

Application of principles in King III

Transcend is committed to the principles of transparency, integrity, fairness and accountability as also advocated in the King Code. It therefore strives to meet those objectives in accordance with the principles of the King code. As required by the Listings Requirements the table below sets out the extent of Transcend's compliance with Chapter 2 of the King Code.

Principle	Principle description	How the principle was applied
Principle 2.2	The Board appreciates that the strategy, risk, performance and sustainability are inseparable.	The directors of the company subscribe to the principle that they have accountability to shareholders and an obligation to all stakeholders (including shareholders), to ensure that the company's resources are utilised to ensure its continuing viability. The Board appreciates that strategy, risk, performance and sustainability are inseparable.
Principle 2.3	The Board provides for effective leadership based on ethical foundation.	Transcend's Board considers ethical leadership and sound corporate governance practices to be a critical element in delivering sustainable growth for stakeholders. In conducting the affairs of the company, the Board endorses the principles of fairness, responsibility, transparency and accountability advocated by King III.
Principle 2.4	The Board ensures that the company is seen as a responsible corporate citizen.	A formally appointed Social and Ethics Committee of the Board has been constituted to assist the Board with social and ethics related matters.
Principle 2.5	The Boards Ensures that the company's ethics are managed effectively.	The Social and Ethics Committee will monitor the company's ethics and endeavour to ensure that such ethics pervade the culture of the company.
Principle 2.6	The Board ensures that the company has an effective and independent Audit Committee.	Transcend's Audit and Risk Committee is integral to the company's risk management process. The Committee consists of three independent non-executive directors, one of which acts as the Chairman of the Board. The CEO and CFO as well as representatives of the external auditors attend the meeting by invitation. All the members have the necessary skills and experience required. The Committee has unrestricted access to independent expert advice should the need arise.
Principle 2.7	The Board is responsible for the governance of risk.	The Board oversees the management of risk and has delegated the process to the Audit and Risk Committee. The Committee monitors the adequacy and effectiveness of the company's internal and risk management process generally.
Principle 2.9	The Board ensures that the company complies with applicable laws and	Nothing has come to the attention of the Board that the group has not complied with applicable laws. The group strives to maintain abreast of all applicable laws via regular communication with its

	considers adherence to non-binding rules, codes and standards.	advisors. The Board is preparing a legal compliance policy.
Principle 2.10	The Board ensures that there is an effective risk-based internal audit	Due to the size of the company, the Board does not consider it cost effective to maintain a full time internal audit function. The company's situation and needs in terms of an annual assessment will be reassessed on a yearly basis. The Board has mandated the audit and risk Committee to initiate internal audit investigations as and when deemed necessary.
Principle 2.11	The Board appreciates that stakeholders' perceptions affect the company's reputation.	The Board of directors believes that stakeholders perceptions are of critical importance and to this end the Board regularly communicates with a cross section of stakeholders in order to gauge perception.
Principle 2.12	The Board ensures the integrity of the company's integrated report.	The Audit and Risk Committee will be tasked with reviewing the integrated report and reporting back to the Board. Additionally, the Board as a whole will be provided an opportunity to provide feedback on the integrated report. Transcend works closely with its advisors prior to the release of its integrated report.
Principle 2.13	The Board reports on the effectiveness of the company's internal controls.	Transcend's Audit and Risk Committee will report to shareholders on the appropriateness of its system of internal controls in its integrated report. The Audit and Risk Committee receive reports on the internal controls of the company well in advance of meetings of the Audit and Risk Committee.
Principle 2.14	The Board and its directors act in the best interests of the company.	The Board of directors individually and collectively understand their fiduciary responsibility to act in the best interests of the company and disclosures of interest and director's dealings are reported on in accordance with a policy adopted by the Board in this regard.
Principle 2.15	The Board will/has consider/ed business rescue proceedings or other turnaround mechanisms as soon as the company has been/may be financially distressed as defined in the Company's Act, 71 of 2008	The Board has noted this responsibility and will deal with it in accordance with the provisions of the Companies Act 2008, as amended ("Companies Act"), King III and advice received from advisors should the need arise.
Principle 2.16	The Board has elected a Chairman of the Board who is an independent non	The Chairman of the Board is an independent non-executive director and his role is separate from that of the CEO.

	<p>executive director. The CEO of the company does not also fulfil the role of chairman of the Board.</p>	
Principle 2.17	<p>The Board has appointed the chief executive officer and has established a framework for the delegation of authority.</p>	<p>The Board has appointed a CEO and has established a framework for the delegation of authority.</p>
Principle 2.18	<p>The Board comprises a balance of power, with a majority of non-executive directors. The majority of non-executive directors are independent.</p>	<p>The approvals framework ensures that there is a clear balance of power between the various Board members. The Board comprises three executive and five non-executive directors, three of whom are independent.</p>
Principle 2.19	<p>Directors are appointed through a formal process.</p>	<p>Deliberations and appointments of the Board are formal and transparent. The Board has not as yet appointed a Nominations Committee and the need in this regard will be assessed by the Board on an ongoing basis. The role of Nomination Committee is undertaken by the Board as a whole.</p>
Principle 2.20	<p>The induction of and ongoing training, as well as the development of directors are conducted through a formal process.</p>	<p>Training is arranged for the Board as required.</p>
Principle 2.21	<p>The Board is assisted by a competent, suitably qualified and experienced company secretary.</p>	<p>The Board is assisted by a suitably qualified company secretary, who has adequate experience, who is not a director of the company and who has been empowered to fulfil his duties. The Board reviews the company secretary at least annually and the Board is satisfied that the company secretary maintains an arms-length relationship with the Board and is sufficiently qualified and experienced to execute the required duties.</p>
Principle 2.22	<p>The evaluation of the Board, its Committees and individual directors is performed every year.</p>	<p>The evaluation of the Board, its Committees and individual directors is performed annually.</p>
Principle 2.23	<p>The Board delegates certain functions to well-structured</p>	<p>The Board has delegated certain specific responsibilities to the Remuneration Committee, the Audit and Risk Committee, the Investment</p>

	Committees without abdicating from its own responsibilities.	Committee and the Social and Ethics Committee without abdicating its own responsibilities.
Principle 2.24	A governance framework has been agreed upon between the group and its subsidiary Boards.	The company operates as a single corporate group and does not have any subsidiaries. The company is required to entrench the company's governance framework within its day-to-day activities.
Principle 2.25	The company remunerates its directors and executives fairly.	The Remuneration Committee approves the remuneration policy annually and ensures that the group remunerates its directors and executives fairly.
Principle 2.26	The company has disclosed the remuneration of each individual director and prescribed officer.	The directors' remuneration will be disclosed for each individual director in its integrated report.
Principle 2.27	The shareholders should approve the company's remuneration policy.	Refer to note 16 of this report where the remuneration policy has been disclosed. Transcend will engage with investors to the extent that they voice any concerns in this regard. The remuneration policy will be put to shareholders for endorsement at the upcoming annual general meeting.