Transaction Capital

RISK REPORT

FOR THE YEAR ENDED 30 SEPTEMBER

2021

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 REPORTS

Available at **www.transactioncapital.co.za.**






FRAMEWORKS APPLIED

	This report	Integrated report	Governance report	Sustainability report	Annual financial statements	Notice of annual general meeting and summarised consolidated financial statements
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)		✓		✓		
Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)		✓		✓		

OUR MATERIAL MATTERS

1 Maintain track record of consistent growth

2 Enhance agility in dynamic markets

3 Retain, support and develop our people, and attract the right skills

4 Retain strategic flexibility through sophisticated risk and capital management

5 Ensure integrity through good governance

RISK MANAGEMENT

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

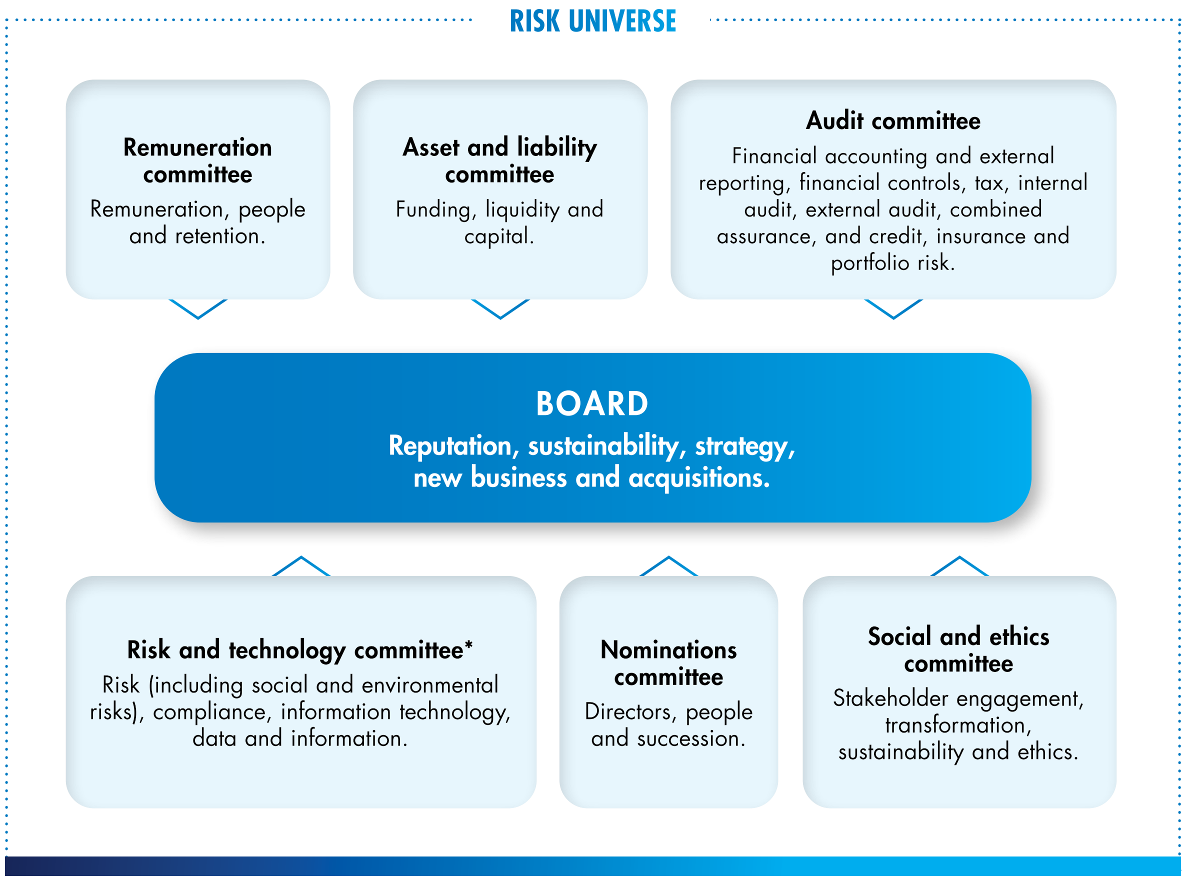
The group's risk management approach aims to prevent value destruction through deliberate planning, arranging and controlling of activities and resources to minimise the negative impact of risks to tolerable levels. It also entails maximising the potential opportunities and positive impacts of risks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

RISK FRAMEWORK AND THE GOVERNANCE OF RISK

Transaction Capital's board of directors (the board) is ultimately responsible for the governance of risk. The board delegates the responsibility for managing risk to respective board sub-committees, divisional boards and management. The board monitors risk identification and management quarterly.

