



TRANS HEX GROUP LIMITED

REGISTER OF APPLICATION OF THE KING IV PRINCIPLES

Trans Hex Group Limited (Transhex or the Company”) is a listed company on the Johannesburg Stock Exchange operated by the JSE Limited (“JSE”). The following table has been developed to provide a summary assessment of the application of the specific applicable recommendations of King IV, which shows that Transhex applied all the principles of King IV during the financial year ended 31 March 2019.

Application of the King IV principles	
Leadership, ethics and corporate citizenship	
Leadership	
Principle 1	The board should lead ethically and effectively
	<p>The board of directors exercises effective leadership, adhering to the duties of a director. The board as a whole has the necessary competence and the directors act ethically in discharging their responsibility to provide strategic direction and control of the Company as provided for in the Board charter.</p> <p>The Board charter outlines the policies and practices of the Board on various matters such as conflicts of interest and independence. The directors adhere to Transhex’s declarations of interest policy, which is based on the Companies Act and the JSE Listings Requirements. The Board takes note of the declarations of interest tabled and recuses members from all decisions that could be or is perceived as a conflict.</p> <p>The Board is committed to driving the strategy and operations of Transhex, based on an ethical foundation, to support a sustainable business, acting in the best interest of Transhex, whilst considering the economy, society as a whole, environment and its stakeholders. This consists of considering risks in the business and the monitoring of how management has implemented Transhex’s strategy thereby ensuring accountability for the Company’s performance.</p> <p>The board exercises control through a framework of detailed reporting to the Board and its committees, Board reserved decision making authority and assurance on internal controls.</p>

Application of the King IV principles	
Organizational ethics	
Principle 2	The board should govern the ethics of the company in a way that supports the establishment of an ethical culture
	<p>The board determines and sets the tone of Transhex's values, including principles of ethical business practice, human rights considerations and the requirements of being a responsible corporate citizen and through the Social and Ethics Committee approves the Company's code of ethics.</p> <p>Management has been delegated the responsibility for implementation and execution of the code of ethics and the board through the Social and Ethics Committee exercises ongoing oversight of the management of ethics and ensuring it is integrated in the operations of the Company.</p> <p>The ethics code guides interaction with all stakeholders of the Company and addresses the key ethical risks of the Company.</p>
Responsible corporate citizenship	
Principle 3	The board should ensure that the company is and is seen to be a responsible corporate citizen
	<p>In accordance with its role of overseeing Transhex's conduct as a good corporate citizen, the board approves the strategy of the business including matters relating to sustainability. Through stakeholder engagement the board is committed to understanding and responsive to the expectations of all stakeholders.</p> <p>Transhex is a values driven organization and the board is committed to ensuring that the Company fulfils its legal and moral obligations as a good corporate citizen.</p>
Strategy, performance and reporting	
Strategy and performance	
Principle 4	The board should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process
	<p>In alignment with the purpose of Transhex, the board approves the Company's strategy, value drivers and legitimate expectations of its stakeholders ensuring the business remains sustainable after considering all risk factors.</p> <p>The board oversees and monitors the implementation and execution by management of the policies that drive strategy and ensures that the Company accounts for its performance through transparent reporting and disclosures.</p>

Application of the King IV principles	
Reporting	
Principle 5	The board should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects
	<p>The integrated annual report provides a consolidated view of Transhex's financial, social and environmental performance, prospects and strategy in the context of our operating environment to enable stakeholders to make an informed assessment of the group's value creation in the short, medium and long-term.</p> <p>The board, through its Audit Committee, ensures that the necessary controls are in place to verify and safeguard the integrity of reports and other disclosures. Transhex complies with all required disclosures.</p> <p>The Audit Committee oversees the reporting process and reviews the audited financial statements.</p>
Governing structures and delegation	
Primary role and responsibilities of the board	
Principle 6	The board should serve as the focal point and custodian of corporate governance in the company
	<p>The board of Transhex is committed to the highest standards of corporate governance. Its role and responsibilities and the way it executes its duties and decision-making are set out in the board charter and terms of reference of its committees.</p> <p>Through the delegations of authority, the board has set the direction and parameters for the powers which are to be reserved for itself, and those that are to be delegated to management via the Chief Executive Officer.</p>
Composition of the board	
Principle 7	The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively
	<p>The board aims to ensure that its composition comprises a majority of independent non-executive directors. When considering appointments or re-election of directors the board gives consideration to the knowledge, skills and resources required for conducting the business as well as considering its size, diversity and demographics to ensure effectiveness.</p> <p>The board has set gender and race diversity targets that it will seek to achieve as vacancies occur on the board.</p>

