

# Corporate governance report

## Our philosophy

The Board of MCB Group Ltd is committed to high standards of corporate governance with a view to upholding the organisation's long-term business sustainability and creating value for its stakeholders whilst acting in a way that is good for the society at large. The Board fosters principles of integrity, accountability and transparency throughout the organisation by way of group-wide awareness of its operating beliefs and values. It constantly reviews and adapts its practices and frameworks in line with the dynamic environment, influenced by, *inter alia*, cultural shifts in the workplace, digital trends, climate change risks, information security requirements, in order to ensure that the Group acts in the best interests of its stakeholders. The Group's sound governance standards and practices are anchored on key pillars as highlighted below.



### Strong commitment to ethics and values

- Dedicated Board Committee overseeing ethical conduct across the Group
- Application of the Group's 'Code of Ethics', approved and monitored by the Board
- Whistleblowing Policy allowing employees to report matters of concern in strict confidentiality



### Strict compliance to rules and regulations

- Adherence by Group entities to the provisions of legislations, rules and regulations in countries where they operate
- Compliance by relevant domestic entities with the National Code of Corporate Governance for Mauritius (2016)
- Compliance with international reporting requirements as applicable
- Adoption of the underlying Basel principles by banking subsidiaries



### Robust risk governance and internal control

- Ring-fencing of activities, as gauged by the segregation of banking and non-banking operations
- Board responsible for oversight and monitoring of risk profile against risk appetite through adapted frameworks
- Provision of independent assurance by both internal and external auditors



### Continuous multi-stakeholder engagement

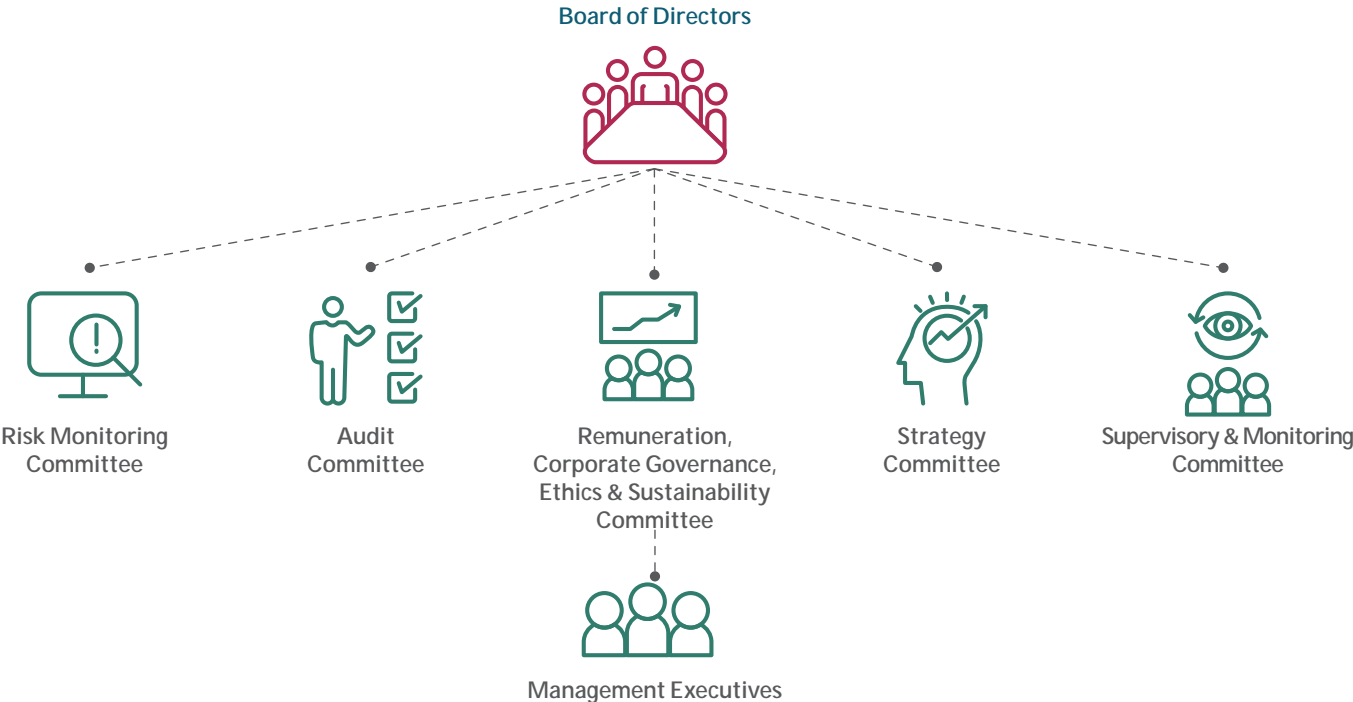
- Ongoing dialogue with the investment community and authorities
- Contribution to economic development by helping customers achieve their goals
- Safeguard of cultural and environmental heritage
- Promotion of community well-being and fostering of staff development and welfare

