



KING IV  
APPLICATION  
2021

# KING IV APPLICATION

HomeChoice International plc's ("HomeChoice", the "company" or the "group") application of the corporate governance principles as set forth in the King IV Report on Corporate Governance™ for South Africa 2016 (King IV™) is shown below.

The explanation should be read in conjunction with the group's 2021 Integrated Annual Report (the "IAR") and the 2021 Annual Financial Statements (the "AFS") report on the group's website at [www.homechoiceinternational.com](http://www.homechoiceinternational.com).

The governance practices detailed below have been implemented throughout the company and progress has been made towards achieving the group's aspirations in relation to good corporate governance.

TOPIC	PRINCIPLE	APPLICATION AND KEY FOCUS AREAS DURING THE YEAR
Leadership	1. The governing body should lead ethically and effectively.	<ul style="list-style-type: none"> <li>The board of directors of HomeChoice (the "board") is committed to the corporate governance principles as set forth in King IV™. The board continues to lead the company with integrity and competence, and in a manner that is responsible, accountable, fair and transparent, to ensure leadership that results in the achievement of the company's strategy while embodying its values.</li> <li>The board has established four committees, namely the social and ethics; audit and risk; asset, liability and capital; and remuneration and nominations committees to assist it in achieving compliance with the letter and spirit of the law, King IV™ and JSE Limited Listings Requirements (the "JSE Listings Requirements"). The board assumes ultimate responsibility for the company's ethical performance but also holds management accountable for implementing the group's ethical policies.</li> <li>The roles and responsibilities of the board are outlined in the board charter which incorporates King IV™ recommendations and is reviewed on an annual basis.</li> <li>In line with the principle of ethical leadership, the group has adopted a code of ethics policy that applies to all directors and staff to ensure the group's commitment to responsible business conduct and achieving its goal of sustainable growth. The code of ethics policy includes a conflict of interest provision which ensures that directors' interests are tabled annually and directors are recused from matters that may impact them.</li> <li>In line with the company's policy, board and committee assessments are conducted biennially. The next assessments are planned for 2022.</li> <li>The social and ethics committee assists the board in exercising oversight of the company's ethics and ensures that the board is sufficiently equipped to deliver on its goal of having a sustainable ethical culture.</li> </ul>

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<b>Organisational ethics</b>	2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	<ul style="list-style-type: none"> <li>• The company is registered in Mauritius and is therefore not required to constitute a social and ethics committee. However, the JSE requires all listed companies to have a social and ethics committee and, given that a sizeable portion of the group's operations takes place in South Africa, the board agreed that it was only appropriate to establish a social and ethics committee in accordance with section 72 of the South African Companies Act, 71 of 2008 as amended (the "<b>Companies Act</b>"). The social and ethics committee oversees the group's code of ethics policy and the implementation thereof and monitors on a continuous basis the supplier governance, ethical trading and sustainable growth across the company. The group's values reflect the current environment and context in which the group operates and are embedded in the employee induction programme. The code of ethics ensures that its operations are conducted in a responsible manner and regulates, amongst others, anti-bribery, anti-money laundering, conflicts of interest, employment equity, and health and safety.</li> <li>• The code of ethics is introduced at induction level to each director and employee, and is available on the company's intranet site and referenced in employee contracts. The code of ethics includes a whistle-blowing policy and is supplemented by a grievance resolution policy, offering anonymous and secure avenues for reporting unethical conduct. The company is committed to protecting whistle-blowers from occupational prejudice on account of having made protected disclosures, and undertake to treat any and all disclosures confidentially, in a manner that prevents prejudice and/or disadvantage to the disclosing party. The whistle-blower line is available throughout the group's operations and is managed by Deloitte South Africa. All tip-offs are sent to and reviewed by the chair of the audit and risk committee and dealt with by the appropriate parties. Significant issues are reported to the board.</li> <li>• The awareness of and commitment to the code of ethics and values are incorporated into the annual employee survey which is tabled at the social and ethics committee meeting.</li> <li>• In helping the company maintain and grow trust-based partnerships, the board adopted a gifts policy. Staff are required to declare all gifts received which includes, but is not limited to, entertainment, hospitality and tokens of gifts of a perishable and non-perishable nature. Various rules apply to the acceptance of a gift. Gifts with a value in excess of R1 000 (or equivalent in local currency) are considered inappropriate and may only be accepted if deemed impractical or insulting not to accept or to refuse and with the approval of the relevant head of department. The social and ethics committee has oversight of all gift declarations.</li> </ul>
<b>Responsible corporate citizenship</b>	3. The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	<ul style="list-style-type: none"> <li>• The social and ethics committee oversees the company's values, strategy and conduct that are congruent with it being a responsible corporate citizen.</li> <li>• The social development activities of the group are overseen by the HomeChoice Development Trust (the "<b>HCDT</b>") which is managed by a board of trustees and reports to the social and ethics committee on its activities.</li> <li>• The social and ethics committee performs an oversight and monitoring role with regard to overall direction of the group's social responsibility. Specific management members are invited to attend the meetings to report back on performance in respect of the company's key focus areas, all of which can be found in the social and ethics committee report on page 103 to 108 of the IAR.</li> </ul>

