the context in which the group operates.

The board has delegated the formulation and implementation of group strategy to management, with the board providing input where required. In line with the board's strategic oversight function, the board receives and considers quarterly reports on the group's performance against its strategic objectives. Divisional CEOs attend board meetings as permanent invitees and are available to address any questions relating to the division's strategy and performance.

In September 2022, the group held its annual strategy session, where the board had the opportunity to engage with the divisional CEOs and their executive teams on their short- and long-term strategies. The board subsequently approved the group strategy along with key performance criteria and targets to assess its implementation. The board also approved the financial budgets for each division and the group, in line with their respective strategies and plans.

King IV: Principle 4

The board acknowledges its responsibility for the integrity of external reports issued by the group. These reports should be read together for a complete view of the group and its performance, seen through the different lenses of our reporting suite. All external reports are considered and approved by the board prior to being issued. These include:

Integrated report

Our primary report to stakeholders communicating the group's ability to create shared value over the short, medium and long-term.

Annual financial statements

Present the group's audited consolidated and company annual financial statements, including the audit committee and social and ethics committee reports.

Sustainability report

Sets out detailed data-led economic, social, environmental and governance (ESEG) disclosure to provide stakeholders with an objective view of the group's socioeconomic and environmental impact.

Risk report

Sets out the group's approach to risk management and identifies material risks, opportunities and appropriate mitigation measures.

Governance report

Sets out comprehensive disclosure on the group's governance structures, processes and policies in the context of recommended King IV principles.

Notice of AGM and summarised financial statements

Set out the detailed notice of the annual general meeting (AGM) and supporting documentation to shareholders, and the summarised consolidated annual financial statements.

King IV: Principle 5

Key issues considered by the board

Strategy and reporting functions of the board

Key issues considered by the board

Board meetings and key deliberations

1 Strategy and driving innovation

Key issues considered by the board during the year primarily revolved around the strategic repositioning of the group's business models in line with their evolution over the years. The board noted Transaction Capital's rebranding corresponding with this evolution.

Through its divisions, WeBuyCars and SA Taxi, Transaction Capital enables the mobility of private and public commuters in South Africa. The executive management team identified the opportunity to leverage the combination of competencies between these group companies to build a meaningful vehicle mobility platform. Pursuant to Transaction Capital's strategic intent to leverage off WeBuyCars' and SA Taxi's platform value, GoMo was launched in February 2022 with the long-term view of building a scalable used vehicle finance and insurance (F&I) business.

In the second half of FY2022 SA Taxi invested in an e-commerce auction platform, that specialises in the online sale of salvage vehicles. This investment provides an alternative channel for disposal of salvaged vehicles which is expected to increase efficiencies within the mobility platform over the medium-term. The board provided input and monitored the development of the mobility platform strategy and its execution.

Nutun's evolution is centred around the group's vision to create a range of digitally driven customer management services as a trusted partner to a global client base, leveraging off our South African technology platform, analytics competencies and call centre intellectual property. Transaction Capital Risk Services was officially rebranded to Nutun in August 2022. The board supported the transition of Nutun's strategic focus, as well as its expansion into servicing the UK and European digital business services markets.

2 WeBuyCars Integration

Following the acquisition of an additional 24.3% stake in WeBuyCars in August 2021 which resulted in WeBuyCars becoming a group subsidiary, a key focus area for the board was the full integration of WeBuyCars and managing the associated risks and opportunities. Transaction Capital's group executives are actively involved in the management and ongoing affairs of acquisitions after any transaction is completed. This approach allowed management and the board to gain an in-depth understanding of the WeBuyCars business and integrate its operations in FY2021. The integration process in FY2022, has thus focused on aligning governance, compliance and reporting structures. Rigorous implementation processes ensure that Transaction Capital's governance and reporting requirements are adequately met, with progress continuously monitored by the board.

3 Embedding a sustainability (ESEG) culture across the group

In 2022 Transaction Capital made significant progress in embedding ESEG into the group's organisational culture. This has taken shape through operationalising the Economic, Social, Environmental (ESE) frameworks within the divisions, driving more rigorous data capturing processes, with progress made towards monthly data capturing and exploring data automation. As part of the process of fully integrating WeBuyCars into the Transaction Capital group, an ESE framework was developed bottom-up through engagement with multiple stakeholders to define the division's societal purpose, which cascades into defined impact areas linked to supporting metrics.

In 2021 the board adopted a proactive approach to ESEG engagement through the introduction of bi-annual ESEG investor roadshows. This proactive engagement approach has continued in 2022 with roadshows focused on sustainability-related matters conducted in March and September 2022 with shareholders and proxy representatives.

A key focus area for the board in 2022 was overseeing the identification and assignment of mitigation measures for climate-related risks and opportunities identified in FY2021 and integrating these into the group's risk

management framework. Also related to climate change, we continued work to obtain a comprehensive view of the potential financial impact of climate-related risks and opportunities identified in FY2021. In August 2022, Transaction Capital held an inaugural climate change impact workshop including key stakeholders from across all the group's businesses. The outcomes from this workshop will form the building blocks for embedding climate-related risk identification, analysis, monitoring and reporting across the group.

Transaction Capital acknowledges the numerous sustainability frameworks and standards available globally and seeks to enhance its ESEG disclosures in an efficient and effective manner. To meet stakeholder demands and move towards more standardised and frequent sustainability reporting, the board considered and approved the adoption of the IFRS International Sustainability Standards Board's (ISSB) draft Sustainability and Climate-related Disclosure Standards along with the JSE's Sustainability and Climate Disclosure Guidance. These will ensure that the group communicates holistically on the various aspects of sustainability and climate change and stakeholders can track our metrics over time in a consistent manner.

4 Enhancing our remuneration policies and disclosures

For Transaction Capital, fair remuneration is a critical determinant of organisational performance and sustainability. This view is based on the belief that all factors underpinning enhanced performance require the highest calibre of leadership and specialist technical expertise, and that stakeholders' interests are best served by aligning strategy, business model, resourcing and compensation. Transaction Capital's compensation policies aim to sustain a performance-driven and entrepreneurial culture by attracting, rewarding and retaining the most talented people at all levels of the organisation.

In FY2022 the board continued to engage proactively with shareholders to ensure the group's remuneration policy supports business performance, while remaining aligned to the interests of its stakeholders. Following feedback from our ESEG investor roadshows in 2021, the board considered enhancements to our remuneration practices and approved the inclusion of an additional ESEG hurdle in the long-term incentives of executives and defined the distribution of weightings between HEPS, returns and ESEG as LTI hurdles.

