



**HOMECHOICE INTERNATIONAL plc
AUDIT AND RISK COMMITTEE CHARTER**

CONSTITUTION

The Audit and Risk Committee (“the Committee”) is constituted as a committee of the board of directors of HomeChoice International plc (“the Company”) and its subsidiaries (collectively “the Group”). The duties and responsibilities of the members of the Committee are in addition to those as members of the board.

The Committee shall report to and derive powers from the Board. The JSE Limited Listings Requirements requires all listed companies to appoint an Audit committee, referencing the statutory requirements of the South African Companies Act. The Mauritian Companies Act 2001 does not require the appointment of a statutory audit committee. However, the National Code of Corporate Governance for Mauritius requires the appointment of an Audit Committee.

The deliberations of the Committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

This Charter is subject to the provisions of the Mauritian Companies Act, the National Code of Corporate Governance for Mauritius (2016), the Company's Constitution, the JSE Limited Listings Requirements, King IV Report on Corporate Governance (“King IV”) and any other applicable law or regulatory provision.

MEMBERSHIP AND COMPOSITION

The Committee shall consist of at least three independent non-executive directors. The members are proposed by the Nomination committee and approved by shareholders at the annual general meeting. A quorum shall be a majority of members. Each committee member will obtain an understanding of the detailed responsibilities of committee membership as well as the Group’s business, operations and risks.

The chairman of the board should not be the chairman or member of the audit and risk committee unless the board confirms that the audit and risk committee role is not compromised by his/her role as chairman of the board, and the Company’s shareholders agree to his/her appointment to the audit and risk committee.

The internal and external auditors should be invited to make presentations to the audit and risk committee as appropriate. The Committee should meet separately with internal and external auditors at least once a year without management being present.

The Committee may invite people who are knowledgeable in financial and risk matters to attend meetings and to act in an advisory capacity, or any other party who may contribute to its deliberations such as executive members of the Board. The Group Company Secretary, or other nominated person by the Board, shall be the secretary to the Committee.

The constitution of the Committee and its chairmanship will be subject to annual review by the Board.

MANDATE IN RESPECT OF SUBSIDIARIES

The Committee is appointed to act on behalf of HIL and its subsidiaries. The Committee has been authorised by the Board to establish relevant sub-committees in the subsidiary companies to assist in discharging its mandate in respect of any matter contained in this Charter.

The Committee will incorporate feedback and contributions from the Audit and Risk Committees of HomeChoice South Africa (“HSA”) and HomeChoice Mauritius (“HCM”) in its deliberations.

ROLE OF THE COMMITTEE

- The role of the Committee is to:
 - ensure the integrity of the Annual Financial Statements and integrated reporting
 - review the effectiveness of the financial reporting process, the effectiveness of the internal financial controls, the system of internal control and the effective management of risks
 - be satisfied with the internal and external assurance providers and the company’s process for monitoring compliance with laws and regulations.

RESPONSIBILITIES

The Committee must perform all the functions necessary to fulfil its role as stated above and include the following:

Integrated Reporting

General

- Recommend the Integrated Report to the Board for approval
- Oversee integrated reporting having regard to all factors and risks that may impact on the integrity of the integrated report
- Review the determination of materiality for integrated reporting purposes
- Review any forward-looking statements of financial or sustainability information to ensure that the information provides a proper appreciation of the key drivers that will enable the company to achieve these forward-looking goals

Sustainability Issues

- Review and recommend to the Board the need to engage an external assurance provider on material sustainability issues
- Approve the independence and credentials of the external assurance provider
- Review the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information

Internal Control

- Consider the effectiveness of the company’s internal control system, including information technology security and control. Assess whether management has controls in place for unusual types of transactions and/or any potential transactions that may involve an unacceptable degree of risk
- Review the security of computer systems and applications, and the contingency plans for processing financial information in the event of a systems breakdown
- Gain an understanding of whether internal control recommendations made by internal and external auditors have been implemented by management

