



## **BOARD CHARTER**

## CONTENTS

1. INTRODUCTION	3
2. OBJECTIVES	3
3. COMPOSITION	3
4. APPOINTMENT, EVALUATION AND REMUNERATION OF THE BOARD/COMMITTEE MEMBERS	3
5. MEETINGS	3
6. ROLE AND RESPONSIBILITIES	4
7. ROLE AND FUNCTION OF THE CHAIRPERSON	6
8. ROLE OF EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS	7
9. ROLE OF COMPANY SECRETARY	7
10. BOARD COMMITTEES	8
11 OTHER PROVISIONS	9

## **1. INTRODUCTION**

The Board of Directors Charter sets out the objectives, roles and responsibilities and composition of the Board. This Charter should be read in conjunction with the Company's Constitution and in case a dispute in content or meaning arises, the wording of the Constitution shall prevail.

This Charter is posted on the organisation's website.

## **2. OBJECTIVES**

The objective of the Board is to define the Company's purpose, strategy and values and determine all matters relating to the direction, policies, practices, management and operations of the Company. The Board should thereafter ensure that the Company is being managed in accordance with the direction and delegation of the Board.

## **3. COMPOSITION**

- 3.1 The Board is a unitary Board and shall comprise executive and non-executive directors, with at least 40% of independent non-executive directors.
- 3.2 The Constitution provides that the Board shall consist of not less than five (5) or not more than ten (10) Directors.
- 3.3 Board members should be qualified for their positions, have a clear understanding of their role and be able to exercise sound judgement about the affairs of the Company. Board composition is reviewed to ensure that non-executive directors between them bring the range of skills, knowledge and experience necessary to direct the Company going forward.
- 3.4 The Chairperson of the Board shall be an independent or a non-executive director. When the Chairperson is not an independent director, the Board shall be composed of at least 50% of independent directors instead of 40% as per BOM's Guidelines on Corporate Governance.
- 3.5 The Board shall comprise Directors from both genders as members of the Board with at least one male and one female director.

## **4. APPOINTMENT, EVALUATION AND REMUNERATION OF THE BOARD/COMMITTEE MEMBERS**

- 4.1 The appointment process is carried out in collaboration with the Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC) of MCB Group Limited, which recommends to the Board of the Company the members to be appointed.
- 4.2 The Board must have a formal and transparent policy in respect of directors' remuneration. Currently the same policies applicable to the ultimate holding Company, MCB Group Limited, are followed.
- 4.3 The effectiveness of the Board and the Committees as a whole shall be regularly reviewed and assessed as well as the performance of individual directors.

## **5. MEETINGS**

- 5.1 The Board must determine the frequency of the Board meetings, which shall be at least once per quarter.
- 5.2 The quorum for Board Meetings shall be fixed by the Board and, if not so fixed, shall be a majority of the Directors in office.

- 5.3 Meetings are usually convened at the registered office of the Company so that directors are able to attend and participate in person. Where personal attendance by some or all directors is not possible, meetings are convened and conducted by means of audio, or audio and visual communication by which all directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.
- 5.4 In case of absence of the Chairperson, another Chairperson shall be nominated by the other Directors by a majority of votes.

## **6. ROLE AND RESPONSIBILITIES**

The Board is ultimately responsible and accountable for the affairs of the Company. The delegation of authority to any committee does not discharge the responsibility of the Board in respect of the actions and decisions of a committee. The Board's primary responsibility is to protect the interests of the Company, and in so doing it should take guidance from the Board of its ultimate holding Company. It should however ensure that the guidance of the holding Company is not detrimental to the sound and prudent management of the Company, its financial health and the legal interests of its stakeholders in general.

### **6.1 Strategy**

- 6.1.1 The Board shall establish the strategic objectives and corporate values and ensure that they are communicated throughout the organisation.
- 6.1.2 The Board must retain full and effective control over the Company and its capital resources and is responsible for monitoring management in respect of implementation of Board plans and strategies.
- 6.1.3 The Board shall keep track of the competitive position of the Company and the evolution of main competitors.