This ESEG hurdle introduced in FY2022 links to meeting our emission reduction targets as well as our transformation targets:

- ▶ Reducing Transaction Capital's carbon footprint in line with the group's commitment to be materially below 2°C global warming as communicated in the FY2021 sustainability report.
- ▶ Improving or maintaining B-BBEE levels at Transaction Capital group level and in each subsidiary according to the plans governed by the social and ethics committee.

5 Talent acquisition, development and retention

The board acknowledges that without attracting, motivating and retaining the best available talent, even the best strategies, business models and structures will fail. The scarcity of executives and managers with specialised technical skills underlines the importance of succession planning and talent development in supporting the group's strong track record for growth. The board continues to monitor key talent development and succession planning initiatives across the group, and ensures these initiatives are aligned with the group's transformation objectives.

An ongoing priority for the board is the consideration of appropriate resourcing of key executive roles across the group, in response to the group's growth trajectory and the opportunities this presents. In FY2022 several key executive appointments were made at Transaction Capital, most notably the appointment of John Watling as successor to the current CEO of Nutun, Dave McAlpin, who will step down as Nutun's CEO in 2023/2024. John, who's skills and experience align to Nutun's repositioning as a global digital services business, will initially serve as joint CEO for a period of 12 months to allow for a phased handover.

In 2022 the board provided oversight in the launch of various youth employment programmes aimed at attracting and developing talent in order to create opportunities for South African youth to enter the workforce for the first time but also to build a pipeline of specialised, high-performing individuals who will carry the organisation forward in years to come.

In November 2021 the board approved the non-executive director policy which ensures that board tenure is managed effectively and that the board continues to act independently and in the best interests of Transaction Capital's stakeholders. In line with this policy, a key focus for the board in the past year was the succession and onboarding of the new chairman of the board. Christopher Seabrooke, stepped down as chairman of the board and was succeeded by Ian Kirk with effect from 31 December 2022. The handover process has been well managed over a 12-month transition period.

6 Employment Equity and B-BBEE targets

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 and long-term incentive targets for key executives across the Transaction Capital group.

In FY2022 the group aimed to achieve notable improvement in underrepresented groups at the top to junior management levels through promotions and appointments. Key appointments were made from designated groups at the management levels, showing a positive trend in reducing the gender and racial disparities in our workforce profile.

Following feedback from our ESEG investor roadshows in 2021, the board considered enhancements to the disclosure of employment equity targets across the group. Our FY2022 integrated report thus includes more granular disclosure of the group's targets at occupational levels and we will seek to continue achieving greater transparency.

7 Capital management

Maintaining a balance between having a prudent and yet flexible approach to capital management is a constant consideration for the board. Transaction Capital remains well capitalised, with adequate access to liquidity to execute on our divisions' organic growth initiatives and respond to opportunities arising from market dynamics. SA Taxi has adequate liquidity available in undrawn debt facilities to fund expected loan origination for the next year, while Nutun's funding requirements for the acquisition of non-performing loan (NPL) portfolios over the short-term are also secured. WeBuyCars has a strong balance sheet with low levels of debt, supported by the capital-light nature of its operations, and high cash conversion rates.

In FY2022 the board considered and approved an accelerated bookbuild which successfully raised R1.28 billion of equity capital. The board also considered and approved the issuance of R451 million notes through TransCapital Investments and preference share funding to enhance Transaction Capital's balance sheet.

Board meetings and key deliberations

Board meetings

Directors are required to attend all board meetings. The board follows a formal workplan that includes strategy, operational and financial performance, risk and governance. Progress against the group's strategic objectives is reported on at each meeting. The company secretary is responsible for preparing standing agenda items, which are discussed with the chairman and updated for emerging issues prior to each board meeting. The company secretary circulates the agenda, formal board packs and other reading material to the board in good time via a secure online software system. The online system also includes a reading room where comprehensive reference materials are made available. At least four board meetings are held annually, one of which includes a strategic review.

Board meeting attendance in 2022

99%

Individual board meeting attendance is presented on page 03.

Key deliberations

In addition to the key issues outlined on the previous page, the board deliberates on standing agenda items such as feedback from the chairpersons of board committees, comprehensive presentations by the CEO on strategic and material matters and presentations by the CFO on the group's financial results and forecasts at quarterly intervals. During the 2022 financial year, the board approved and resolved the following key matters during the 2022 financial year:

Approved the 2021 integrated report, notice of AGM to shareholders and other supplementary reports.

Approved the B-BBEE compliance report, noting the group's improved rating and discussing potential areas for further improvement.

Approved the group's 2022 interim results and interim dividend, with due consideration of the group's solvency and liquidity position.

Resolved the tax committee as a new sub-committee of the board.

Approved the group's 5-year strategy.

Approved the group's accelerated bookbuild, which raised gross proceeds of R1.28 billion.

Approved the group's 2023 – 2027 financial budget.

Approved the Transaction Capital preference share transaction.

Approved the acquisition of Milton Graham in Australia and New Zealand.

Approved Approved the acquisition to acquire 40% of Gobid.

December / January
2022

February / March
2022

April / May
2022

August / September
2022

October / December
2022
(subsequent event)

Noted/Considered Transaction Capital Limited's long-term and short-term national scale ratings upgraded by GCR Ratings ("GCR") to A(za) from A-(za) and A1(za) from A2(za), respectively. Transaction Capital Limited's long-term unsolicited international scale ratings upgraded to B+ from B.

Noted/Considered Held Transaction Capital's AGM virtually.

Resolved that all 13 ordinary resolutions and five special resolutions presented for shareholder approval at the AGM were approved by the required majority.

Approved the acquisition of Synergy.

Approved the group's tax strategy policy.

Noted/Considered the retirement of Chris Seabrooke as chairman of the board on 31 December 2022.

Approved the appointment of Chris Seabrooke as a member of the audit committee. Chris Seabrooke stepped down as chairman of the nominations committee and will continue on the board as a non-executive director, as a member of the nominations and remuneration committees.

Approved Ian Kirk as chairman of the board with effect from 31 December 2022.

Approved the appointment of Ian Kirk as chairman of the nominations committee and the resignation of Ian Kirk as a member of the audit committee.