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

The risk framework specifically identifies the risk categories that comprise the group's risk universe. These risk categories, and the respective committees to which oversight responsibility is mandated, are presented alongside.



* The board understands that **information and technology are an integral part of the group's strategy and its ability to deliver value and grow sustainably.** As such, the risk and technology committee was constituted as a newly formed sub-committee of the board in September 2021. Separating risk from the audit committee was a deliberate act, emphasising risk and technology governance in the context of the group's increasing focus on technology and digitalisation, and commensurate exposure to cyber and information security risk.

RISK METHODOLOGY

The risk and technology committee assesses the risk management evaluation criteria annually. Any changes to the evaluation criteria, including risk appetite, tolerance and threshold, are recommended by the risk and technology committee to the board for adoption. The board reviews and approves the evaluation criteria annually to ensure that the group effectively identifies, manages and reports on risk across all operations and geographies.

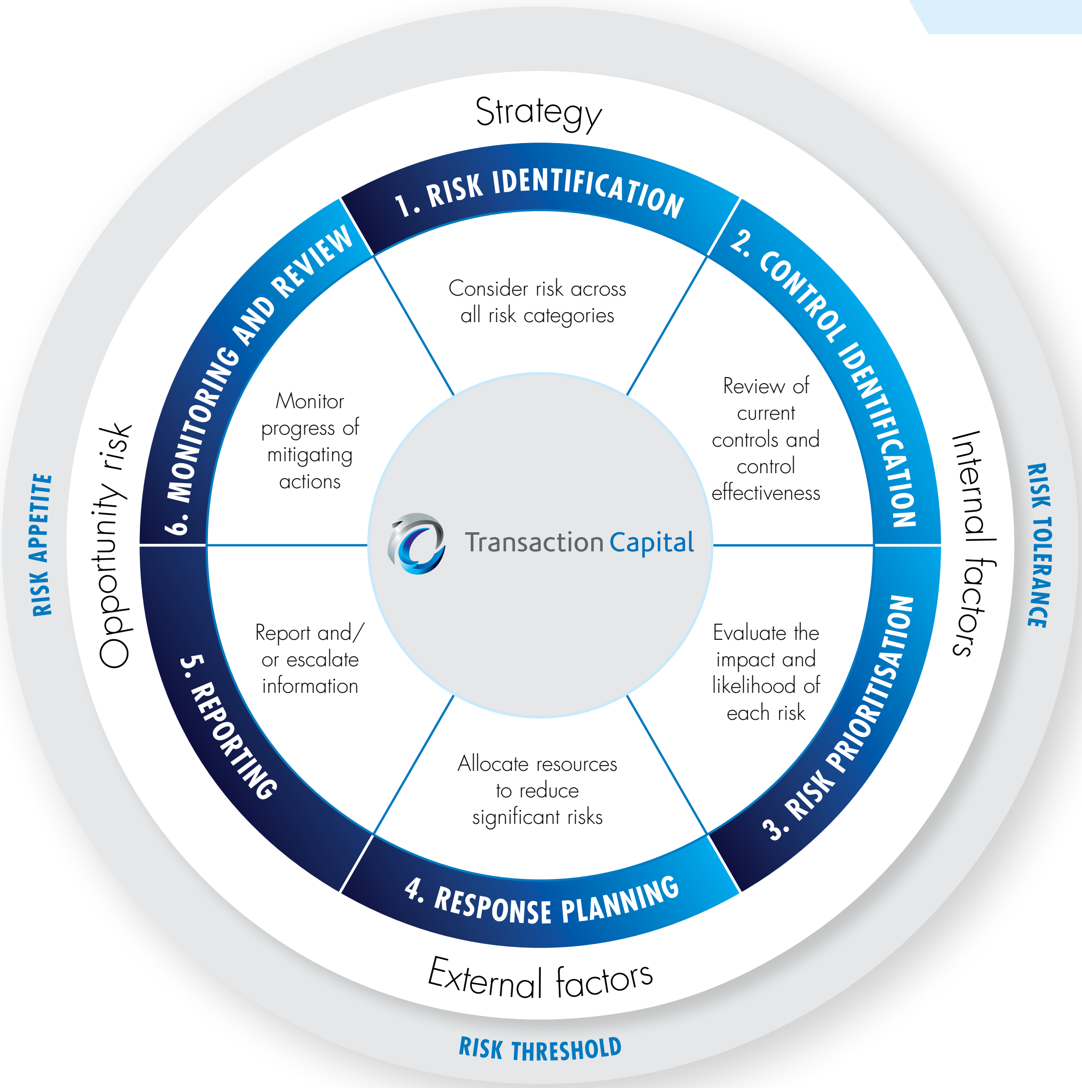
Risk reporting is embedded in each subsidiary, which is reviewed at divisional board level and culminates in risk reporting at a group level. Note that WeBuyCars has not yet been integrated into our risk systems and processes, given that the acquisition of a controlling 74.2% stake in the division was finalised in October 2021.