Financial Reporting

- Consider with the internal and external auditors any fraud, illegal acts, deficiencies in internal financial controls or other similar issues as it relates to financial reporting
- Have oversight of IT risks as it relates to financial reporting
- Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements

- Review any legal matters which could significantly impact the financial statements

Annual Financial Statements

- Review the annual financial statements (including its reports) to determine whether they are complete and consistent with the information known to committee members; assess whether the financial statements reflect appropriate accounting principles, best practices and that IFRS developments are considered
- Review the selection of or changes in significant accounting policies used in preparing the financial statements, the reason for and impact of any changes in policy
- Be informed when there is a disagreement on auditing / accounting matters between management and the external auditors. When an accounting opinion has been requested from another external auditor, the reasoning for the accounting treatment adopted should be obtained and approved by the audit and risk committee before the committee's recommendation is made to the Board. The audit and risk committee should also be satisfied with the credentials of the person providing such an opinion
- Review the going concern and solvency liquidity status of the company
- Review the trading statements in the event that the interim or annual financial statements differ by at least 20% from the previous reporting period
- Recommend the annual financial statements (including its reports) for approval to the Board
- Be briefed on how management develops preliminary/provisional announcements, interim financial information, summarised integrated information and other press releases; the extent of internal audit involvement; and the extent to which the external auditors review such information
- Make a recommendation to the Board about whether the external auditor should perform assurance procedures on the interim results
- Engage the external auditors to provide assurance on the summarised financial information

Combined Assurance

- Ensure that a combined assurance model is designed and implemented to provide a coordinated approach to all assurance activities to address all the significant risks facing the company
- Ensure that the combined assurance model enables an effective internal control environment, supports the integrity of information used for internal decision making and supports the related external reports
- Be satisfied of the independence and effectiveness of the internal and external assurance providers

Internal Audit

- Assume responsibility for the appointment, performance assessment and/or dismissal of the Chief Audit Executive. *(the group has an internal audit manager fulfilling this role)*
- Approve the internal audit plan and review the activities and organisational structure of the internal audit function and ensure no unjustified restrictions or limitations are imposed
- Evaluate the nature and extent of the formal documented review of the design, implementation and effectiveness of the company's internal financial controls and risk management process to be performed by internal audit on behalf of the Board annually
- Identify difficulties encountered while conducting audits, including restrictions on the scope of their work or access to required information
- Review the effectiveness of the internal audit function, by ensuring that the internal audit function is subject to an independent quality review on a regular basis
- Annually review and approve the Internal Audit Charter and any amendments
- Obtain confirmation annually that the internal audit function conforms to a recognised industry code of ethics
- Meet separately with the head of internal audit to discuss any matters that the committee or auditors believe should be discussed privately
- Ensure that significant findings and recommendations made by the internal auditors are received

- and discussed on a timely basis
- Ensure that management responds to recommendations by the internal auditors

Finance Function

- Annually review the expertise, resources and experience of the Group's finance function
- Annually review the appropriateness of the expertise and experience of the Group Finance Director

External Audit

- Annually recommend the appointment of an independent external auditor
- Ensure that the appointment of the auditor complies with legislation relating to the appointment of auditors
- Approve the terms of engagement, scope and remuneration of the external auditors
- Review the external auditors' proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope
- Consider and report on the independence of the external auditor, and determine the nature of acceptable non-audit services provided by the external auditor
- Pre-approve the contracts for non-audit services when required
- Review the quality and effectiveness of the external auditors
- Review and consider the external auditors determination and communication of key audit matters
- Receive notice of any Reportable Irregularities identified and reported by the external auditor to the Independent Regulatory Board for Auditors
- Ensure that significant findings and recommendations made by the external auditors are received and discussed on a timely basis