Governing structure and delegation

The role of the board of directors

The board acts as the custodian of governance. It has adopted the board charter and approves group policies and terms of reference for the board sub-committees. The board charter and group policies regulate how the board conducts itself in the best interest of the company and its stakeholders, considering relevant legislation and the principles of good corporate governance.

Transaction Capital's governance and compliance framework facilitates the board's role of providing direction and oversight. It sets the group's risk appetite and a high level of accountability to support consistent compliance with regulatory requirements, while also encouraging an entrepreneurial and innovative mindset as a key driver of performance.

The board delegates specific responsibilities to appropriately mandated and constituted sub-committees. The audit committee and the social and ethics committee fulfil the statutory governance functions on behalf of Transaction Capital, its divisions and group subsidiaries in terms of the Companies Act and King IV.

The board confirms that the group complied with the provisions of the Companies Act and operated in conformity with its memorandum of incorporation for the year under review.

The board, in conjunction with the nominations committee, is responsible for appointing the CEO and for monitoring his management of the performance of the group's assets and resources against approved strategic and financial objectives.

An authority framework is in place for the group, which governs the authority delegated to group management and matters reserved for approval by the board.

King IV: Principle 1 & 6

Subsidiary boards

Each of Transaction Capital's subsidiaries has its own board of directors, with governance processes aligned to Transaction Capital's governance framework to appropriately allocate levels of authority to individuals and committees throughout the group structure.

The composition of each subsidiary's board includes non-executive directors, some of whom may be executive or non-executive directors of Transaction Capital. Directors of these boards are of sufficient calibre, experience, diversity and number for their views to carry significant weight in board decisions. The activities of each division's board include reviewing and providing input on corporate strategy, business plans, risk propensity, budgets and sustainability.

Strategies, business plans and performance criteria are clearly defined, with appropriate key performance indicators in place to measure and monitor performance against their strategies.

King IV: Principle 6

Board composition

The board, through the nominations committee, assesses the composition and membership of the board and board committees annually.

Non-executive directors bring independent judgement and experience to the board's deliberations and decisions, with the structure of the board ensuring that no one individual or group of individuals has unfettered powers of decision-making.

The board charter and nominations committee terms of reference prescribe that non-executive directors are selected on the basis that their business skills and expertise are appropriate for the group's strategic direction and its focus on identifying, investing in and operating a diversified portfolio of unique, high-potential businesses in markets where historically poor service and low trust provide opportunities for digitally enabled innovation and disruption. The board and nominations committee consider the academic qualifications, technical expertise, industry knowledge, experience, business acumen and diversity of board appointments. In addition, the board considers the integrity and leadership skills, as well as other directorships and commitments, of all directors to ensure that they have sufficient time available to fulfil their responsibilities.

Based on the annual board review performed in November 2022, the board and nominations committee are satisfied that the board's overall composition (as well as that of its committees) reflects an appropriate combination of knowledge, skills, experience, diversity and independence, as well as knowledge of the group and divisions' specialist expertise and business models.

King IV: Principle 7

Diversity

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. The nominations committee sets voluntary targets for race and gender diversity and assesses progress annually. Targets are aligned to the JSE Listings Requirements on the promotion of diversity, and are currently set at four female and four black directors represented on the board at any given time. The board is pleased with the group's progress to date, with four female and four black directors currently serving on the board.

Consultation process

Directors are encouraged to take independent advice, where necessary, for the proper execution of their duties and responsibilities.

This is done at Transaction Capital's expense, after consultation with the chairman. In addition, directors have unrestricted access to the group's auditors and professional advisers, and to the advice and services of the company secretary.

Consultation process continuation

After advising the chairman of their intention to do so, directors may attend any sub-committee or subsidiary board meeting, and have unrestricted access to any executive, manager or employee in the group, as well as to any information generated by the group. In addition, the company provides training to directors, as required.

Succession planning

The nominations committee is responsible for formulating the formal succession plans of the board, the CEO and the CEO's direct reports. The committee reviews these succession plans annually. On approval of the succession plans, the CEO conducts alignment discussions with potential successors, where necessary, which may result in direct development interventions.

Conflict of interest

In line with best practice and regulatory provisions, policies and procedures are in place to manage the trading of shares and conflicts of interest. Directors are prohibited from dealing directly or indirectly in shares during closed periods. In addition, directors are required to disclose if they have a direct or indirect interest in any matter for consideration by the board. The disclosure is recorded in a register by the company secretary. Directors are also required to declare any conflicts of interest and recuse themselves from any such board or sub-committee meeting discussions.

Skills and experience

Transaction Capital is led by a strong and technically competent board. To ensure the board retains the skills to fulfil its foundational role in value creation and preservation, the board's skills, knowledge and experience are evaluated annually against a board skills matrix. The skills of the board are also considered together with the overall tenure, diversity and independence of directors.

Context	Group requirement	Skills required against the board skills matrix
The board is ultimately responsible and accountable to stakeholders for the performance, activities and control of the group.	Oversight and guidance.	<ul style="list-style-type: none"> ▷ Leadership ▷ Strategy ▷ Accounting and auditing ▷ Risk and opportunity management ▷ People management and remuneration
The group's businesses operate in markets with historically low levels of client service and stakeholder trust. This requires that we operate ethically and according to the highest standards of corporate governance.	Exemplary corporate governance and ethics.	<ul style="list-style-type: none"> ▷ Governance and compliance ▷ Sustainability/ESE
The group invests in and operates a diversified portfolio of businesses, and seeks to provide competitive and innovative solutions that deliver outstanding commercial benefits to clients.	Core skills include capital raising, capital allocation, credit and insurance risk underwriting, data management and technology risk and opportunity (including cyber security).	<ul style="list-style-type: none"> ▷ Financial services (including insurance and fund management) ▷ Data ▷ Technology ▷ International experience

In 2021 a new board skills assessment approach was adopted. This approach is a rating scale which provides greater granularity when compared to the binary (yes/no) questionnaire further enhancing its ability to track changes in board skills over time.

The 2022 assessment identified skills gaps in sustainability (specifically climate change), and information and technology (including data analytics). The appointment of new directors and an increase in the related skills of existing directors in the current year led to the nominations committee now considering these skills

to be sufficiently represented. However, climate change has been elevated from an emerging to a material risk in the group's risk register.

Consequently, this is being considered by the nominations committee as a skill that requires further training and upskilling to ensure sufficient oversight.

Based on the 2022 assessment, the nominations committee is satisfied that the skills and experience of the board are adequate for fulfilling its role.