Each risk is evaluated in terms of its likelihood and impact, both on an inherent (unmitigated risk) and residual (after mitigating action) basis. The likelihood scale ranges from one to four, with one being unlikely (where no perceived threat exists, or it may occur in exceptional circumstances) and four being almost certain (where there is a significant threat that could occur or has occurred). Impact is measured against elements including financial, reputational, compliance, health, safety, environmental and continuity of operations. Risk tolerances on key performance and strategic metrics are determined by the group's divisions and approved and monitored by the risk and technology committee.

The group risk profile is reviewed quarterly by the risk and technology committee and may be revised after considering changes to the local, regional and global macroeconomic environment, current political and legislative developments, socioeconomic challenges, and technological advancements. Through the combined assurance model, the risk and technology committee evaluates and approves the level of assurance provided for all group risks.

Risk management functions are in place for each division, significant business function (such as the capital markets team) and for the group as a whole. These functions facilitate the bottom-up risk assessment workshops used to identify existing and emerging risks, and are responsible for maintaining detailed risk registers, including mitigating factors and managements' responses thereto. Individual risk registers are reported and discussed at divisional board meetings, with material risks and mitigations reviewed by the risk and technology committee and the board, where appropriate.

RISK MANAGEMENT FRAMEWORK



Risk methodology *continued*

Our risk appetite reflects the level of risk deemed acceptable by the board before implementing mitigating actions, while risk tolerance refers to the group's strategic capacity to accept or withstand risk.

Risk appetite has been determined by setting exposure limits at three levels based on the residual risk exposure:

LEVEL 1	Any calculated risk exposure that requires no further management mitigation. The risk exposure does not appear to present a material or significant threat to the group and remains within our risk appetite.
LEVEL 2	A threshold range where the risk exposure exceeds our risk appetite but remains within risk tolerance. It requires management to make a conscious decision about risk tolerance versus risk mitigation.
LEVEL 3	Exposures above our risk tolerance that are considered a material risk and must be supported by a comprehensive mitigation plan and timeline for implementation.

The current group risk tolerance score is set at 10 (out of a score of 20).