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<b>Strategy and performance</b>	4. The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.	<ul style="list-style-type: none"> <li>• The board acknowledges that it is ultimately responsible for the company's strategy, performance and sustainable development and therefore meets no less than four times a year to review reports from the chief executive officer, group finance director, divisional chief executive officers, chairs of committees and other senior executives and independent advisers.</li> <li>• Management has regular strategy sessions. During the year the Retail division held three two-day strategy break-away sessions and Weaver Fintech held two two-day strategy sessions wherein targets, forecasting, strategy, customer acquisition, implementation of new DebiCheck and privacy laws requirements were discussed. These strategies were then presented by senior management to the HIL board and, after much deliberation, approved by them.</li> <li>• The Retail division introduced weekly townhall meetings for all specialist staff, with senior management meetings held once a month. Weaver Fintech held monthly townhall meetings for senior and middle management. Presentations and discussions focused on key performance indicators and how best to progress the business goals set by the board.</li> <li>• More details on the group's strategy and performance can be found in the IAR.</li> </ul>
<b>Reporting</b>	5. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.	<ul style="list-style-type: none"> <li>• The board is assisted by the audit and risk committee and its subsidiary operations to ensure that the necessary controls are in place to verify and consider factors and risks that could impact the integrity of the integrated report and any other disclosures.</li> <li>• The audit and risk committee reviews and recommends the interim annual financial statements, the annual financial statements and IAR together with ensuring that these are prepared using the appropriate reporting frameworks which are subsequently reviewed and approved by the board. The group's remuneration report, published as part of the IAR, comprises three components: a background statement, the remuneration policy, and an implementation report which contains details of all remuneration awarded to executive management and non-executive directors during the reporting period. The remuneration report aims to provide clear disclosure to stakeholders on the board's approach to the remuneration of executives, non-executive directors and employees.</li> <li>• Results presentations are held after the interim and year-end financial results are announced and copies of the results presentations, the webcast, and annual and interim reports are published on the group's website.</li> </ul>
<b>Primary role and responsibilities of the governing body</b>	6. The governing body should serve as the focal point and custodian of corporate governance in the organisation.	<ul style="list-style-type: none"> <li>• The board serves as the focal point and custodian of corporate governance in the group. The board operates within the ambit of the board charter which ensures: <ul style="list-style-type: none"> <li>– meetings are held quarterly, and the work plan is managed according to the board charter to ensure that all matters are covered during the course of the year;</li> <li>– directors have unrestricted access to executive management and group information as well as the resources required to carry out their duties and responsibilities;</li> <li>– directors have access to independent, external specialist advice at the group's expense pertaining to matters within the scope of their duties; and</li> <li>– roles and responsibilities of the board are revised annually to align with King IV™.</li> </ul> </li> <li>• The governance framework, which provides role clarity and clearly delineated roles and areas of accountability, facilitated a well-co-ordinated response to Covid-19, ensuring strategic alignment across the group and efficient and informed decision-making at the appropriate levels.</li> <li>• The group's governance framework and corporate governance practices are disclosed in the IAR.</li> </ul>