### **6.2 Control and Risk**

- 6.2.1 The Board is responsible for setting principal policies in respect of risk and conduct of business for the Company. The Board must regularly monitor that senior management is running the business in accordance with such policies.
- 6.2.2 The Board is responsible for the appointment of senior officers, including the Managing Director and the Head of Compliance. It shall make sure that their succession is planned and that an emergency replacement plan exists in case of temporary disability.
- 6.2.3 The Board shall set out the criteria for measuring the performance of the Managing Director annually in achieving the approved corporate objectives and risk appetite framework.
- 6.2.4 The Board shall ensure that clear lines of responsibility and accountability exist and are enforced throughout the organisation.
- 6.2.5 The Board shall ensure that there is appropriate oversight by senior management consistent with Board policy.
- 6.2.6 The Board shall ensure that procedures, practices and systems are in place that protect the Company's assets and reputation.
- 6.2.7 The board is ultimately responsible for overseeing the management of compliance risk. It must ensure that a robust compliance policy and governance framework are in place and functioning effectively.
- 6.2.8 The Board, with the guidance of the compliance function, has the duty of ensuring that the Company complies with all the relevant laws, regulations, guidelines and codes of business practice including but not limited to any Anti-Money Laundering and Counter-Terrorism Financing legislation and regulations. The Board shall oversee the implementation of all the guidelines issued by regulatory

authorities and shall ensure that the policies, procedures and practices of the Company are aligned with these guidelines.

### **6.3 Financials**

The Board is responsible for:

- 6.3.1 Approval of the annual statutory financial statements ensuring that they have been prepared using the appropriate accounting policies and standards and fairly presents the state of affairs of the Company.
- 6.3.2 Declaration of dividends when appropriate and determining the amount of dividend to be declared.
- 6.3.3 Approval of the objectives, strategies, business plans and budget at least annually.

### **6.4 Interests of Shareholders and Other Stakeholders**

- 6.4.1 The Board must keep shareholders informed of material events affecting the Company.
- 6.4.2 When carrying out its roles the Board should consider:
  - the primary objective of the Company which is to continue to build sustainable value for shareholders.
  - the expectations of the shareholders, other stakeholders and the community, that directors will undertake their responsibilities with honesty, integrity, care and diligence, in accordance with the law and in a manner which reflects the highest standards of corporate governance and with the consideration of the Corporate Social Responsibility of the Company.
- 6.4.3 The Board shall ensure that the Company is governed in a transparent manner through accurate and timely information to the public, through its reports to the Bank of Mauritius and any relevant authorities and in its annual report.

### **6.5 Related Party Transactions**

The Board is ultimately responsible for establishing and implementing appropriate policies on conflicts of interests and related party transactions and administering the process for handling the transactions.

The Board shall:

- 6.5.1 Approve the policy on related party transactions periodically at intervals not exceeding one year.
- 6.5.2 Require the senior management of the Company to establish policies, systems and procedures to among others comply with the policy on related party transactions and requirements of the Bank of Mauritius Guideline on Related Party Transactions.
- 6.5.3 Ensure that policies, systems and procedures are subject to regular review by control functions to ensure their continuing effectiveness, adequacy and enforcement.
- 6.5.4 Establish procedures to ensure that board members and staff with conflict of interest are excluded from the approval and monitoring process of related party transactions.
- 6.5.5 Ensure that the Company has a robust system of checks and balances to monitor compliance with regulatory limits, uphold impartiality and prevent credit activities of any kind which override established credit approval policies and procedures when granting credit facilities to related parties.
- 6.5.6 Ensure that any transaction with related parties that may have a material effect on the stability and solvency of the Company is identified and dealt with in a timely manner.
- 6.5.7 Ensure that it is promptly apprised of material development on related party transactions.

- 6.5.8 Receive periodic reports, at intervals not exceeding three months from the Audit Committee, the Risk Management Committee, Senior Management, control functions and other relevant functions on related party transactions.

## **7 ROLE AND FUNCTION OF THE CHAIRPERSON**

### **7.1 Election**

The Chairperson is elected by his or her fellow directors and shall be a non-executive or an independent director.

### **7.2 Duties**

He/she should be a firm, objective and open-minded leader, assuming his/her role by bringing independence of mind and intellectual honesty. Apart from being fully conversant with the key networks of the organisation and have sound knowledge of the activities of the organisation work, the Chairperson is expected to be impartial and objective so as to support or take the right decisions concerning the organisation.

### **7.3 Responsibilities**

The main responsibilities of a Chairperson can be summarised under the following areas:

#### **7.3.1 Strategy and Management of the Company:**

- To ensure that the Board is effective in its tasks of setting and implementing the Company's direction and strategy.
- To co-ordinate the Committees to ensure that appropriate policies and procedures are in place for the effective management of the organisation.
- To ensure that the decisions of the Board are executed.
- To sign the Statement of Compliance to be filed with the Financial Reporting Council along with a director to confirm whether the Company has complied fully, partially or has not complied with the Code of Corporate Governance.