Material risks

1 Operating environment

2 Affordability constraints (SA Taxi)

3 Cyber and information security

4 Acquisitive strategy execution

5 Original equipment manufacturer (OEM) supply (SA Taxi)

6 Capital

7 Liquidity

8 Regulatory compliance

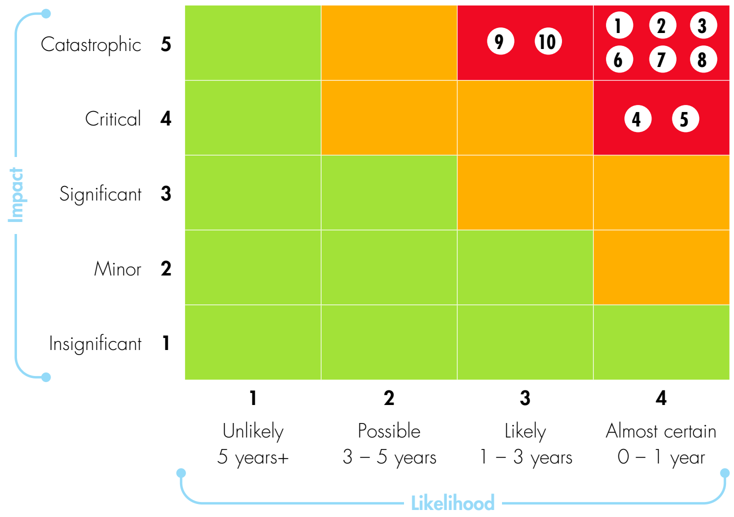
9 People

10 Climate

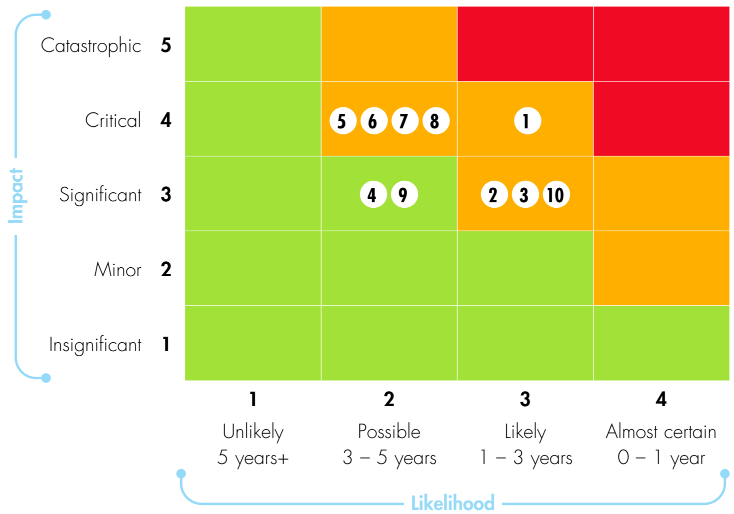
The heat maps below reflect risks that exceed the risk tolerance and are considered material to the group for the year under review:

LEVEL 1 LEVEL 2 LEVEL 3

INHERENT RISK



RESIDUAL RISK



OUR RISK MANAGEMENT RESPONSE DURING COVID-19

COVID-19 has tested the group's people and its business model, operational processes and governance systems, as well as its relationships with stakeholders, like never before. The group responded to the crisis with speed and agility, informed by our comprehensive risk framework that provided deep insight into the risk landscape and its impact on our operations. It also supported our ability to adapt to shifts in our markets and the broader socioeconomic context.

The group ensured it took advantage of the unique opportunities presented by the current operating environment. Business continuity was also ensured without compromising health and safety protocols, especially the wellbeing of all employees. The group's approach to risk management was demonstrated during the pandemic with the rapid establishment of a work-from-home capability and innovation within operations. Proactive business updates were provided to funders to ease any concerns regarding business activity, and demonstrate turnaround and recovery from the impact of COVID-19.

RISKS AND OPPORTUNITIES

The traditional view of risk is negative, with risks characterised as threats with adverse consequences. This has evolved to seeing risk as including the possibility of upside risk or opportunity, with the potential to have a beneficial effect on achieving objectives. Approaches to opportunity management may appear to be reactive because risk response planning usually incorporates common strategies to avoid, transfer, mitigate or accept threats. However, each threat is analysed to determine the underlying principle and then the positive equivalent is considered – namely eliminating the uncertainty to exploit identified opportunities, sharing opportunities with a third party best able to manage them, enhancing probability and/or impact, and ignoring residual minor opportunities.

Management of opportunities has become integral to how we manage risk, by modifying the risk response planning process. This gives equal status to opportunities and threats, and seeks to manage them proactively to achieve the attendant benefits.

MATERIAL RISKS AND OPPORTUNITIES

1 Operating environment

Although business sentiment has improved as the rollout of vaccination programmes for COVID-19 gain momentum, there remains a high degree of uncertainty regarding the pace of economic recovery in emerging markets. Factors such as low economic growth, high levels of unemployment, political instability, social unrest and uncertainty around COVID-19 are key risks to Transaction Capital's expectations for growth and returns.

With highly relevant business models and leading positions in defensive market sectors, our divisions continue to refine their competitive value propositions, diversify their revenue streams and expand their total addressable markets.

STAKEHOLDER CONCERNS

- Inability to maintain a sustainable trajectory of superior high-quality earnings growth.
- Inadequate diversification of revenue by product and sector.