Application of the King IV principles	
	The board is satisfied that there is a balance of skills, experience, independence, diversity and knowledge required to discharge its role and responsibilities.
Committees of the board	
Principle 8	The board should ensure that its arrangements for delegation within its own structure promote independent judgement and assist with balance of power and the effective discharge of its duties
	<p>Committees have been established to assist the board in discharging its responsibilities. The committees of the board comprise of an Audit and Risk Committee and a Human Resources and Social and Ethics Committee.</p> <p>The committees are appropriately constituted and members are appointed by the board. External advisors, executive directors and members of management attend committee meetings by invitation. Formal terms of reference are adopted by each committee, which are reviewed annually.</p>
Evaluation of the performance of the board	
Principle 9	The board should ensure that the evaluation of its own performance and that of its committees, its chairperson and its individual members, support continued improvement in its performance and effectiveness
	<p>The Chairperson of the board assisted by the company secretary leads the evaluation process. The objective of the evaluation process is to improve the board's performance and effectiveness.</p> <p>The outcomes from this assessment are put to the attention of the board.</p> <p>The board chairperson also engages with individual directors to address any area of improvement highlighted in the assessment feedback.</p>
Appointment and delegation to management	
Principle 10	The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities
	The role and function of the CEO are specified in the board charter and the performance of the CEO is evaluated by the board against these criteria. It is the responsibility of the board to ensure that succession plans are in place for the position of the CEO.

Application of the King IV principles	
	The board approves and regularly reviews the framework and top level delegation of authority in terms of which matters are delegated to the CEO and executive management.
Governance functional areas	
Risk governance	
Principle 11	The board should govern risk in a way that supports the company in setting and achieving its strategic objectives
	<p>The board has direct responsibility for the governance of risk and approves Transhex's risk policy that gives effect to its set direction on risk. The board is responsible for the approval of the risk profile and financial risk appetite and tolerance levels, ensuring that risks are managed within these levels.</p> <p>Management continuously identify, assess, mitigate and manage risks within the existing operating environment. Mitigating controls are put in place to address these risks.</p> <p>To support the board in ensuring risk management oversight, the Audit and Risk Committee is responsible for ensuring effective monitoring of the relevant top risks.</p>
Technology and information governance	
Principle 12	The board should govern technology and information in a way that supports the company setting and achieving its strategic objectives
	<p>The board is ultimately accountable for the governance of information technology management and has delegated this responsibility to the Audit and Risk Committee.</p> <p>Assurance is sought to ensure that the information management controls in place are effective and that any risk identified are addressed.</p> <p>The information management strategy is aligned to Transhex's business needs and sustainability objectives. Measures to ensure that compliance to all relevant laws, information security and the protection of personal information are in place.</p>
Compliance governance	
Principle 13	The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen
	Transhex's policy requires that all associated companies and their directors and employees comply with all applicable laws.

Application of the King IV principles	
	<p>Legal compliance systems and processes are continuously being put in place, to mitigate the risk of non-compliance with the laws in various jurisdictions in which Transhex does business.</p> <p>A library of policies provides the necessary guidance to employees on the acceptable levels of conduct. The policy library is updated on a continuous basis with policies being amended to reflect the changes in the external environment.</p> <p>The board has delegated the responsibility for implementing compliance to management.</p> <p>The Transhex Legal function review the adequacy of controls to ensure full compliance coverage of legal and regulatory responsibilities.</p>
Remuneration governance	
Principle 14	<p>The board should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term</p> <p>Transhex has a rewards strategy and policy in place which translates into competitive and appropriate rewards outcomes. The policy aims to enable the attraction and retention of skilled resources and results in rewards aligned with shareholder interests.</p> <p>The company discloses the remuneration of each director and prescribed officer in the integrated annual report.</p> <p>The remuneration report, including the implementation report and the remuneration policy are set out in the integrated annual report.</p>
Assurance	
Principle 15	<p>The board 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 the company's external reports</p> <p>The Audit and Risk Committee is responsible for the quality and integrity of Transhex's reporting. As Transhex grows and the complexity of the business increases, the Audit and Risk Committee will ensure that appropriate systems are put in place to ensure the integrity of information.</p>

Application of the King IV principles

Stakeholder relationships

Stakeholders

Principle 16	In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balance the needs, interests and expectations of stakeholders in the best interests of the company over time
	Transhex strives to ensure a systematic and integrated approach to stakeholder engagement ensuring that all stakeholder issues are identified, prioritised and appropriately addressed.