



King IV Application 2023



KING IV APPLICATION REGISTER 2023

The board's primary objective in terms of applying the King IV™ principles is to ensure that the governance outcomes relating to an ethical culture, effective control, good performance and legitimacy are firmly embedded within the organisation.

The information in this report, which describes the manner in which the King IV™ principles are applied, is supplemented by the Integrated Annual Report (the "IAR") and the Annual Financial Statements, which are available on our website at www.homechoiceinternational.com

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"> The board of directors of HomeChoice (the "board") is committed to the corporate governance principles as set forth in the 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. <p>The board has instituted five committees: the audit and risk; social and ethics; asset, liability and capital; credit risk; and remuneration and nominations committees. While the board assumes ultimate responsibility for the company's ethical performance, these committees assist the board in holding management accountable for implementing the group's policies.</p> <ul style="list-style-type: none"> 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. These guide the board in a structured manner to ensure that each of its core deliverables are attended to. In line with the principle of ethical leadership, the group has adopted a code of good 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 at the commencement of each board meeting and directors are recused in matters that may impact them. In line with the company's policy, board and committee assessments are conducted biennially. An internal assessment was conducted during the year and concluded that the board and committees are functioning strongly. 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.

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Organisational ethics	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"> • Even though the board, as a collective, remains accountable for ethics across the group, it delegated the governance of ethics to its social and ethics committee. The company, being registered in Mauritius, is 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 take 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, No. 71 of 2008, as amended (the "Companies Act"). The key areas of focus during the reporting period are outlined in the Social and Ethics Committee Report and further disclosed in the Corporate Governance Report. • 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. • 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 Whistle Blower. 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. • In helping the company maintain and grow trust-based partnerships, the board has 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 to accept or refuse and with the approval of the relevant head of department. The social and ethics committee has oversight of all gift declarations.
Responsible corporate citizenship	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"> • The social and ethics committee oversees the company's values, strategy and conduct that are congruent with it being a responsible corporate citizen. • The social development activities of the group are overseen by the HomeChoice Development Trust which is managed by a board of trustees and reports to the social and ethics committee on its activities. • The social and ethics committee performs an oversight and monitoring role regarding 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 and the group's remuneration policy and remuneration implementation report that are tabled annually for non-binding advisory votes.

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Strategy and performance	4. The governing body should appreciate that the organisation's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.	<ul style="list-style-type: none"> • 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. • Management has regular strategy sessions. These strategies are approved by the board. • More details on the group's strategy and performance can be found in the IAR.
Reporting	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"> • 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. • 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 is subsequently reviewed and approved by 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. The Report is recommended by the committee to the board for approval. • 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.
Primary role and responsibilities of the governing body	6. The governing body should serve as the focal point and custodian of corporate governance in the organisation.	<ul style="list-style-type: none"> • 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"> – 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; – directors have unrestricted access to executive management and group information as well as the resources required to carry out their duties and responsibilities; – directors have access to independent, external specialist advice at the group's expense pertaining to matters within the scope of their duties; and – roles and responsibilities of the board are revised annually to align with King IV™. • The group's governance framework and corporate governance practices are disclosed in the IAR.

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Composition of the governing body	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"> • The capacity of each director is categorised as defined in the JSE Listings Requirements, King IV™ requirements and other factors as outlined in the board charter. The board comprises a majority of non-executive directors. • 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 resources 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. • When considering appointments or re-election of directors the board, with the support of the nominations committee, gives due consideration to the knowledge, skills and resources required as well as its size, diversity and demographics to ensure its effectiveness. The process for appointment and election of directors is set out in the company’s Constitution. • As at 31 December 2023 the board comprised an executive chair, three independent non-executive directors (of which one is the lead independent director), one non-independent non-executive director and his alternate, and two executive directors. • More on this can be found in the governance section of the IAR. • 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. • 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.