Independence

In terms of their fiduciary duties, directors should act independently in exercising their judgement and fulfilling their duties, and should not have their discretion fettered in any way. This requires that directors apply their minds honestly and make decisions in the best interests of the group on all matters presented to the board. Directors do not participate on matters in which they may be conflicted.

The annual assessment process involved a self-assessment of independence by each non-executive director and an assessment of all the non-executive directors by the board.

As part of the assessment of directors' independence, the board specifically determined that Christopher Seabrooke, as a long-standing non-executive director continues to act independently.

Non-executive director policy

The non-executive director policy was approved by the board in November 2021 and ensures that board tenure is managed effectively and that the board continues to act independently and in the best interests of Transaction Capital's stakeholders.

The policy guidelines include:

- ▶ Newly appointed non-executive directors are proposed for re-election by shareholders at the first AGM after their appointment.
- ▶ Non-executive directors are required to retire by rotation every three years and, if nominated by the board, are proposed for re-election at the AGM. One-third of non-executive directors shall retire from office at each AGM. The non-executive directors to retire at each AGM shall be those with the longest tenure in office since their last election.
- ▶ The nominations committee will review each non-executive director's independence self-assessment on an annual basis. In the case of any directors having a tenure of over nine years, the committee will specifically consider all aspects of continued independence of those directors and resolve as appropriate to confirm the independence of each such director for the following period.
- ▶ The chairperson of the board will be required to retire after a 12-year tenure, and may continue as a non-executive director at the discretion of the board.
- ▶ The chairperson of each board sub-committee will be required to retire after a 10-year tenure, and may continue as a member of the respective board sub-committee. Former chairpersons of sub-committees will be eligible for reappointment as chairperson after a three-year period at the discretion of the board.

Appointment of directors

The nominations committee assists in identifying suitable board members, with the board skills matrix presented on page 14 serving to identify additional skills and experience required to augment the collective capability of the board.

Board appointment process

The nominations committee follows the following process illustrated below when appointing new directors to the board, and when considering the reappointment of existing directors:

- 01 Assess board skills, knowledge, experience and diversity.
- 02 Identify suitable candidates for board membership.
- 03 Make recommendations to the board on appointment and re-election of directors.
- 04 Subject new candidates to background and reference checks prior to appointment.
- 05 Approve director as candidate.
- 06 Ensure formal induction of new directors.

The formal induction programme is the responsibility of the company secretary and/or the CFO. The programme includes detailed discussions on the environment and operations of each of the major businesses, as well as site visits and an induction and information pack about the group.

Board composition changes

No changes occurred during the 2022 financial year. Post year-end Christopher Seabrooke retired from his role as independent non-executive chairman of Transaction Capital board with effect from 31 December 2022. Christopher Seabrooke also stepped down as chairman of the nominations committee and as a member of the asset and liability committee. He continues on the board as a non-executive director, and as a member of the nominations and remuneration committees and was appointed as member of the audit committee and an invitee to the asset and liability committee, with effect from 31 December 2022.

Ian Kirk was appointed as chairman of the board of Transaction Capital with effect from 31 December 2022 and also assumed the role of chairman of the nominations committee. He stepped down as a member of the audit committee and was appointed an invitee to this committee from 31 December.

Rotation of directors

In line with the recommendations of King IV, the periodic, staggered rotation of non-executive directors serves to introduce members with new expertise and perspectives while retaining valuable knowledge, skills and experience, and maintaining continuity. This year, Albertinah Kekana, Ian Kirk and Christopher Seabrooke will retire by rotation and are standing for re-election at the AGM. These directors have been appraised by the board and their re-election is recommended.

Evaluation and performance of the board and company secretary

Formal performance evaluations of the board, its committees and the company secretary are conducted annually by means of an evaluation questionnaire. The evaluations assess the combination of skills, performance during the year, contribution and independence of individual directors, and the effectiveness of committees. Results of the evaluations provide the basis for enhancements to the board and its committees for the following year, specifically focusing on assessing the overall effectiveness and independence of the board.

The nominations committee workplan includes discussions on board performance as well as that of the chairman, members and committees.

Based on the annual evaluations undertaken during November 2022, the board has assessed the expertise, performance and experience of the chairman, lead independent director, CEO, CFO, internal audit executive and the company secretary and is satisfied that they are performing adequately. In accordance with King IV, the offices of the chairman, lead independent director and CEO are separate. Additionally, the board is satisfied with the qualifications, experience and competence of the company secretary, Lisa Lill, and that an arm's length relationship is maintained between the board and the company secretary.

King IV: Principle 9 & 10

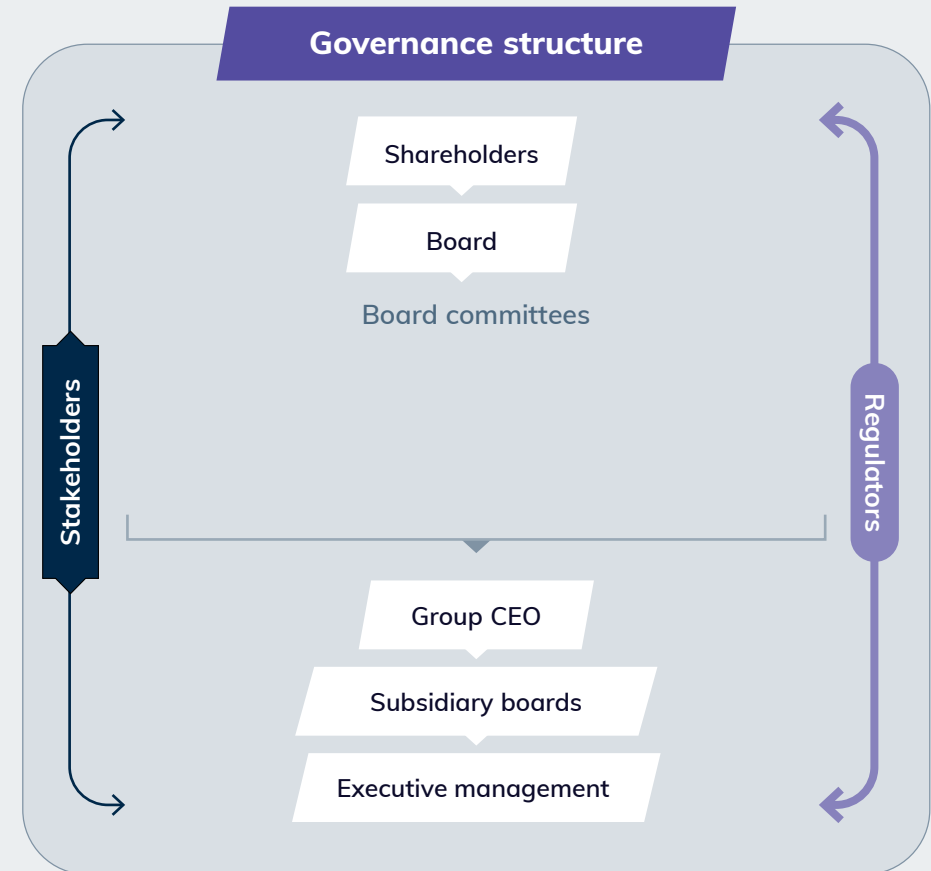
Board committees

The group's governing structure and delegations of responsibility promote and enhance independent judgement. The board committees assist the board in the discharge of its duties and responsibilities.