LINK TO MATERIAL MATTERS

1 Maintain track record of consistent growth
2 Enhance agility in dynamic markets
3 Retain, support and develop our people, and attract the right skills
4 Retain strategic flexibility through sophisticated risk and capital management

OUR RESPONSE: MITIGATION AND ASSOCIATED OPPORTUNITIES

Our divisions continue to demonstrate resilience, relevance and responsiveness to their stakeholders, despite the ongoing effects of COVID-19.

SA TAXI

- Spending on minibus taxi transport is largely non-discretionary, making the industry defensive in tough economic conditions.
- SA Taxi's fully refurbished quality renewed taxis (QRTs) provide an affordable yet reliable alternative to buying a new vehicle.
- The division continues to explore opportunities for more affordable products to address prevailing economic constraints.

TRANSACTION CAPITAL RISK SERVICES (TCRS)

- Increased consumer indebtedness and a deterioration in their ability to service debt resulting from the economic impacts of COVID-19 contributed to larger non-performing consumer loan portfolios (NPL portfolios) available for TCRS to manage and acquire.
- Leveraging TCRS's South African rand-denominated resources and technology stack, data and analytics capabilities to drive local and global growth.

WEBUYCARS

- WeBuyCars' unique offering positions it well to benefit from increasing demand for used vehicles as consumers' disposable income remains under strain and new vehicle prices continue increasing.
- The division expanded its physical nationwide infrastructure footprint to meet demand.
- Further enhancing its business-to-business e-commerce platform included the move from physical to fully online dealership auctions and expanding its business-to-consumer e-commerce activities.
- Strategy to increase unit economics per vehicle via higher take-up rate of finance and insurance (F&I) products.

In addition, Transaction Capital continues to actively identify investment opportunities in adjacent markets and related asset classes, in which its best-in-class technology, proprietary data and analytics capabilities enable it to generate attractive returns.

OUR MATERIAL MATTERS

2 Affordability constraints (SA Taxi)

A challenging operating environment, exacerbated by the impacts of COVID-19, has placed the minibus taxi industry's profitability under strain.

See the integrated report page 83: Environment for SA Taxi operators.

SA Taxi applies leading-edge analytics to its real-time vehicle mobility datasets to manage credit and insurance risk. These datasets show the impact of the various levels of lockdown on the average activity of our minibus taxi fleet, and associated collections, benchmarked against pre COVID-19 levels.

All of our clients have been able to operate since June 2020, albeit with travel distances below pre COVID-19 averages. There have been three distinct periods during South Africa's lockdown in which the minibus taxi industry has experienced higher levels of disruption: during the initial lockdown of April and May 2020; for one week during January 2021 at the outset of the second wave of COVID-19; and for two weeks during July 2021, when the third wave of COVID-19 coincided with civil unrest in KwaZulu-Natal and Gauteng, and taxi conflict in parts of the Western Cape. Although SA Taxi's telematics systems are not able to measure passenger load, these are also likely to have declined. These disruptions had a knock-on effect on SA Taxi's clients' ability to afford finance instalments and insurance premiums.

STAKEHOLDER CONCERNS

- Reduced credit quality of SA Taxi's loans and advances book.
- Collections performance of the loans and advances book and lapsing of insurance policies (specifically in the open market) due to affordability constraints.

LINK TO MATERIAL MATTERS

1 Maintain track record of consistent growth
2 Enhance agility in dynamic markets
4 Retain strategic flexibility through sophisticated risk and capital management

OUR RESPONSE: MITIGATION AND ASSOCIATED OPPORTUNITIES

SA TAXI:

- Has a vertically integrated business model that positions it well to serve clients across the full minibus taxi value chain.
- Applies leading-edge analytics to its real-time vehicle mobility datasets to manage credit and insurance risk.
- Continues to grow its loan book and preserve credit quality in the current environment by targeting better-quality and experienced minibus taxi operators rather than first-time operators.
- Provides fully refurbished QRTs as an affordable yet reliable alternative to buying a new vehicle, which lowers instalments for clients.
- Increased refurbishment capacity at SA Taxi Auto Repairs to support higher QRT vehicle supply to our dealerships and, in turn, increase loan originations.
- Supports competitively priced insurance premiums by leveraging SA Taxi Protect's competitive advantage in reducing cost of claim through efficiencies in SA Taxi Auto Repairs and SA Taxi Auto Parts.
- Continues to assess opportunities for further vertical integration to broaden its addressable market and support future organic growth.

