



Transaction  
Capital

**ENVIRONMENTAL POLICY**

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# DOCUMENT CONTROL

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## Approvals

Role	Name	Signature	Signature Date
Transactional Capital Chief Executive Officer	David Hurwitz		2 May 2023
Chairman of the Social and Ethics Committee	Suresh Kana		2 May 2023
Chairman of the board	Ian Kirk		2 May 2023

## ENVIRONMENTAL POLICY AND CLIMATE CHANGE STATEMENT

### 1. Introduction:

In delivering our mission to provide shared value to all of our stakeholders, we at Transaction Capital Limited (“**Transaction Capital**”), recognise the rapidly changing global context and risks posed by environmental impacts, 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 drive both physical and transitional risks, while also offering new opportunities for the group to consider. We also recognise the imperative for sustainable development in order to build a prosperous and resilient society.

We at Transaction Capital believe that identifying and disclosing the risks associated with climate change will assist us in mitigating against them, while capitalising on opportunities available, allowing us to build a resilient and diversified company.

### 2. Scope:

At Transaction Capital, we are catalysts of unconventional potential. We invest in and operate a diversified portfolio of high-potential businesses in markets with historically low levels of stakeholder and client confidence. This gives us untapped opportunities for disruption, innovation and high returns. Through WeBuyCars, SA Taxi and Gomo, we enable mobility access to private and public commuters through the provision of a disruptive range of mobility services including vehicle trade, finance, insurance and other allied products. Through Nutun (previously Transaction Capital Risk Services), we provide a broad range of digitally enabled business services to clients across various sectors, locally and internationally.

This policy applies to Transaction Capital, the entities that we own, the entities in which we hold a majority interest, the entities that we control, and any business that we manage.

We understand that the challenges posed by climate change will affect Transaction Capital’s business, including its subsidiaries, in various ways. The direct operations of the Transaction Capital group have a low overall impact on the natural environment, we continue to undertake initiatives to reduce our environmental impact in keeping with our duty of care towards the environment. These initiatives are reported to the Transaction Capital Social and Ethics Committee on a bi-annual basis.

We ensure that we keep environmental aspects top of mind, while balancing this with the strong social and economic impacts that the business has. To this end, we recognise that our investment decisions and capital allocation have both social and environmental impacts. We are committed to supporting sustainable and inclusive economic growth within the markets in which we operate.

With WeBuyCars operating in the second-hand car business, its downstream emissions are carbon intensive. As a second-hand car dealership, WeBuyCars is a taker of the trends in the vehicle market and is not able to lead the transition to lower carbon vehicle options. As such, the business will evolve into selling greener (hybrid or electric) vehicle options as the South African market evolves and adopts these technologies. Despite this, WeBuyCars is a contributor to the circular economy of the vehicle industry,

through extending the life of consumer vehicles, avoiding emissions from new vehicle production, and providing an affordable alternative to new vehicles for customers.

SA Taxi is a vertically integrated business platform utilising specialist capabilities, enriched proprietary data and technology to provide developmental finance, insurance and other services to empower small- and medium-sized enterprises and create shared value opportunities, thus supporting the sustainability of the minibus taxi industry. Ultimately SA Taxi's offering enables mobility access for millions of minibus taxi commuters and promotes financial inclusion.

SA Taxi maximises value retention through this vertically integrated business platform. It contributes to reducing the carbon footprint of the minibus taxi industry through modernising the minibus taxi fleet and contributing to a circular economy through its salvage and repair operations, while its fully refurbished quality renewed taxis (QRTs) keep vehicles in use for longer. This also provides a reliable and affordable alternative to buying new vehicles for minibus taxi operators and passes on cost savings to the customers through the auto parts refurbishment business. Together, given SA Taxi's unique market position, these activities play a crucial role in reducing the GHG emissions from South Africa's minibus taxi industry, supporting decarbonisation in the transport sector.

Nutun creates economic sustainability in the communities we serve through digitally enabled business services which introduce simplicity, ensure stability and enhance effectiveness. While climate change is often viewed as an environmental challenge, it will have major economic and social impacts, which will include physical risks, transitional risks and liability and disclosure risks. We recognise that the financial sector will also need to play its role in the transition and opportunities for sustainable finance in the financial sector exist. Although Nutun has a low overall impact on the natural environment, it continues to undertake initiatives to reduce its environmental footprint. It's work-from-home capabilities, established over the past 2 years, have enabled the successful implementation of a sustainable hybrid working model, which has built in various efficiencies, reducing the business' environmental carbon footprint.

### **3. Regulatory context of our commitments:**

South Africa's robust environmental regulatory framework provides for a constitutional imperative to achieve secure ecologically sustainable development while promoting justifiable economic and social development. Climate change threatens sustainable development as it jeopardises resources that humans depend on for life itself. South Africa has committed to the core principles of the United Nations Framework Convention on Climate Change and the Paris Agreement on Climate Change to an emissions peak in 2020 to 2025, a plateau for a ten-year period from 2025 to 2035 and a decline from 2036 onwards. However, policies and regulatory measures are already being proposed and implemented to begin the transition to a lower-carbon economy.