All committees have fully functional structures, with clear objectives set out in their respective terms of reference. Terms of reference are approved by the board and reviewed annually. Included in each committee's terms of reference is the imperative to enhance the standard of governance within the group, together with clearly defined authority delegation and reporting procedures.

The board receives formal feedback from the chairperson of each committee at each board meeting. Copies of the minutes of committee meetings are included in the board documentation. Committees also report to stakeholders annually, in the integrated report and at the AGM if required.

King IV: Principle 8



Audit committee

Members



Diane Radley
Chairperson



Buhle Hanise



Suresh Kana



Ian Kirk*

Overall meeting attendance

93%

Functions managed

- ▶ Financial accounting and external reporting
- ▶ Financial controls
- ▶ Tax
- ▶ Internal audit
- ▶ External audit (including non-audit services)
- ▶ Combined assurance

Composition

Chaired by an independent non-executive director.

Comprises four independent non-executive directors, including the lead independent director and the chairpersons of the risk and technology, social and ethics, and asset and liability committees.

Permanent invitees include

Chairman of the board, group CEO, group CFO, group finance executive, chief investment officer, founding directors, group head of enterprise risk, group tax executive, group internal audit executive, divisional CFOs and finance executives, external auditors and the company secretary.

Independence

4/4

Minimum number of meetings per year

Four

Actual number of meetings held per year

Five

Value creation in 2022

- ▶ Continued integration of WeBuyCars' financial and accounting systems.
- ▶ Continued improvement in external reporting.
- ▶ Further embedding of the JSE Listings Requirement 3.84(k).
- ▶ The creation of a balance sheet substantiation framework.
- ▶ Embedding of the centralised internal audit function.
- ▶ Monitoring of capital allocation, specifically relating to international expansion.
- ▶ Overseeing the mandatory audit firm rotation process to ensure continuity in the external audit function.
- ▶ Implementation of group wide budgeting and forecasting tool.
- ▶ Monitoring changes in provisioning models and back testing.

Focus areas for 2023

- ▶ Development and oversight of a group wide provisioning models committee.
- ▶ Monitoring of capital allocation, specifically relating to international expansion.
- ▶ Inform shareholders of the recommended firm and designated registered audit partner by way of a SENS announcement on completion of the tender process. This appointment will be subject to shareholders' approval at the group's AGM in 2023.
- ▶ Continuously ensuring an integrated approach in relation to audit and risk.
- ▶ Strengthening the role of internal audit within the company.
- ▶ Revision and consideration of management's plans in respect of future changes to IFRS and other regulations. Adoption and implementation of the new IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information standard.
- ▶ Embed balance sheet substantiation.
- ▶ Review of the technical elements of any acquisitions or part acquisitions.
- ▶ Oversight to finance team capacity given extra-ordinary growth rate.
- ▶ Selection of new audit firm as part of the mandatory audit firm rotation process and oversight of the transition.

* Ian Kirk stepped down as a member of the audit committee and was succeeded by Christopher Seabrooke with effect from 31 December 2022. Ian Kirk will continue to attend as an invitee to the audit committee.

Risk and technology committee

The risk and technology committee was a new committee in 2022, established with effect from 1 September 2021

Members



Ian Kirk
Chairperson



Suresh Kana



Diane Radley

Overall meeting attendance

100%

Functions managed

- ▶ Risk (including social and environmental risks)
- ▶ Compliance
- ▶ IT strategy, governance and investment
- ▶ Data and information

Composition

Chaired by an independent non-executive director.

Comprises three independent non-executive directors, including the lead independent director and the chairpersons of the audit; social and ethics; and asset and liability committees.

Permanent invitees include

Group CEO, group CFO, divisional CFOs, divisional chief information officers, group head of enterprise risk, group legal executive, innovation executive, group internal audit executive and the company secretary.

Independence

3/3

Minimum number of meetings per year

Three

Actual number of meetings held per year

Four

Value creation in 2022

- ▶ Future technology architecture and how we strategically execute against this.
- ▶ Ensured the development of customer-centric solutions.
- ▶ Project discipline.
- ▶ Technology skills focus – attraction and retention.
- ▶ Provisioning of effective cybersecurity as part of the enterprise's comprehensive cyber resilience capability.

Focus areas for 2023

- ▶ Awareness and response to business model disruption from technology.
- ▶ Project discipline.
- ▶ Technology skills focus – attraction and retention.
- ▶ Monitor management of the group's top 10 risks closely and oversee the management of emerging key risks, as well as strategic-execution risk and organisational resilience.
- ▶ IT system integrity, stability and availability as the bedrock of operational excellence.
- ▶ Provisioning of effective cybersecurity as part of the enterprise's comprehensive cyber resilience capability.
- ▶ Embedding IT governance standards and aligning IT services with current and future business needs.
- ▶ Greater embedment of enterprise-wide risk management.
- ▶ Oversight of acquisition of new technology and integration into the business.
- ▶ Research, identify and experiment technology to assist with ESEG reporting.

Nominations committee

Members



Christopher Seabrooke*
Chairperson



Suresh Kana



Kuben Pillay



Sharon Wapnick



Roberto Rossi

Overall meeting attendance

89%

Functions managed

- ▶ Directors
- ▶ People
- ▶ Succession

Composition

Chaired by an independent non-executive director.

Comprises four independent non-executive directors, including the lead independent director; the chairpersons of the remuneration; social and ethics; and asset and liability committees; and one executive director.

Permanent invitees include

Group CEO, group CFO, founding directors and the company secretary.