3 Cyber and information security

The group manages and maintains a significant volume of confidential personal information in its daily operations. Cybersecurity continues to be a priority as criminals become more sophisticated, with risks exacerbated by COVID-19 and a distributed workforce. Cybersecurity breaches and attacks pose a threat to our reputation and our ability to maintain business continuity.

The group maintains resilient and robust structures in a fast-changing security environment by making significant investments into cyber and information security, including implementing new systems and modifying protocols.

To date, cybersecurity risk has been well managed, with two breaches in the year under review.

STAKEHOLDER CONCERNS

- Protection of client and other personal information.
- Risk of business continuity and downtime.
- Impact on the reliability of reporting, which may negatively affect funders, shareholders and regulators.

LINK TO MATERIAL MATTERS

2 Enhance agility in dynamic markets

OUR RESPONSE: MITIGATION AND ASSOCIATED OPPORTUNITIES

Cyber and information security risks are mitigated through:

- Robust firewalls, employee awareness training, targeted threat protection, virus and malware scanning, and ongoing external vulnerability testing.
- Multi-layered intrusion prevention systems, including early warning intrusion detection systems, form part of our constantly hardening protection landscape.
- Ongoing information security maturity assessments by a third-party service provider, with all vulnerabilities identified remediated effectively.
- A group-wide paperless policy.
- A centralised function for external reporting to shareholders, with regular reviews to ensure the integrity and adequacy of this database.
- Encryption of sensitive data in the production and development environment.
- A cyber risk insurance policy in place across all operations.
- Compliance with the letter and spirit of all laws, regulations and codes. These include legislation relating to information processing and electronic records, being the Electronic Communications and Transactions Act, Protection of Personal Information (POPI) Act, Promotion of Access to Information Act and the Cybercrimes Act.
- A comprehensive POPI programme is in place, with governance frameworks, policies, controls and employee training successfully implemented across the group.

4 Acquisitive strategy execution

While most businesses were focused on managing risk at the expense of growth, Transaction Capital concluded the accelerated acquisition of a controlling 74.2% stake in WeBuyCars, establishing the group's third division.

STAKEHOLDER CONCERNS

- Inappropriate identification of target acquisitions and ineffective integration of businesses adversely affecting the returns and value proposition of the group.
- Failure to achieve growth and returns in new markets beyond South Africa.
- Inadequate diversification of revenue by geography.

LINK TO MATERIAL MATTERS

1 Maintain track record of consistent growth

2 Enhance agility in dynamic markets

4 Retain strategic flexibility through sophisticated risk and capital management

OUR RESPONSE: MITIGATION AND ASSOCIATED OPPORTUNITIES

- Transaction Capital continues to actively identify investment opportunities in adjacent markets and related asset classes, in which its best-in-class technology, proprietary data and analytics capabilities enable it to generate attractive returns.
- All acquisitions are assessed against Transaction Capital's stringent acquisition criteria.
- Appropriate board approval in line with the group's authority framework is required to conclude transactions.
- Collectively, the board applies its mind to the funding of acquisitions to ensure an appropriate balance of debt and equity funding that maintains appropriate risk-adjusted returns.
- Rigorous implementation processes ensure that Transaction Capital's governance and reporting requirements are adequately met, with progress monitored by the board.
- Transaction Capital executives are actively involved in the management and ongoing affairs of acquisitions after a transaction is completed.
- The board provided oversight of and advice on the integration of WeBuyCars into the group.
- TC Global Finance leverages the group's unique relationship with its founders to identify and grow value-accretive investments outside of South Africa. Co-investment alongside our founders on these international opportunities aligns the interests of Transaction Capital and the founders, and reduces investment risk.
- TC Ventures actively seeks out investments in innovative, high-growth and entrepreneurial South African businesses, with a focus on fintech disruptors.

5 OEM supply (SA Taxi)

As a result of its specialised focus, the group is exposed to supply risk in SA Taxi due to its dependence on OEMs as suppliers of specific minibus taxi vehicles and parts.

STAKEHOLDER CONCERNS

- Reliance on OEMs for the supply of specialised vehicles and parts.
- Limited monthly supply of vehicles insufficient to meet market demand.