Particularly relevant for Transaction Capital's business are: (i) the phased introduction of a Carbon Tax; (ii) the Climate Change Bill (2022); (iii) the Green Transport Strategy for South Africa: (2018-2050); and (iv) the technical paper 2021 on *Financing a Sustainable Economy*. Although these policies and regulatory

measures do not contain binding legal obligations for Transaction Capital as yet, in line with international trends, we recognise the growing importance of identifying and disclosing climate-related risks and opportunities, and the need to identify and implement mitigation and adaptation measures. To meet stakeholder demands and move towards more standardised and frequent sustainability reporting we have early adopted the draft IFRS ISSB Sustainability Standards as well as ensuring alignment with the JSE's Sustainability and Climate Disclosure Guidance, to the extent possible. These standards emphasise disclosure of governance, strategy, risk management and metrics and targets, and the growing importance of understanding environmental, social and governance (“ESG”) considerations.

#### 4. Our commitments:

Transaction Capital is committed to supporting sustainable and inclusive economic growth within the markets in which we operate. To ensure that we continue to deliver shared value to our stakeholders and remain financially resilient in the face of climate change, we are committed to:

- Complying with applicable environmental legislation.
- Applying a precautionary approach to the natural environment based on Transaction Capital's direct operations having an overall low environmental impact. This includes using natural resources and energy more efficiently and undertaking initiatives which will demonstrate environmentally responsible behaviour.
- Reduce GHG emissions from energy usage.
- Dispose of harmful products in a responsible manner by working with accredited third parties.
- Implementation of a paper and plastic recycling process at all facilities, including relying on circular economy principles where possible.
- We recognise the human right to water and sanitation and commit to responsible water management.
- Monitor and continually improve environmental performance of the group.
- Monitoring and reporting on Environmental, Social and Economic (“ESE”) Impact for WeBuyCars, SA Taxi and Nutun on a regular basis through our annual Sustainability Report as a minimum.
- Investigating the feasibility of alternatively fuelled vehicles for SA Taxi.
- Investing in technologies to modernise minibus taxi vehicles.
- Encouraging tyre related programmes involving the use of tyres with safety related benefits.
- Contributing to a circular economy through parts recycling and the sale of reliable and affordable pre-owned minibus taxi vehicles.
- Disclosing meaningful environmental and climate related impacts on the business and mitigation measures.
- Disclosing and reporting on ESG factors in the business.
- Contributing to the achievement of the United Nation's Sustainable Development Goals. Embracing, supporting and enacting the UN Global Compact's ten principles, including the following environmental related principles of (i) supporting a precautionary approach to environmental challenges (principle 7) (ii) undertaking initiatives to promote greater environmental responsibility

(principle 8) and (iii) encouraging the development and diffusion of environmentally friendly technologies (principle 9).

## **5. Governance:**

In accordance with the King IV Report on Corporate Governance for South Africa, 2016, the Transaction Capital board (“**the Board**”) is ultimately responsible for sustainability and sustainable development. The Board monitors and manages how the group’s operations and activities affect its sustainability through the various board committees. The Board has mandated the social and ethics committee to oversee and monitor the group’s activities in terms of ESG impact, including climate change. The audit committee and risk and technology committee are responsible for preventing, detecting, and responding to fraud and corruption, tax policy and transparency, as well as climate-related risks and opportunities, amongst an array of other areas broader than sustainability.

## **6. Strategy:**

Through the following strategy Transaction Capital aims to ensure that it operates in a sustainable manner that provides due regard to climate change and environmental related risks:

- Determining how climate-related and environmental risks transmit to the economy and financial sector in South Africa and to identify how these risks are likely to be material for Transaction Capital going-forward.
- Continuing with the work of the Social and Ethics and the Audit, Risk and Technology committees to assess climate-related and environmental risks.
- Identify the exposures of Transaction Capital entities that are vulnerable to climate-related and environmental risks and assess the potential losses should these risks materialise.
- Ensuring that adequate mitigation measures in respect of climate-related and environmental risks are adopted where appropriate.

This Environmental and Climate Change Policy must be read together with Transaction Capital’s other policies, including: Compliance risk management policy; Anti-bribery and corruption policy; Human rights policy; Diversity policy; Human capital policies; Transformation policy and Broad-Based Black Economic Empowerment policy; The ethics charter; and The terms of reference of the Audit, Risk and Technology Committee.

## **7. Performance Self-Assessments:**

As part of a robust management system, each of our operations must establish a process to monitor the level of compliance to conformance to Transaction Capital’s environmental policies, standards, procedures and performance criteria on an annual basis. These self-assessment activities must be capable of driving effective corrective and preventative action and ensure improvement of environmental performance over time.

**8. Record Keeping:**

Governmental laws and regulations may require specific documents and records to be maintained in the future, albeit that there may not be specific current or existing record keeping requirements. Additional record keeping requirements may be specified in operating permits or by other Transaction Capital policies. All our operations must fully assess their record keeping responsibilities and implement a program that ensures a level of compliance that is accurate, truthful and complete.

**9. Reporting:**

Transaction Capital's operations should strive to understand all internal reporting obligations and ensure that a process is in place to report all compliance information timely, accurately and responsibly to corporate staff and regulatory authorities. In addition, our operations must provide accurate and timely environmental metrics and data through sound internal reporting practices, including carbon footprint data and ESE framework data. This critical data is the basis for internal and external reporting.

**10. Disclosure:**

Transaction Capital is reporting on ESG factors in its annual Integrated Report and Sustainability Report, which includes metrics to assess and manage relevant climate-related risks and opportunities. This Environmental Policy and Climate Change Statement is disclosed and made available to the public via Transaction Capital's website at <https://www.transactioncapital.co.za/sustainability/>.