#### **7.3.2 Leadership**

- To provide overall leadership to the Board, be impartial and resolve differences in the most constructive way, whilst encouraging and ensuring the active participation of all directors in discussions and Board matters.
- To participate in the selection of the Board members whilst ensuring that the Board has an appropriate mix of competencies, experience, skill and independence.
- To provide support and supervision to the Managing Director.

#### **7.3.3 Presiding and conducting meetings**

- To set the agenda for Board meetings, therefore giving the meetings their direction and scope.
- To preside over the Board meetings and shareholders' meetings of the Company and to ensure the smooth functioning of the meetings.
- To ensure that Board meetings take place regularly and that all the relevant information and facts are placed before the Board to enable the directors to reach informed decisions.
- To ensure that each meeting is planned effectively, conducted according to the Constitution and that matters are dealt with in an orderly, efficient manner.
- To ensure that proper minutes are taken and sign the minutes of Board meetings and shareholders' meetings jointly with the Secretary. Minutes which have been signed correct by the Chairperson of the meeting are prima facie evidence of the proceedings.

#### **7.3.4 Relations with the Shareholders**

- To act as the Company's leading representative and be the spokesperson at functions and meetings to present the aims and policies of the Company.
- To maintain sound relations with the Company's shareholders and ensure that the effective communication and disclosures are being carried out.
- To ensure that all directors be made aware of the main concerns of the shareholders and key stakeholders and that their views be communicated to the Board as a whole.

#### **7.3.5 Induction, Development, Succession and Performance Evaluation**

- To ensure that newly appointed directors participate in an induction program with the support of the Company Secretary.
- To ensure that the development needs of the directors are identified and appropriate training be provided to continuously update the skills and knowledge of the directors so that they fulfill their role on the Board and its Committees.
- To identify the development needs of the Board as a whole to promote its effectiveness as a team.
- To oversee a formal succession plan for the Board, Managing Director and certain senior management position, in collaboration with the RCGESC of MCB Group Limited, the Company's ultimate holding company.

### **8 ROLE OF EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS**

- 8.1 Non-executive and independent directors collectively shall contribute to the development of the strategy, analyse and monitor the performance of management against agreed objectives. Whenever required, they should challenge proposals presented by management and request additional information where they consider that information is necessary to support informed decision-making.
- 8.2 Non-executive and independent directors collectively should provide independent judgment in all circumstances.
- 8.3 Non-executive and independent directors individually should inform themselves to a reasonable extent about the subject matter of all decisions they are called upon to make as directors of the Company.
- 8.4 Non-executive and independent directors are expected to maintain the skills required to discharge their obligations to the Company and to the extent necessary newly appointed directors may request suitable induction courses which would be made available to them, upon request.
- 8.5 All directors are expected to take reasonable steps to satisfy themselves that financial information released to the markets and shareholders is accurate and that the Company has adequate and proper financial controls and systems of risk management.
- 8.6 All directors are bound by fiduciary duties and duties of care and skill.
- 8.7 Executive directors must always manage the conflict between their management responsibilities and their fiduciary duties as a director in the best interests of the Company. Additionally, executive directors have the additional responsibility of ensuring that the information laid out before the Board is an accurate and true representation of their understanding of the Company's affairs.

### **9. ROLE OF COMPANY SECRETARY**

#### **9.1. Compliance**

- 9.1.1 To ensure that the organisation complies with its constitution, all relevant statutory and regulatory requirements, codes of ethics and procedures established by the Board.
- 9.1.2 To inform the Board of all legislations relevant to or affecting meetings of shareholders and directors.

9.1.3 To continually review developments in corporate governance.

## **9.2. Board members - Appointment, Guidance and Development**

9.2.1 To ensure that procedures for the appointment of directors are properly undertaken.

9.2.2 To facilitate the proper induction of directors into their role.

9.2.3 To provide the Board as a whole and directors individually with guidance as to their roles and responsibilities, advising and assisting the directors with respect to their duties and responsibilities, in particular compliance with prevailing regulations.

9.2.4 To act as a channel of communication and information for non-executive directors.

9.2.5 To assist the Chairperson in governance processes such as Board and Committee evaluation.

## **9.3. Organisation of Meetings of the Company**

9.3.1 To prepare the agenda of Board and shareholders' meetings in consultation with the Chairperson and the Managing Director and to circulate the agendas and supporting documents in a timely manner.

9.3.2 To ensure that there is a quorum for meetings.

9.3.3 To take minutes of Board/Committee/Annual meetings and circulate draft minutes to all members and to ensure that minutes of proceedings of Board and Committee meetings and meetings of shareholders as well as resolutions of the Board are properly maintained.