Independence

4/5

Minimum number of meetings per year

Two

Actual number of meetings held per year

Two

Value creation in 2022

- ▶ Continued focus on evaluating and enhancing succession planning, with a specific focus on transformation.
- ▶ Succession and onboarding of the new chairman of the board and the new co-CEO of Nutun.

Focus areas for 2023

- ▶ Continued focus on equality through reviewing employment equity strategy and targets as well as diversity and inclusion initiatives.
- ▶ Review growth opportunity strategy, which includes conditions of employment, management, leadership development programmes and long-term employee development through succession planning.
- ▶ Continued focus on evaluating and enhancing succession planning, with a specific focus on transformation.
- ▶ Monitor the effectiveness of talent management and development of strategies in order to mitigate retention risk at critical skills level.
- ▶ Talent transformation and succession planning to enable improved diversity at senior management and top management levels.

* Christopher Seabrooke stepped down as chairman of the nominations committee and was succeeded by Ian Kirk with effect from 31 December 2022. Christopher Seabrooke to continue as a member of the nominations committee.

Remuneration committee

Members



Kuben Pillay
Chairperson



Ian Kirk



Christopher Seabrooke



Sharon Wapnick

Overall meeting attendance

96%

Functions managed

- ▶ Remuneration
- ▶ People and retention

Composition

Chaired by an independent non-executive director.

Comprises four independent non-executive directors, including the chairpersons of the risk and technology and nominations committees.

Permanent invitees include

Group CEO, group CFO and the founding directors.

Independence

4/4

Minimum number of meetings per year

Two

Actual number of meetings held per year

Two

Value creation in 2022

- ▶ Continued engagement with shareholders to ensure the group's remuneration policy supports business performance and remains aligned to the interests of its stakeholders.
- ▶ Competitive remuneration structures which attract diverse, competitive skills.
- ▶ Setting ESEG targets for 2023 executive short-term incentives.

Focus areas for 2023

- ▶ Maintain continued dialogue with shareholders to ensure the relevance and appropriateness of the remuneration policy in the face of a changing regulatory environment, including among others, the focus on tying ESEG to remuneration.
- ▶ Continue to evaluate our policy in terms of market and peer reviews and our success in attracting and retaining key talent to deliver our strategic goals and shareholder returns

Social and ethics committee

Members



Suresh Kana
Chairperson



David Hurwitz
CEO



Albertinah
Kekana



Kuben Pillay



Roberto Rossi

Overall meeting attendance

86%

Functions managed

- ▶ Stakeholder engagement
- ▶ Transformation
- ▶ Sustainability
- ▶ Ethics

Composition

Chaired by an independent non-executive director.

Comprises three independent non-executive directors, including the lead independent director, the chairpersons of the remuneration and asset and liability committees, the group CEO and one executive director.

Permanent invitees include

Chairman of the board, group CFO, divisional CEOs, divisional human resource executives, group legal executive, group head of enterprise risk and the company secretary.

Independence

3/5

Minimum number of meetings per year

Two

Actual number of meetings held per year

Four

Value creation in 2022

- ▶ Transformation, with a particular focus on the group's employment equity profiles and diversity.
- ▶ Climate change and associated risks and opportunities.

Focus areas for 2023

- ▶ Transformation, with a particular focus on the group's employment equity profiles and diversity.
- ▶ Continued adoption of IFRS ISSB Sustainability Disclosure Standards and alignment with JSE Sustainability and Climate Disclosure Guidance
- ▶ Guide the enhancement of the culture of ethics and ethical leadership.
- ▶ Talent transformation and succession planning to enable improved diversity at senior management and top management levels.

Asset and liability committee

Members



Suresh Kana
Chairperson



David Hurwitz
CEO



Mark Herskovits
CIO



Jonathan Jawno



Ian Kirk



Diane Radley



Christopher Seabrooke*

Overall meeting attendance

94%

Functions managed

- ▶ Funding
- ▶ Liquidity
- ▶ Capital

Composition

Chaired by an independent non-executive director.

Comprises four independent non-executive directors, including the chairman of the board, the chairpersons of the audit; risk and technology; nominations; and social and ethics committees; and three executive directors.

Permanent invitees include

Group CFO, divisional CFOs, capital markets executive, group tax executive and the company secretary.

Independence

4/7

Minimum number of meetings per year

Two

Actual number of meetings held per year

Four

Value creation in 2022

- ▶ Expanding the funding programme for Nutun to include a wider universe of investors.
- ▶ Optimising the WeBuyCars balance sheet.
- ▶ Ensuring that GoMo is appropriately structured and funded.
- ▶ Overseeing any funding mix changes which may be required for SA Taxi as product design innovations are rolled out to clients.

Focus areas for 2023

- ▶ Management of group debt levels within risk parameters and through core cash-generating activities.
- ▶ Enhancing the capital structure at group level should future acquisitions materialise.
- ▶ Overseeing any funding mix changes which may be required for SA Taxi as product design innovations are rolled out to clients.
- ▶ Continue to reduce the cost of capital.

* Christopher Seabrooke resigned as a member of the asset and liability committee with effect from 31 December 2022.

Governance of functional areas

Risk and opportunities

Transaction Capital has a board-approved risk framework, which sets the policy, risk appetite and tolerance levels of the group, identifies the material risks and opportunities, and ensures ongoing risk oversight and monitoring for the group. The board is assisted by the risk and technology committee and the asset and liability committee in governing risk in a way that supports the group's strategic objectives and the creation of value.

King IV: Principle 11

Disaster recovery and business continuity plans are in place for the group and are tested regularly. Compliance, information security, cybersecurity, risk and the control environment are all managed within each information and technology team. Additionally, the information and technology functions reported to the risk and technology committee that adequate arrangements are in place for ongoing business continuity, with proactive monitoring of intelligence in place to identify and respond to potential cyberattacks. Cybersecurity measures are in place in all businesses including the group executive office.

Insurance policies were updated during the year following the changes in the group and new policies are in place from 1 July 2022.

King IV: Principle 12

Data, information and technology

Data, information and technology are integral to the operations of the group and its divisions, and to their ability to deliver value and grow sustainably. The board has delegated the governance of information and technology to the risk and technology committee, which also ensures that an information and technology governance reporting framework is in place. Chief information officers are appointed at each division, with the appointments ratified by the group CEO. Information and technology expenditure is reported on and governed under the group's authority framework.

