



HomeChoice International plc

KING IV APPLICATION

The group's application of the King IV principles is shown below.

The explanation should be read in conjunction with the group's 2017 Integrated annual report, 2017 Annual financial statements report and the group's 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"> • Board charter incorporates principles of transparency, accountability, integrity and ethical leadership. • Conflicts of interests are tabled at the commencement of each board meeting. • Non-independent directors are recused in matters that may impact them. • No formal performance evaluation was carried out in 2017. This has been planned for 2018.
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"> • Values updated to reflect the current environment and context in which the group operates. • Code of ethics revised. • Values incorporated into annual employee survey.
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"> • Employment equity strategy reviewed. • B-BEE strategy approved. • Sustainability strategy tabled and approved. • Learning and development plan.
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"> • Five-year strategic plan is presented on an annual basis and actual performance is monitored against the one-year operating plan. • Execution of the strategy is delegated to management through the delegation of authority. • Risks and opportunities are considered in reviewing the one-year and five-year plan.
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"> • Approved annual financial statements and interim results and other financial information presented to shareholders. • Approved integrated reporting and considered factors and risks that could impact on the integrity of the integrated report.
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"> • 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.
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 composition of the board is reviewed on an annual basis. • An alternate director for the DPI representative on the board was discussed and recommended for appointment to the board. • A gender diversity policy was approved. • Agreed, that given the size and nature of the group, the chairman of the board will continue to be a member of the audit and risk committee.

Topic	Principle	Application and key focus areas during the year
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"> Reviewed the governance framework taking into account the JSE Listings Requirements and King IV.
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"> Performance is reviewed on an informal basis. Board agreed that it would conduct a formal evaluation in 2018.
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"> A delegation of authority was approved by the board, taking into consideration the principles of King IV, and applicable statutory and regulatory requirements. Reviewed the expertise and competency of the company secretary. The company secretary, George Said, has been in private practice for over 15 years and is a senior partner in a legal practice.
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"> Oversees the group's risk management processes. Reviewing the group's exposure to significant risks and its risk mitigation strategy. Risk mitigations are considered in the annual internal audit plan.
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"> IT risk governance is implemented and continuously monitored by management and updates provided at each audit and risk committee meeting by head of technology. An executive technology committee regularly reviews the technology initiatives to ensure that they support the group's strategy. An IT governance charter has been established. An 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.
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"> Regular 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 operates within an established compliance framework which includes an annual assessment. Specialist external resources are engaged to monitor compliance with specific legislation.

Topic	Principle	Application and key focus areas during the year
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"> • Approved the achievement of short-term bonus performance conditions and subsequent calculations. • Approved the allocations of long-term share scheme. • Approved the vesting of long-term share scheme allocations. • Approved annual guaranteed pay increases for executive directors. • Approved remuneration policy for 2018 and implementation report for 2017. • Approved proposed non-executive directors' fees on an annual fee basis.
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 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. • Monitors the effective functioning and performance of internal audit, ensuring that it operates independently of management and approves the annual audit plan. • An internal audit charter guides the functions of internal audit. • The services of professional audit firms are engaged to assist in evaluating internal control and business risks as and when required. • The internal audit function performs 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. • Reviewed the assurance on the adequacy and effectiveness of the group's systems of internal financial and operational control, and compliance with laws and procedures. • Nominated the external auditors for appointment, monitored and reported on their independence, approved the terms of engagement and scope of the audit, and fees paid. • The annual financial statements are independently assured by PWC. • Considered the appropriateness of the expertise and experience of the finance director and group's finance function. • The committee reviewed the King IV assessment and gap analysis and approved the implementation plan of significant issues.
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"> • Material stakeholders are considered on an annual basis • Receives constant feedback from customers, employees and shareholders. • Appropriate processes are in place for engagement with various stakeholders. The group's reputation and its linkage with stakeholder relationships is a regular board agenda item. • Shareholders are encouraged to attend the company's annual general meeting and are given information timeously.

Administration

Country of incorporation
Republic of Malta

Date of incorporation
22 July 2014

Company registration number
C66099

Company secretary
George Said
gsaid@maltatransportlaw.com

Registered office
93 Mill Street
Qormi
QRM3012
Republic of Malta

Auditors
PricewaterhouseCoopers
Republic of Malta

Corporate bank
Deutsche Bank International Limited
Channel Islands

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
11 April 2018

Distributions to shareholders
April and September

Reports and profit statements
Publication of integrated annual report: March
Interim report: August

The logo for Hil PLC is centered in a dark grey square. It features the word "Hil" in a large, white, sans-serif font, with a small white dot above the letter 'i'. To the right of "Hil" is the text "PLC" in a smaller, white, sans-serif font.

Hil PLC

REGISTERED OFFICE
93 Mill Street, Qormi
QRM3012
Republic of Malta

www.homechoiceinternational.com