9.3.4 To ensure that Annual and Special Meetings of Shareholders are held in accordance with the requirements of the Companies Act and the Company's Constitution.

9.3.5 To ensure that proxy form/s is/are correctly processed and that the voting process whenever applicable is carried out correctly at meetings of shareholders.

## **9.4. Communication with the Shareholders**

9.4.1 To ensure that the shareholders' interests are taken care of and act as a primary point of contact for the shareholders.

9.4.2 To communicate with the shareholders and arrange payment of dividends and/or interest, issuing documentation regarding corporate events being undertaken by the Company such as rights and bonus issues and maintaining good shareholders' relations.

## **10. BOARD COMMITTEES**

The Board must establish standing and, from time to time, ad hoc Committees to assist it in carrying out its responsibilities. For each Committee the Board shall adopt a Charter setting out its objectives, composition, frequency of meetings, powers and resources, duties and responsibilities, reporting structure and any other relevant matters. The appointment of a Chairperson and of the members of any Board committee shall be made by the Board.

The roles of Chairperson of Committees shall, as far as it is practical, be well distributed among the directors so that no individual is burdened with too many committees. It is recommended that, wherever possible, all Board Committees be chaired by an independent non-executive director and the Chairperson of each Committee shall not normally be the Chairperson of the Board.

Board committees shall comprise exclusively Board members. However, non-directors can be invited to attend the Committees.

The Board has established the following Committees:

- Audit Committee
- Risk Management Committee



Corporate Governance matters are taken up at the level of the Board which ensures that corporate governance practices established by the ultimate holding Company, MCB Group Limited, are applied by the Company.

Proceedings of committees shall be reported to the Board to allow other directors to be informed and seek clarifications from the committee members, if so desired.

Committees must have timely access to the resource and information necessary for them to fulfill their duties. This will include administrative support, as well as resources such as legal advisers and outside specialists, as necessary. Management and staff shall be advised that they must cooperate with the Committees and supply all information as required in a timely fashion.

The Board shall make funds available to the Committees to enable them to seek independent legal, accounting or other advice, as necessary.

## **11 OTHER PROVISIONS**

### **11.1 Professional advice**

The Board has an agreed procedure whereby directors are able to seek independent professional advice, should the need arise. The professional services procured shall be at the Company's expense and prior approval of the Chairperson is required.

### **11.2 Conflict of interests**

- Transactions between the Company and its directors or shareholders are sources of conflicts of interest.
- The Company shall have in place a suitable framework duly approved by the Board to avoid any actual or perceived conflict of interest by Board members and the staff approving/monitoring the related party transactions.
- The personal interests of a director, or persons closely associated with the director must not take precedence over those of the Company and its shareholders.
- A director should make a best effort to avoid conflicts of interest or situations where others might reasonably perceive there to be a conflict of interest.
- A director shall forthwith after becoming aware of the fact that he or she is interested in a transaction or proposed transaction with the Company, disclose same to the Board and cause same to be entered in the Interests Register.
- The Board has adopted the Code of Ethics of MCB Group Limited, its ultimate holding company, that addresses issues that relate, inter alia, to conflicts of interest, particularly relating to directors and management of the ultimate holding Company and its subsidiaries.

### **11.3 Access to information**

The Board shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.

### **11.4 Reporting**

All matters brought up to the Board by the different committees namely, the Audit Committee and the Risk Management Committee, likely to have an impact on the affairs or reputation of the Company, and the holding company should be reported by the Chairperson of the Board to the Board of the relevant holding company.

### **11.5 Confidentiality**

- Duty to Keep Information Confidential

Unless required to do so by law, no Board member shall, during his or her membership on the Board or afterwards, disclose any information of a confidential nature regarding the business of the Company, that came to his or her knowledge in the capacity of his or her work for the Company and which he/she knows or should know to be of a confidential nature.

A Board member may disclose such information to fellow Board members as well as to staff members of the Company who, in view of their activities for the Company, should be informed of the information. A Board member shall not use such confidential information for his or her personal benefit.

- Return of Confidential Information

At the end of each Board member's term of office, he/she shall return all confidential documents in his or her possession to the Company or guarantee their disposal in a manner that ensures confidentiality is preserved.

- Notice of Disclosure

If a Board member intends to disclose to third parties information which he/she has become aware of in his or her duties and which may be confidential, he/she must inform the Chairperson of his or her intent and the identity of the person who is to receive the information with sufficient notice for the Chairperson to assess the situation and advise the Board member. This section applies to both official and personal statements and to any person attending Board meetings which in terms of their content and form are clearly only intended for the Board.