An information and technology policy that addresses the governance of information and technology in line with the recommended practices of King IV is also in place. Each subsidiary sets its own strategy with regards to information and technology, which is reported to its board and the risk and technology committee.

Compliance framework

Compliance structure

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

Regulatory compliance is non-negotiable. The board proactively oversees the review of the group's systems of control and governance. It also continually recommends enhancements to ensure that each division is managed ethically, in compliance with legislative requirements and in line with best practice governance guidelines.

Suitably qualified compliance officers are employed in the divisions to provide the following functions:

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

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

As per the requirements of the JSE Debt Listings Requirements, adherence to the governance framework and King IV principles in relation to TransCapital Investment Limited have been overseen by Transaction Capital's audit committee.

Regulatory environment

Due to the nature of its businesses, the group 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.

Compliance with the letter and spirit of all laws, regulations and codes is required. The board, supported by the risk and technology committee, is responsible for keeping abreast of changes to the legislative landscape.

Compliance framework *continuation*

Key regulatory developments

Grey-listing

It has been widely published in the media that South Africa faces potential grey-listing due to the shortcomings identified by the Financial Action Task Force in the Mutual Evaluation Report concluded during 2021. Essentially, this grey-listing would result in investors being obliged to conduct a more intensive anti-money laundering/combating terrorism financing evaluation (which increases the administrative burden and costs of doing business in South Africa). As a result of this, South Africa has taken steps to address these shortcomings through the promulgation of legislation including (i) the General Laws Amendment Bill; (ii) the Protection of Constitutional Democracy against Terrorist and Related Activities Amendment Bill; and (iii) various amendments to the Financial Intelligence Centre Act (FICA). More details regarding these amendments are set out below:

General Laws Amendment Bill

The General Laws Amendment Bill has been published for comment and seeks to amend various laws (including, inter alia, FICA, the Companies Act and the Financial Sector Regulation Act) with regards to anti-money laundering and combating of terrorism financing. The proposed amendments introduce obligations on entities (including companies, trusts and non-profit organisations) to disclose their ultimate beneficial owners to the Companies and Intellectual Property Commission which will maintain registers of this information.

The Protection of Constitutional Democracy against Terrorist and Related Activities Amendment Bill

The Bill seeks to amend the Protection of Constitutional Democracy against Terrorist and Related Activities Act 2004 by, inter alia, expanding the definition of "terrorist activity" to include cybercrime and other amendments to the Act in line with international standards.

Amendments to guidelines and bills that are noteworthy

- ▷ **FICA:** In addition to the amendments proposed regarding the disclosure of beneficial owners, the following additional amendments have been proposed in relation to FICA -
 - as previously reported, the Financial Intelligence Centre (FIC) published proposed amendments seeking to broaden the scope of FICA by amending the list of accountable institutions to, inter alia, include credit providers (but excluding those that provide credit under credit facilities), clearing system participants and persons who carry on the business of a money/value transfer provider (MVTs). The group awaits the publication of the final amendments;
 - the FIC has also published guidance notes and directives relating to -
 1. the processing of personal data, more specifically to provide a framework on the manner in which FICA regulations will be affected by the new privacy laws as a result of the Protection of Personal Information Act (POPIA) and to set out the necessary justification that enables accountable institutions to process personal information under POPIA, provided they do so within the scope of the obligations imposed by FICA;
 2. a proposal that all employees of all accountable institutions should be screened for competence and integrity requirements on a risk-based approach, as well as to scrutinise employee information against the targeted financial sanctions lists; and
 - in addition to the foregoing, regulations have been published regarding an increase in the reportable cash threshold amount from R24 999.99 to R49 999.99 and increasing the time period within which these reports have to be submitted from 2 days to 3 days. It also appears that the reporting of a series of transactions is no longer necessary, the effect of which being that cash transactions in excess of the applicable threshold over a 24 hour period will not be treated as a single transaction. This amendment was made effective from 14 November 2022.
- ▷ **Conduct Standard on Requirements relating to Third-party Cell Captive Insurance:** The Financial Sector Conduct Authority published a draft Conduct Standard on Requirements Relating to Third-party Cell Captive Insurance Business that proposes governance and oversight requirements on cell captive insurers to mitigate specific risks which include, inter alia, the following limitations, that will apply in respect of a cell owner that is a non-mandated intermediary (NMI) or is associated to a NMI -
 1. the cell owner or any associate that is a non-mandated intermediary may only render services as an intermediary in respect of the policies underwritten through the cell structure of that cell owner; and
 2. the cell owner and any non-mandated intermediary associated to the cell owner may not, individually or together, hold (i) more than one life insurance, non-life insurance or microinsurance cell structure or (ii) a microinsurance cell structure and either a life insurance or a non-life insurance cell structure.

King IV: Principle 13

Remuneration

The remuneration committee is responsible for establishing and overseeing the group's remuneration policy, which promotes the achievement of strategic objectives and encourages individual performance at all levels within the group.

Remuneration consists of base pay and short- and long-term incentives that are deemed to adequately remunerate executives while aligning executive performance with the requirements of shareholders. The remuneration policy and its implementation report are put forward for separate non-binding advisory votes at the AGM. At the AGM held on 10 March 2022, the remuneration policy and implementation report both received the requisite non-binding advisory votes to pass, at 96.41% and 96.31%, respectively. The remuneration policy was updated after extensive engagement with shareholders to stay abreast of trends in remuneration practices and continue to better align shareholders and management.

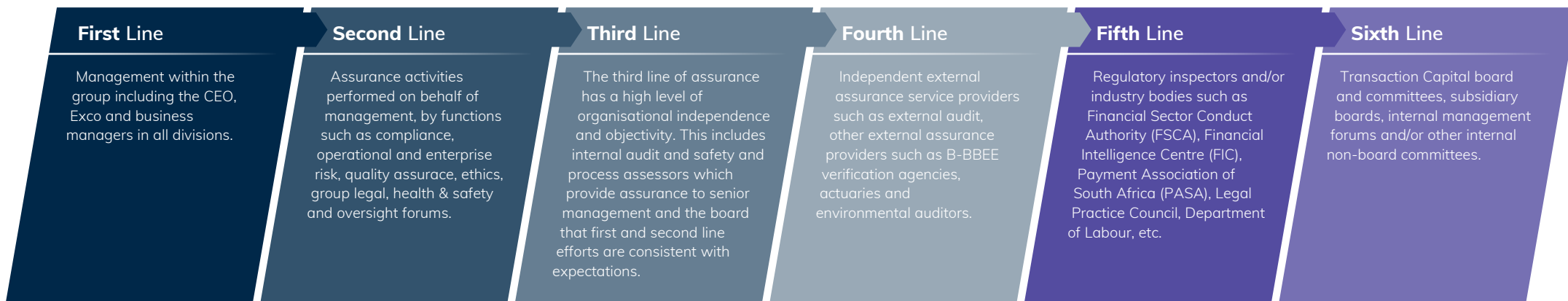
King IV: Principle 14

Remuneration consists of base pay and short- and long-term incentives that are deemed to adequately remunerate executives while aligning executive performance with the requirements of shareholders.