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Committees of the governing body	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"> • During the year under review the board comprised 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. • The roles and responsibilities of the committees are directed through the board, the board delegation of authority, JSE Listings Requirements and King IV™. • The nominations committee reviews the composition of each committee annually, considering factors such as diversity, skill and operational requirements. • Audit and risk committee The audit and risk committee assists the board to carry out the duties as set out in section 94(7) of the Companies Act. The risk committee is a non-statutory committee of the board, established to independently review, on behalf of the board, management's recommendations on risk management, particularly in relation to the structure and implementation of the risk strategy, system of governance, risk management framework, the quality and effectiveness of the related internal controls and reporting processes, and overall risk profile of the business. • Remuneration and nominations committee The remuneration and nominations committee is responsible for oversight of remuneration and, amongst other things, the process for nominating, electing and appointing members of the board and succession planning of directors. • Social and ethics committee The social and ethics committee is responsible to oversee and report on ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. It is also responsible for executing the statutory duties set out in the Companies Act. • Credit risk committee The credit risk committee is a non-statutory committee of the board established to enable the board to discharge its obligations in terms of the group's credit risk management requirements relating to, amongst others, customer selection, credit assessment and vetting including fraud, management of the debtors book, collections and recoveries, and the correlating policies and procedures. • Assets, liabilities and capital committee The assets, liabilities and capital committee is also a non-statutory committee of the board established to provide oversight of the group's treasury function which includes, but is not limited to, advising the board on an optimal funding and liquidity mix in line with the group's overall funding strategy and monitoring adherence thereto.

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Evaluations of the performance of the governing body	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"> • The nominations committee is responsible for evaluating the performance of the board, chairman, the committees and individual directors. • A formal performance process is followed at least every two years.
Appointment and delegation of management	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"> • 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 the CEO and 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. • The board charter clearly defines the role of the chairman and the board in terms of roles and responsibilities, thereby ensuring role clarity. • The company secretary's expertise and competency are reviewed annually. The board is of the view that the company secretary, Sanlam Trustees International (Mauritius), are competent, qualified and suitable to hold office.
Risk governance	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"> • 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. • The audit and risk committee approves the group's top risks and regularly monitors developments on those areas. The audit and risk committee also approves the internal audit plan on an annual basis and reviews progress against the plan and to consider any changes to risks and the related mitigating responses. Material issues are reviewed by the board and are disclosed in the IAR.
Technology and information governance	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"> • Information technology (IT) risk governance is overseen by the board through its audit and risk committee. Additional divisional IT forums are led on a quarterly basis by the heads of IT which feeds directly into the audit and risk committee. • The IT governance charter is being reviewed and updated to include best practice for the group. The 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 chief information officers. • Divisional information security committees review and enhance 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. • Developments in technology are monitored closely by the divisional chief information officers through close relationships with service providers and attendance at regular conferences.

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Compliance governance	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"> • The group's legal function regularly reports on updates on laws, rules, codes and standards relevant to the group's business operations. • Project teams are established to review new legislation and identify any compliance requirements. • The group maintains relationships with key stakeholders, such as industry bodies, regulators and external advisers. • An established compliance function monitors and ensures that the group is compliant with the regulations applicable to the group.
Remuneration governance	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"> • Through the remuneration committee, the board ensures that the group's remuneration is appropriately designed, fair and market-related, and drive high-calibre performance to contribute positively to the company's strategic objectives. • The remuneration committee ensures that the directors' remuneration (non-executive and executive) is appropriate and that the necessary disclosures are made. • 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 2024. 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.

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Assurance	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"> • The group has an outsourced 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. • The scope, approach and charter of internal audit plans is approved and monitored by the committee. • 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. • The committee's role includes providing: <ul style="list-style-type: none"> – 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; – 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; – nominations 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; – assurance that the annual financial statements are independently assured by PwC; – consideration of the appropriateness of the expertise and experience of the finance director and group's finance function. A review of the organisational design of the capacity and capabilities of the finance team is under way in order to set up an appropriate team for the group's growth trajectory.
Stakeholders	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"> • 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"> – customers; – employees; – shareholders; – suppliers; – regulatory bodies; and – the community. • The social and ethics committee monitors the relations with the identified stakeholders which include: <ul style="list-style-type: none"> – quarterly reports detailing feedback from customers obtained through customer surveys and the contact centre; – 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 – feedback from beneficiaries of the HomeChoice Development Trust obtained through regular visits and reports from trustee meetings. • The board ensures that information provided to its stakeholders is complete, timely, relevant, accurate and accessible via its group's website.

ADMINISTRATION

Country of incorporation
Republic of Mauritius

Date of incorporation (redomiciled from Malta)
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
8 June 2023

Distributions to shareholders
April and September

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