Risk Management

- Oversee the development, implementation and annual review of a risk management policy and plan for a system and process of risk management to recommend for approval to the Board
- Make recommendations to the Board concerning the levels of risk tolerance and appetite and monitoring that risks are managed within the levels of risk tolerance and appetite as approved by the Board
- Ensure that a register of key risks facing the Group is maintained with appropriate mitigations
- Ensure that risk management assessments and the monitoring of key risks are performed on a continuous basis and management considers and implements appropriate risk responses
- Ensure that frameworks and methodologies are implemented to improve the identification of anticipating unpredictable risks
- Express the committee's formal opinion to the Board on the effectiveness of the system and process of risk management
- Review reporting concerning risk management that is to be included in the integrated report ensuring it is timely, comprehensive and relevant

Compliance with Laws and Regulations

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any fraudulent acts or non-compliance
- Obtain regular updates from management (and legal counsel where appropriate) regarding compliance matters
- Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements
- Review the findings of any examinations by regulatory agencies
- Review any material litigation in the Group and the impact that it may have on the external reports

Technology and Information

- Review the work delegated to the Information Security committee to ensure that the information and technology governance processes are effective
- Consider the report obtained from the external auditors relating to information technology review

Reporting Responsibilities

- Regularly report internally to the Board on its statutory duties and duties assigned to it by the Board and make appropriate recommendations
- Ensure the Board is aware of matters which may significantly impact the financial condition or affairs of the business
- Approve the Report of the Audit Committee to be included in the Annual Financial Statements

Other Responsibilities

- Perform other oversight functions as requested by the Board
- Review and report to the Board on the application of the King IV principles
- Review any financial documents or due diligence reports in the event of acquisitions, takeover and mergers
- Review any other reports the company issues that relate to audit and risk committee responsibilities
- Receive and deal appropriately with any concerns or complaints relating to:
 - The accounting practices and internal audit of the company
 - The content or auditing of the company's financial statements
 - The internal financial controls of the company, or
 - Any related matter
- If necessary, institute investigations and, if appropriate, hire special counsel or experts to assist

AUTHORITY

The Committee is authorised to execute its statutory obligations in terms of King IV. The Committee is a separate statutory committee appointed by the shareholders, however still forms part of a unitary Board. If differences of opinion arise between the Committee and the Board where the audit and risk committee's statutory functions are concerned, the Committee's decision will prevail.

The Board supports and endorses the Committee, which operates independently of management and is free of any organisational impairment. The Committee has the power to independently investigate any activity within the scope of its charter.

The committee may form and delegate authority to subcommittees and may delegate authority to one or more members of the Committee.

The Committee has unrestricted access to the company's records, facilities and any other resources that it may deem necessary to discharge its duties and responsibilities.

The Committee has the right to obtain independent external professional advice to assist with the execution of its duties, at company's cost, subject to following a Board approval process.

MEETINGS

The Committee shall meet at least three times a year and whenever it is necessary to make recommendations relating to the audit and financial aspects of the Group. Special meetings may be convened as required. Internal audit or the external auditors may request the Audit and Risk Committee to convene a meeting if they consider that it is necessary. The Chairperson shall provide feedback on key matters at subsequent meetings of the Board.

The notice and papers of each Committee meeting, shall other than under exceptional circumstances, be forwarded to each member no fewer than seven days prior to the date of the meeting.

Minutes of meetings shall be completed within 14 days of such meetings and be circulated to all members of the Committee. The minutes must be formally approved by the Committee at its next scheduled meeting.

The Committee must establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year.

The Chairman of the Committee shall attend the Annual General Meeting and be prepared to answer questions concerning the Annual Financial Statements and appointment of the external auditors.

REMUNERATION OF MEMBERS

The members of the Committee, in addition to their functions as directors, may be remunerated for performing the functions of the Committee as approved by shareholders. The Chairman of the Committee may receive an additional fee in addition to the remuneration as a member.

REVIEW OF CHARTER

The Committee shall annually review its Charter to ensure that it reflects the requirements of the Board and any updated legislation. Any proposed changes should be recommended to the Board for approval.

BOARD COMMITTEE EFFECTIVENESS EVALUATIONS

The Committee shall participate in the formal Committee performance evaluation process as recommended by the Nominations Committee and implement remedial actions if necessary.