Combined assurance framework

The audit committee and risk and technology committee are responsible for overseeing the effectiveness of combined assurance arrangements within the group. The combined assurance plan is based on the recommendations of King IV.

The following line of assurance have been defined for the group:



The assurance activities across the various lines of assurance were identified for each group risk.

Transaction Capital Group Risks	First Line		Second Line					Third Line	Fourth Line		Fifth Line	Sixth Line
	People & processes	Management supervision & oversight	Management assurance	Compliance	Quality assurance	Health, safety & environment	Risk management	Internal audit & other	External audit	Other	Regulatory bodies/ government	Board committees (incl. subs)
① Operating environment	✓	✓	✓	✓		✓	✓	✓	✓			✓
② Cyber crime and information security	✓	✓	✓	✓			✓	✓	✓	✓		✓
③ OEM supply (SA Taxi)	✓	✓										✓
④ Affordability constraints (SA Taxi)	✓	✓	✓	✓	✓		✓	✓	✓			✓
⑤ Acquisitive strategy execution	✓	✓		✓			✓	✓	✓	✓		✓
⑥ Capital	✓	✓		✓			✓	✓		✓		✓
⑦ Liquidity	✓	✓		✓			✓	✓		✓		✓
⑧ Regulatory compliance	✓	✓		✓				✓	✓	✓	✓	✓
⑨ People	✓	✓		✓			✓	✓		✓	✓	✓
⑩ Climate	✓	✓				✓	✓	✓			✓	✓

Combined assurance framework *continuation*

Audit

The audit committee is responsible for overseeing the external and internal audit functions, as well as the combined assurance model and its objectives, which include:

- ▶ Enabling an effective internal control environment.
- ▶ Supporting the integrity of information used for internal decision-making by management, the board and its sub-committees.
- ▶ Ensuring the integrity of external reports.

Internal audit, risk management and compliance collaborate on combined assurance to support the board, and to effectively cover the group's material risks and material matters.

External audit

The audit committee is satisfied that the external auditor remains independent of the organisation. The group has a policy in place to address the provision of non-audit services by the external auditors. The audit committee considers the financial reporting procedures that are in place and whether these procedures are operating effectively.

The audit committee considered the tenure of Deloitte & Touche, which has been Transaction Capital's auditors for 14 years.

During this time, the group has rotated audit partners ahead of the five-year mandatory audit partner rotation requirement. A process to select and appoint new external auditors is underway. Transaction Capital will undergo a managed transition to new external auditors during the financial year ending 30 September 2024 with the new auditor being approved by the audit committee in March 2023.

King IV: Principle 15

Internal audit

The purpose, authority and responsibility of the internal audit function are defined in the internal audit charter, which is aligned to the requirements of the International Standards for the Professional Practice of Internal Auditing (ISPPA).

The group internal audit executive reports administratively to the CFO and functionally to the chairperson of the audit committee. Internal audit has remained independent of all operational functions.

The role of internal audit is to support the achievement of strategic objectives (and supporting the operational, financial and compliance objectives) through a systematic, disciplined approach to evaluating and recommending improvements that serve to increase the effectiveness of internal controls, risk management and governance processes. The annual internal audit plan is based on an assessment of risk areas identified by internal audit and management, and is updated as appropriate to ensure it is responsive to changes in the group and its businesses.

An independent quality review on internal audit was conducted during 2016, and the internal audit function was found to generally conform to ISPPA, which is the highest rating awarded during such a review.

The next independent quality review is set to take place in March 2023 following the adoption of a revised internal audit methodology in 2022. In accordance with Transaction Capital's combined assurance model, internal audit continues to liaise with external audit and other identified assurance providers to effectively assure against key risks.

Stakeholder relationships

The board, through the social and ethics committee, oversees the group's stakeholder engagement strategies and processes, which enable executive management to understand and effectively respond to legitimate stakeholder concerns. The divisions each have their own tailored stakeholder engagement plans in place, which are reported, considered and discussed at their respective board meetings.

The group's key stakeholder groups have been identified according to their levels of influence on the group, the group's impact on them and the level to which the group collaborates, involves or consults with them. Stakeholder concerns are also prioritised as part of the group's risk management framework.

King IV: Principle 16



King IV application

Governance outcome one: Ethical culture

King IV: Principle 1

The governing body should lead ethically and effectively.

King IV: Principle 2

The governing body should govern the ethics of Transaction Capital in a way that supports the establishment of an ethical culture.

King IV: Principle 3

The governing body should ensure that Transaction Capital is and is seen to be a responsible corporate citizen.

Governance outcome two: Performance and value operations

King IV: Principle 4

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

King IV: Principle 5

The governing body should ensure that reports issued by Transaction Capital enable stakeholders to make informed assessments of the Transaction Capital's performance and its short-, medium- and long-term prospects.

Governance outcome three: Adequate and effective control

King IV: Principle 6

The governing body should serve as the focal point and custodian of corporate governance in Transaction Capital.

King IV: Principle 7

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

King IV: Principle 8

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

King IV: Principle 9

The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

King IV: Principle 10

The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and effective exercise of authority and responsibilities.

King IV: Principle 11

The governing body should govern risk in a way that supports Transaction Capital in setting and achieving its strategic objectives.

King IV: Principle 12

The governing body should govern technology and information in a way that supports Transaction Capital setting and achieving its strategic objectives.

King IV: Principle 13

The governing body should govern compliance with applicable laws and adopted standards in a way that supports Transaction Capital being ethical and a good corporate citizen.

King IV: Principle 14

The governing body should ensure that Transaction Capital remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

King IV: Principle 15

The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of Transaction Capital's external reports.

King IV: Principle 16

In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

King IV: Principle 17

Transaction Capital is not an institutional investor and therefore principle 17 is not applicable.



Transaction
Capital