LINK TO MATERIAL MATTERS

1 Maintain track record of consistent growth
4 Retain strategic flexibility through sophisticated risk and capital management

OUR RESPONSE:
MITIGATION AND ASSOCIATED OPPORTUNITIES

- Ongoing engagement with OEMs to secure a consistent supply of vehicles, product offerings and parts into the market, and integration of their supply and repair channels.
- Continued exploration of alternative vehicle types, including electric vehicles.
- Pursuing SA Taxi's QRT strategy as a viable alternative to a new vehicle for customers.
- SA Taxi Auto Parts ensures a consistent supply of quality parts at a lower cost through its salvage and retail operations.

6 Capital

Transaction Capital remains well capitalised, with adequate access to liquidity. Undrawn debt facilities of R870 million at holding company level provide ample liquidity to execute on opportunities. This includes opportunities resulting from market dynamics related to the impact of COVID-19, investment opportunities identified through Transaction Capital and its divisions, and our TC Ventures and TC Global Finance strategies.

STAKEHOLDER CONCERNS

- Maintaining appropriate access to funding in a challenging operating environment.
- Increased cost of funding impacting net interest margin earned.
- Inappropriate allocation of capital resulting from sub-optimal capital management.

LINK TO MATERIAL MATTERS

1 Maintain track record of consistent growth
2 Enhance agility in dynamic markets
4 Retain strategic flexibility through sophisticated risk and capital management

OUR RESPONSE:
MITIGATION AND ASSOCIATED OPPORTUNITIES

- A dedicated capital markets team manages the group's funding requirements, including a diversified fundraising strategy and a focused strategy for each funding source. The capital markets team reports to the asset and liability committee on a quarterly basis.
- The group's funding strategy seeks to diversify funding sources on the basis of:
  - Geography (local and international funders).
  - Funder type (including banks, asset managers, institutional investors, development finance institutions, impact investors and hedge funds).
  - Individual investors.
  - Structure type (including securitisation, note programmes, syndicated loan programmes and bespoke funding structures).
  - Instrument (such as rated or unrated, listed or unlisted, bilateral and syndicated loans, and bespoke debentures).
- Rigorous investment criteria are adhered to in acquisitions (see risk 4), with active treasury management of excess funds.
- Should the need arise, the group would seek to access equity capital from its well managed and supportive shareholder base. Transaction Capital maintains a strong equity rating in the equity markets, as evidenced by the successful completion of an accelerated bookbuild in July 2021, raising R1.2 billion of equity capital.
- For the group's divisions:
  - SA Taxi has adequate liquidity available in undrawn debt facilities to fund expected loan origination throughout 2022.
  - TCRS's funding requirements for the acquisition of NPL portfolios in South Africa and Australia in 2022 are already 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.

7 Liquidity

Liquidity risk has been elevated to a material risk in the wake of the COVID-19 pandemic and the already adverse macroeconomic environment. During the year in review, collections on SA Taxi's gross loans and advances portfolio were impacted by the risk-adjusted level 3 and 4 restrictions, coupled with the civil unrest in certain parts of South Africa and minibus taxi industry conflict in the Western Cape.

These conditions were successfully navigated with the support of the group executive office.

STAKEHOLDER CONCERNS

- Inability to meet payment obligations as they fall due.
- Accessing liquidity on materially disadvantageous terms.

LINK TO MATERIAL MATTERS

1 Maintain track record of consistent growth

4 Retain strategic flexibility through sophisticated risk and capital management

OUR RESPONSE:
MITIGATION AND ASSOCIATED OPPORTUNITIES

- Liquidity risk is primarily controlled through cash flow matching and maintaining appropriate funding runways at group and divisional levels.
- Maintaining a positive liquidity mismatch favourable to debt investors, where asset receipts occur in advance of debt payments, resulting in reduced liquidity risk.
- A well-diversified funding base through geography, funder type, individual investor, type of structure and type of instrument.

8 Regulatory compliance

New legislation emerges or changes continually. The volume of new or amended regulations being promulgated, which have the potential for unintended consequences of pro-consumer regulations, poses a risk to the group.

Transaction Capital seeks to institutionalise best governance practices in its divisions and supports the formalisation of our market sectors. As these sectors are in markets with historically low levels of client service and stakeholder trust, robust governance and regulatory compliance provide compelling opportunities for disruption.

STAKEHOLDER CONCERNS

- Inability to respond to regulatory uncertainty and change effectively and efficiently, resulting in reputational and financial risk.
- The impact of regulatory uncertainty and change on the profitability of the business.