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<b>Composition of the governing body</b>	7. The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	<ul style="list-style-type: none"> <li>• As at 31 December 2021 the board comprised an executive chair, four independent non-executive directors, one non-independent non-executive director and his alternate, and two executive directors. A lead independent director, Pierre Joubert, has been appointed given the status of the board's chair being executive.</li> <li>• The following changes were made to the board and committees in 2021 to date: <ul style="list-style-type: none"> <li>– appointed Marlisa Harris as the chair of the audit and risk, and remuneration and nominations committees;</li> <li>– received the resignation of Robert Hain as independent non-executive director and member of the social and ethics committee effective 14 January 2022;</li> <li>– approved the interim appointment of the executive chair, Shirley Maltz, as member of the social and ethics committee; and</li> <li>– appointed Pierre Joubert (chair), Eduardo Gutierrez-Garcia and Paul Burnett as members of the asset, liability and capital committee.</li> </ul> </li> <li>• The board is aware of its non-achievement in meeting its targets set out in the board diversity policy specifically relating to race. Every endeavour will be made to achieve diversity targets when appointing new directors.</li> <li>• As custodian of the group governance framework, the board continues to review the board structure of both the South African and Mauritius operations to bolster the appropriate diversity, skills and expertise to manage and provide oversight for the operations. More on this can be found in the governance section of the IAR.</li> <li>• In terms of the company's constitution, one-third of non-executive directors must retire at every annual general meeting and are eligible for re-election. The nominations committee assists the board when considering appointments or re-election and give consideration to the board size, skills, knowledge and resource required, diversity and demographics. The current board comprises skills relating to accountancy, financial services, finance and legal – all of which are relevant to the group's operations. The group's subsidiary operations are, similarly, appropriately formed.</li> </ul>
<b>Committees of the governing body</b>	8. The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.	<ul style="list-style-type: none"> <li>• During the year under review the board was comprised of a majority of independent non-executive directors at all times. All non-executive directors remain classified as independent following the independence assessment conducted this year, with the exception of Eduardo Gutierrez-Garcia by virtue of him being the representative of a significant shareholder of the group.</li> <li>• The roles and responsibilities of the committees are directed through the board, the board delegation of authority, JSE Listings Requirements and King IV™.</li> <li>• The nominations committee reviews the composition of each committee annually, considering factors such as diversity, skill and operational requirements.</li> <li>• External auditors and members of management attend committee meetings by invitation to report back on performance in respect of the company's key focus areas.</li> <li>• The board and committees' charters were reviewed in 2021.</li> </ul>

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<b>Evaluations of the performance of the governing body</b>	9. The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	<ul style="list-style-type: none"> <li>• The nominations committee is responsible for evaluating the performance of the board, chairman, the committees and individual directors.</li> <li>• A formal performance process is followed at least every two years. The next assessment is planned for 2022.</li> </ul>
<b>Appointment and delegation of management</b>	10. The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	<ul style="list-style-type: none"> <li>• The group's governance framework, described in the IAR, provides clarity by clearly describing roles and responsibilities of the board and each committee. The board also delegates authority to executive management, via the divisional CEOs, to manage, direct, control and co-ordinate the group's day-to-day business activities and affairs, subject to statutory limits and other limitations set out in the delegation of authority framework.</li> <li>• The board charter clearly defines the role of the chairman and the board in terms of roles and responsibilities, thereby ensuring role clarity.</li> <li>• The company secretary's expertise and competency are reviewed annually. The board is of the view that the company secretary, Sanlam Trustees International (Mauritius), is competent, qualified and suitable to hold office.</li> </ul>
<b>Risk governance</b>	11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	<ul style="list-style-type: none"> <li>• The board is ultimately responsible to ensure that risk management is embedded in the group and in key decision-making processes. The board has delegated oversight of the group's risk management processes to the audit and risk committee.</li> <li>• The audit and risk committee approves the group's top risks and regularly monitors developments in those areas. The audit and risk committee also approves the internal audit plan on an annual basis and reviews progress against the plan and considers any changes to risks and the related mitigating responses. Material issues are reviewed by the board and are disclosed in the IAR.</li> </ul>
<b>Technology and information governance</b>	12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	<ul style="list-style-type: none"> <li>• IT risk governance is overseen by the board through its audit and risk committee, wherein significant IT investments and expenditure are reviewed and approved by the board.</li> <li>• An IT governance charter and framework has been established and an information security sub-committee regularly reviews the technology initiatives to ensure that they support the group's strategy and ensures enhancements over the security and processing of data in the group. This is then monitored by management and quarterly updates are provided at each committee meeting by the head of technology.</li> <li>• The information security sub-committee reviews and enhances controls over the security and processing of data in the group, while any changes to the IT production environment are formally monitored by a change control committee.</li> <li>• Developments in technology are monitored closely by the head of technology through close relationships with service providers and attendance at regular conferences and trade shows.</li> </ul>

