

# King IV Application 2022



# KING IV APPLICATION REGISTER 2022

HomeChoice International plc (“**HomeChoice**”, the “**company**” or the “**group**”) is a diversified digital consumer services group operating mainly in Mauritius and South Africa. The group adopted the principles of the King IV Report on Corporate Governance for South Africa 2016 (**King IV™**) in the group governance framework.

The group’s response to the 16 principles of King IV™ as well as the mandatory corporate governance requirements outlined in the JSE Listings Requirements are shown below.

The information in this report is supplemented by the Integrated Annual Report (the “**IAR**”) and Annual Financial Statements which together make up our financial year-end reports (reporting documents). All these reports are available on our website at [www.homechoiceinternational.com](http://www.homechoiceinternational.com). We have provided cross-references in this report to guide stakeholders to the supplementary information in the reporting documents and on our website.

The group continues to enhance its application of the principles and recommendations and, based on an independent external review, further action will be taken in the 2023 financial year.

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 “<b>board</b>”) 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.</li> <li>• During the reporting period the board reviewed its governance structure and, in response to further bolster its framework, established a credit risk committee to its suite of committees, thus resulting in the board being assisted by five committees of which the remaining four are: the social and ethics; audit and risk; asset, liability and capital; and remuneration and nominations committees. The credit risk committee is responsible for the monitoring and reporting of the credit risk of the group and its divisions within an approved framework. 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.</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. These guide the board in a structured manner to ensure that each of its core deliverables are attended to.</li> <li>• 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.</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. An ethics programme will be carried out in 2023 to further promote integrity among their employees and to enhance the trust from key stakeholders, such as investors and its customers.</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>• 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. 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 has adopted the roles and responsibilities in accordance with section 72 of the South African Companies Act, No. 71 of 2008, as amended (the "<b>Companies Act</b>"). 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.</li> <li>• 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.</li> <li>• 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 investigated by our internal fraud team and are dealt with by the appropriate parties. Significant issues and outcomes are reported to the audit and risk committee.</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 in line with the rules applicable to the acceptance of a gift. 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 corporate 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.</li> <li>• Key focus areas can be found in the Social and Ethics Committee Report.</li> </ul>

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<b>Strategy and performance</b>	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"> <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 one two-day strategy breakaway together with two one-day conferences to which senior members of management were invited. Weaver Fintech held one one-day and one three-day strategy sessions wherein targets, forecasting, strategy, customer acquisition, migration from legacy software, credit and fraud risks were the notable items for discussion. These strategies were then presented by senior management to the HIL board and, after much deliberation, approved by them.</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 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 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 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 board charter was updated and approved during the year.</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 2022 the board comprised an executive chair, three 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 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, the majority of which are independent.</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.</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 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.</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>• More on this can be found in the governance section of the IAR.</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>• In line with King IV™, the remuneration, and audit and risk committees are chaired by independent non-executive directors.</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>• The board established five committees to support and assist it in discharging its responsibilities. The committees are appropriately constituted and each member is appointed by the board as per the recommendations made by the nominations committee. The responsibilities and outcomes of each committee is detailed in the IAR.</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>• Given the changes in the board at the end of FY2022, and the appointment of a new group chief executive officer, the evaluations previously scheduled for FY2022 will be conducted in FY2023.</li> <li>• During the year the charters for all committees were updated and approved by the board.</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 delegation of authority was renewed and updated during the year so as to ensure that it was appropriate for effective and efficient decision-making.</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>• Our Enterprise Risk Management (ERM) function went through an enhanced process during the reporting period so that the group can remain at the forefront of the highest risks its businesses face. Collaboration with internal audit assisted in identifying new and emerging risks, and supports our combined assurance approach. Risks are identified and formally documented in risk registers and have designated risks owners. The board, through the audit and risk committee, reviews the evaluation of risks and are either accepted, deferred or mitigated based on the outcome of the risk evaluation. If mitigated, then mitigation plans are tracked, monitored and reported to the audit and risk committee. This process allows for clear reporting of risks and puts management and the board in a position to make informed risk decisions.</li> <li>• The audit and risk committee also approves the internal audit plan on an annual basis and reviews progress against the plan. Material issues are reviewed and approved by the board and are disclosed in the IAR.</li> </ul>

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<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>• Information technology (“IT”) risk governance is overseen by the board through the audit and risk committee. Divisional IT forums are managed on a quarterly basis by the Heads of IT and reports to the audit and risk committee.</li> <li>• Each IT forum is governed by a charter and framework, and 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.</li> <li>• Developments in technology are monitored closely by the heads of IT through close relationships with service providers and attendance at regular conferences and trade shows.</li> </ul>
<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.</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, to ensure that it is up to date with regulations impacting the group.</li> <li>• A new compliance function has been formed and the group is in the process of formalising its structure within business operations. The compliance function reports to the audit and risk committee.</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 June 2023. 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 applies the “three lines of defence” model to manage and mitigate risk, and provide assurance over key areas of the business operations. Management provides the first line of defence to manage operational and strategic risks within tolerance levels. Specialist risk and compliance functions provide a second line of defence and the third line of defence is provided by independent external assurance providers.</li> <li>• The group appointed Deloitte to perform the internal audit function and to provide assurance on the adequacy and effectiveness of internal control and risk management practices. This function is independent, objective and reports to the audit and risk committee.</li> <li>• The head of internal audit has direct and unencumbered access to the chairman of the audit and risk committee. Management openly supports the work of internal audit and internal audit does not assume the responsibility for any operational line functions.</li> <li>• PricewaterhouseCoopers have been appointed the group's external auditors, providing independent assurance over the annual financial statements. The audit and risk committee has recommended that PricewaterhouseCoopers be reappointed as the external auditors at the upcoming annual general meeting.</li> </ul>
<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>– reports detailing feedback from customers obtained through customer surveys and the contact centre;</li> <li>– feedback from beneficiaries of the HomeChoice Development Trust 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> <li>• Independent assurance is also provided on selected environmental, and health and safety metrics.</li> </ul>



# 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