LINK TO MATERIAL MATTERS

3 Retain, support and develop our people, and attract the right skills

4 Retain strategic flexibility through sophisticated risk and capital management

5 Ensure integrity through good governance

OUR RESPONSE:
MITIGATION AND ASSOCIATED OPPORTUNITIES

- The group retains central legal advisory resources, with suitably experienced compliance officers in place at each division. These teams ensure compliance and minimise regulatory risk by managing the group's exposure to the regulatory landscape, thereby preserving value.
- Ongoing engagement with regulators and appropriate representation on industry bodies is maintained to gain an early understanding of proposed legislation and to appropriately position the group for change.
- The partnership between SA Taxi and the South African National Taxi Council assists SA Taxi in engagements with regulators.
- The group's responsiveness and agility to regulatory change have resulted in it being largely unimpacted by regulatory developments, including those related to the national COVID-19 response.

9 People

Transaction Capital believes 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, structure, staffing and compensation. Moreover, without attracting, motivating and retaining the best available talent, even the best strategies, business models and structures will fail.

This is all the more relevant in the current environment, where the entrepreneurial flair of the group is augmented by the depth and quality of management teams across the organisation.

The wellbeing of our employees remains a critical priority.

STAKEHOLDER CONCERNS

- The ability to attract, retain and motivate high-calibre talent in a competitive skills market, compounded by emigration pressures, limited high-calibre resources and the high cost of talent.
- Competitive remuneration structures.
- The ability to achieve transformation targets, especially race and gender targets, at senior management levels.
- Physical and mental wellbeing of employees.

LINK TO MATERIAL MATTERS

3 Retain, support and develop our people, and attract the right skills

5 Ensure integrity through good governance

OUR RESPONSE: MITIGATION AND ASSOCIATED OPPORTUNITIES

- An employee value proposition which strives to provide talented individuals with good leadership, personal development and support, and meaningful work in an intellectually stimulating and demanding environment.
- Flexibility in work-from-home and work-from-office protocols.
- Competitive compensation policies which aim to sustain a performance-driven and entrepreneurial culture where the most talented people at all levels consider Transaction Capital and its divisions an employer of choice.
- Talent management and recruitment strategies to attract high-calibre talent.
- Ethics charter and values setting the required behaviours for all Transaction Capital's people to inform a values-led approach to our business.
- Employee engagement surveys and benchmarking to provide an ongoing assessment of key employee issues and track change over time.
- Investment in training and development to improve the skills of our people.
- Transformation targets included as a non-financial key performance indicator as part of executive remuneration.
- Our commitment to the health, safety and wellbeing of our employees is operationalised through:
  - Employee assistance programmes in place to support the physical and mental health of our employees.
  - In response to COVID-19, comprehensive safety protocols, daily health checks and hygiene and social distancing measures are in place to ensure working environments are as safe as possible, and support is being provided to employees working from home.
  - SA Taxi's COVID-19 vaccination centre is open to our employees as well as all minibus taxi industry participants.

10 Climate

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

STAKEHOLDER CONCERNS

- SA Taxi's efforts to understand and minimise the environmental impact of the minibus taxi industry.

LINK TO MATERIAL MATTERS

4 Retain strategic flexibility through sophisticated risk and capital management

5 Ensure integrity through good governance

OUR RESPONSE: MITIGATION AND ASSOCIATED OPPORTUNITIES

- A group-wide economic, social and environmental (ESE) steering committee, chaired by the group chief financial officer, drives sustainability initiatives across the group.
- Enhanced environmental disclosure as part of the group's sustainability report.
- Consistent engagement with a broad range of stakeholders to understand their concerns and expectations.
- Supporting the Paris Agreement's aim of limiting global warming to well below 2°C compared to pre-industrial levels, and pursuing efforts to limit it to 1.5°C.
- Minimising the group's direct carbon footprint by applying a precautionary approach to the natural environment and undertaking initiatives which demonstrate environmentally responsible behaviour.
- Exploring and investing in products and services that would accelerate the transition of the minibus taxi industry to a low-carbon and more circular economy.
- Our efforts are guided by:
  - The group's ESE framework, which informs our strategic and operational initiatives to ensure that the group's impacts are appropriately managed to enhance value creation for Transaction Capital and its stakeholders, while minimising value-eroding activities.
  - Group-wide environmental policy and position on climate change.
  - The recommendations of the TCFD.

See the sustainability report for details of the group's progress in adopting the recommendations of the TCFD.