



GROUP TAX STRATEGY

ENQUIRIES:
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1. Introduction

This Group Tax Strategy provides guidance on the principles to be applied in managing the tax affairs of Transaction Capital Limited and any entity, the financial results of which are, or are required to be, partially or wholly consolidated in Transaction Capital Limited's annual financial statements, from time to time, in accordance with Transaction Capital Limited's accounting policies ("Transaction Capital Group" or "Group").

This Group Tax Strategy applies across all taxes irrespective of the nature of the tax, the jurisdiction in which it is chargeable or the party liable to pay or collect it.

2. The Approach of Transaction Capital Group to Tax Governance

The overall governance and responsibility for the Transaction Capital Group's tax affairs rests with the Board of Directors, as delegated to the Audit Committee.

3. The Attitude of Transaction Capital Group Towards Tax Compliance

The Group will fully comply with applicable tax laws and pay the required tax timeously in South Africa and in all the countries in which the Transaction Capital Group operates. Compliance with the provisions of Tax Acts in these territories is non-negotiable.

4. Use of Technology and Automation

The Transaction Capital Group should endeavor to implement appropriate tax technology solutions to support an efficient tax reporting and compliance function and facilitate real time reporting on tax information for effective tax compliance, as well as enhance analysis and reporting of key tax data.

5. The Attitude of Transaction Capital Group Towards Tax Planning

Tax is a cost that has a direct impact on the cash available for use in other areas of the Group's business. Moreover, the effective tax rate, which is determined with reference to income taxes (both current and deferred tax in accordance with IAS 12), is a key component used to determine earnings per share, and is a key financial indicator in evaluating the Group's performance and attractiveness as an investment opportunity. Therefore the Group must plan and structure its affairs tax efficiently in a manner appropriate for bona fide business purposes, but as a responsible citizen in the territories in which it operates and complying with advice from reputable external tax advisors and counsel.

6. The Attitude of Transaction Capital Group Towards Tax Reputation

The Group Chief Financial Officer ("Group CFO") must manage the Group's tax position responsibly relative to its standing as a good corporate citizen.

7. The Approach of Transaction Capital Group Towards Tax Authorities

The Group is committed to the principles of openness and transparency in its approach of dealing with the South African Revenue Service ("SARS") and other relevant tax authorities of jurisdictions in which the the Group operates. All dealings with tax authorities must be conducted in a collaborative, courteous, professional and timely manner. The aim must be to strive for early agreement on significant uncertain tax positions (as contemplated in IFRIC 23) and early resolution of disputed tax matters where it makes commercial sense and achieves certainty wherever possible.

8. The Approach of Transaction Capital Group to Tax Risk Management

The Group CFO must ensure that the Group's tax risk management processes are present and operational, in line with the following key criteria:

- (a) in a manner that provides reasonable assurance that the Group's tax risks will be managed effectively;
- (b) that its tax compliance objectives will be achieved efficiently and economically;
- (c) to minimise the negative impact of tax risks to tolerable levels; and
- (d) to maximise the potential opportunities and positive impact of all tax risks in the pursuit of achieving the Group's strategic objectives.

9. Tax Risk Appetite and Tolerance

The Group adopts an overarching risk philosophy in relation to tax matters which aims to mitigate any adverse and/or unexpected financial consequences and to protect its reputation.

10. Commitment to Tax Transparency

The Group continues with enhanced disclosure on tax transparency as part of its sustainability and Economic, Social and Environmental ("ESE") framework in a way that provides evidence of the Group's commitment to being a responsible corporate citizen and its understanding of the importance of tax transparency as an appropriate metric in this regard.

The Group is committed to the following principles:

- ▶ The Group only operates through corporate structures appropriate to its business and that are fully legally and tax compliant.
- ▶ The Group seeks to report income in those group entities where value is created within the normal course of business.
- ▶ The Group is committed to complying with exchange of information and appropriate voluntary country by country reporting as appropriate based on the jurisdictions in which it operates.
- ▶ Where applicable, inter-group transactions are based on the arm's length principle and are supported by appropriate benchmarking or transfer pricing policies and disclosures.

11. Approval

This Group Tax Strategy was approved by the Board of Transaction Capital Limited on 10 March 2022.



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