# Corporate governance report

## Governance structure

### Governance framework

MCB Group Ltd is led by a committed and unitary Board, which is collectively responsible for the leadership, oversight and long-term success of the organisation. The Group operates within a clearly defined governance framework, which provides for delegation of authority and clear lines of responsibility while enabling the Board to retain effective control. In order to carry out its duties effectively, the Board has established five committees, each mandated to provide counsel and specific expertise guidance on matters affecting the Group's activities. While the Board sets out the strategic direction, the operational management and day-to-day running of the organisation are entrusted to the Management Executives, with their performance and effectiveness closely monitored against set objectives and policies. The fundamental relationships among the Board, Board Committees and Management Executives as well as their main roles are illustrated in the following diagram.



### Role of the Board

The Board provides effective leadership and strategic guidance towards the achievement of the Group's strategy within a framework of robust risk management and sound internal controls, alongside ensuring adherence of the Company and its subsidiaries to relevant legislations, policies and norms.

### Role of Board Committees

Board Committees facilitate the discharge of the Board's responsibilities and provide in-depth focus on specific areas. In fulfilling their role of providing oversight and guidance, Chairpersons of Board Committees escalate all significant matters impacting the Group to the Board.

### Role of Management


Management Executives are responsible for the day-to-day running of the business, with well-defined accountabilities as endorsed by the Board. They regularly report to the Board on the operational and financial performance of the Group.

 [More information on Board and Committee Charters is available on the website](#)

The roles and responsibilities of the Chairperson, executive and non-executive directors as well as the Company Secretary are clearly defined in the Board Charter and Position Statements, which have been approved and are regularly reviewed by the Board. The role of the Chairperson is distinct and separate from that of the Chief Executive and there is a clear division of responsibilities with the Chairperson leading the Board and the Chief Executive managing the Group's business on a day-to-day basis. The Board ensures that the external obligations of the non-executive directors do not hinder the discharge of their duties and responsibilities. In this context, it is worth noting that the external commitments of the Chairperson did not change during the financial year under review.

### *Key roles and responsibilities*

Chairperson	Chief Executive	Directors
<ul style="list-style-type: none"> <li>• Provides overall leadership to the Board</li> <li>• Ensures that the Board is effective in its duties of setting out and implementing the Group's strategy</li> <li>• Ensures that committees are properly structured with appropriate terms of reference</li> <li>• Presides and conducts meetings effectively</li> <li>• Advises and provides support and supervision to the Chief Executive</li> <li>• Ensures that directors receive accurate, timely and clear information</li> <li>• Ensures that development needs of the directors are identified and that appropriate training is provided to continuously update their skills and knowledge</li> <li>• Oversees the succession planning process</li> <li>• Maintains sound relations with shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• Manages the day-to-day operations</li> <li>• Develops and executes the plans and strategy of the business in line with the policies set by the Board</li> <li>• Consults regularly the Chairperson and Board on matters which may have a material impact on the Group</li> <li>• Acts as a liaison between Management and the Board</li> <li>• Provides leadership and direction to Senior Management</li> <li>• Builds, protects and enhances the Group's brand value</li> <li>• Ensures the Group has implemented the necessary frameworks and structures to identify, assess and mitigate risks</li> <li>• Ensures the maintenance of a sound internal control system</li> </ul>	<ul style="list-style-type: none"> <li>• Contribute to the development of Group strategy</li> <li>• Analyse and monitor the performance of Management Executives against the set objectives</li> <li>• Ensure that the Group has adequate and proper internal controls as well as a robust system of risk management</li> <li>• Ensure that financial information released to markets and shareholders is accurate</li> <li>• Actively participate in Board decision-making and constructively challenge, if necessary, proposals presented by Management Executives</li> <li>• Provide specialist knowledge and experience to the Board</li> <li>• Remain permanently bound by fiduciary duties which include duties of loyalty, care and disclosure</li> </ul>
<h3>Company Secretary</h3> <ul style="list-style-type: none"> <li>• Ensures compliance with all relevant statutory and regulatory requirements</li> <li>• Develops and circulates the agenda for Board meetings</li> <li>• Ensures good information flows as well as provides comprehensive practical support to directors</li> <li>• Facilitates proper induction of directors and provides guidance to them in terms of their roles and responsibilities</li> <li>• Assists the Chairperson in governance processes such as Board and Committee evaluation</li> <li>• Ensures effective communication with shareholders and guarantees that shareholders' interests are duly taken care of</li> </ul>		