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<b>Compliance governance</b>	13. The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	<ul style="list-style-type: none"> <li>• The group's legal function regularly reports on updates on laws, rules, codes and standards relevant to the group's business operations. Specialist external resources are engaged to monitor compliance with specific legislation.</li> <li>• Project teams are established to review new legislation and identify any compliance requirements.</li> <li>• The group maintains relationships with key stakeholders, such as industry bodies, regulators and external advisers.</li> <li>• A new compliance function has been formed and is in the process of formalising its structure within the group.</li> </ul>
<b>Remuneration governance</b>	14. The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	<ul style="list-style-type: none"> <li>• Through the remuneration committee, the board ensures that the group's remuneration is appropriately designed, fair and market related, to drive high-calibre employees who contribute positively to the company's strategic objectives.</li> <li>• The remuneration committee ensures that the directors' remuneration (non-executive and executive) is appropriate and that the necessary disclosures are made.</li> <li>• Remuneration and implementation reports are detailed in the IAR and will be tabled for separate non-binding advisory votes by shareholders at the annual general meeting in May 2022. Should either reports be voted against by 25% or more of the voting rights exercised, the board will engage with shareholders to address legitimate and reasonable objections and concerns.</li> </ul>

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<b>Assurance</b>	15. The governing body 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 organisation's external reports.	<ul style="list-style-type: none"> <li>• The group has an internal audit function to provide assurance on the adequacy and effectiveness of internal control and risk management practices, and to assist management by making recommendations for improvement. This function is independent and objective, and reports to the audit and risk committee.</li> <li>• The scope, approach and charter of internal audit plans are approved and monitored by the committee.</li> <li>• The head of internal audit has direct and unencumbered access to the chairman of the committee. Management openly supports the work of internal audit, and internal audit does not assume the responsibility for any operational line functions.</li> <li>• The committee's role includes providing: <ul style="list-style-type: none"> <li>– an annual review of the effectiveness of the group's internal control environment, including its internal financial controls, IT controls as they pertain to financial reporting and the effectiveness of its risk management process for the period under review;</li> <li>– an annual review of the assurance on the adequacy and effectiveness of the group's systems of internal financial and operational control, and compliance with laws and procedures;</li> <li>– nomination of the external auditors for appointment, monitoring and reporting on their independence, approval of the terms of engagement and scope of the audit, and fees paid;</li> <li>– assurance that the annual financial statements are independently assured by PWC;</li> <li>– consideration of the appropriateness of the expertise and experience of the finance director and group's finance function; and</li> <li>– reviews the King IV™ assessment and gap analysis, and approval of the implementation plan of significant issues.</li> </ul> </li> </ul> <p>The group has outsourced the internal audit function to Deloitte with effect from 1 January 2022.</p>
<b>Stakeholders</b>	16. In the execution of its governance role and responsibilities the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	<ul style="list-style-type: none"> <li>• As stakeholder engagement forms an integral part of a systematic approach to risk, responsibility and reputation management, the board is guided by a stakeholder engagement policy which is considered on a biannual basis. The policy seeks to balance the needs, interests and expectations of material stakeholders in the best interest of the company over time. Stakeholders which have been identified are: <ul style="list-style-type: none"> <li>– customers;</li> <li>– employees;</li> <li>– shareholders;</li> <li>– suppliers;</li> <li>– regulatory bodies; and</li> <li>– the community.</li> </ul> </li> <li>• The social and ethics committee monitors the relations with the identified stakeholders which include: <ul style="list-style-type: none"> <li>– quarterly reports detailing feedback from customers obtained through customer surveys and the contact centre;</li> <li>– feedback from shareholders at the annual general meeting and through responses to media releases, interim and annual reports, results presentations and ad hoc investor presentations; and</li> <li>– feedback from beneficiaries of the HCDT obtained through regular visits and reports from trustee meetings.</li> </ul> </li> <li>• The board ensures that information provided to its stakeholders is complete, timely, relevant, accurate and accessible via its group's website.</li> </ul>



# ADMINISTRATION

Country of incorporation  
Republic of Mauritius

Date of incorporation  
9 April 2020

Company registration number  
C171926

Registered office  
c/o Sanlam Trustees International Limited  
Labourdonnais Village  
Mapou  
Riviere du Rempart  
31803  
Mauritius

Company secretary  
Sanlam Trustees International (Mauritius)

Auditors  
PricewaterhouseCoopers  
Republic of Mauritius

Corporate bank  
The Mauritius Commercial Bank Limited

JSE listing details  
Share code: HIL  
ISIN: MT0000850108

Sponsor  
Rand Merchant Bank, a division of FirstRand Bank Limited

Transfer secretaries  
Computershare Investor Services Proprietary Limited

# SHAREHOLDERS' DIARY

Financial year-end  
31 December

Annual general meeting  
May 2022

Distributions to shareholders  
April and September

Reports and profit statements  
Publication of annual report: April  
Interim report: August