 *More information on the key roles is available on the website*

# Corporate governance report

## Constitution of MCB Group Limited

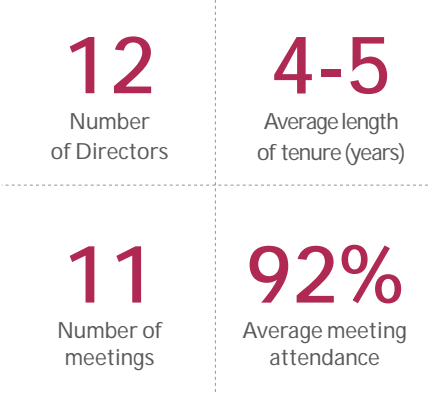
The Constitution of MCB Group Ltd conforms to the provisions of the Companies Act 2001 of Mauritius and the Listing Rules of the Stock Exchange of Mauritius Ltd. There are no clauses of the Constitution deemed material enough for specific disclosure. A copy of the Constitution is available on the website.

## The Board

### Mandate

The Board defines the Group’s purpose, strategy and value and determines all matters relating to the directions, policies, practices, management and operations of the Company and all its subsidiaries locally and abroad. The Board thereafter ensures that the Group is being managed in accordance with its directions and delegations.

### Key facts (FY 2019/20)



### Responsibilities

The methods through which the Board exercises its powers and discharges its responsibilities are set out in the Board Charter of MCB Group Ltd, which provides, *inter alia*, for the following:

- the composition of the Board with an appropriate balance of executive, non-executive and independent directors;
- the Chairperson of the Board who may be an independent non-executive director;
- the creation of Board Committees;
- the adherence to the Group’s ‘Code of Ethics’;
- the approval of strategic objectives, policies and corporate values as well as their communication throughout the organisation;
- the monitoring of Management Executives in respect of the implementation of Board plans and strategies, and compliance with set policies;
- the existence of clear lines of responsibility and accountability throughout the organisation and compliance with all relevant laws, regulations and codes of business practice;
- a formal and transparent directors’ remuneration policy;
- the review of procedures and practices to ensure soundness and effectiveness of the Group’s internal control systems;
- the existence of a robust Enterprise Risk Management system, with a view to ensuring that key risks across each Group entity are effectively addressed and that risk discussions are elevated to the strategic level;
- the setting of principal policies in respect of risk and conduct of business for the Company; and
- the provision of timely and accurate information to shareholders, relevant authorities and the public.

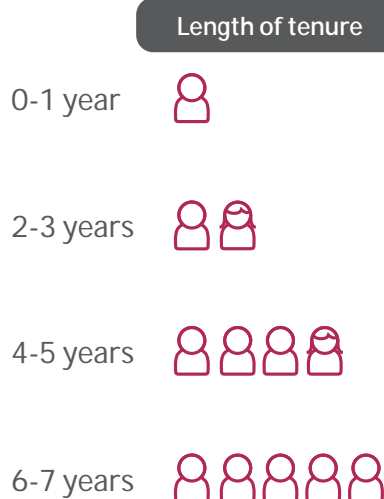
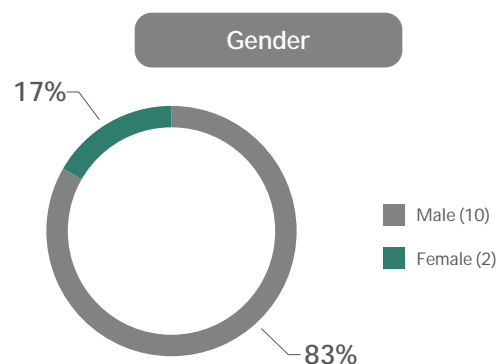
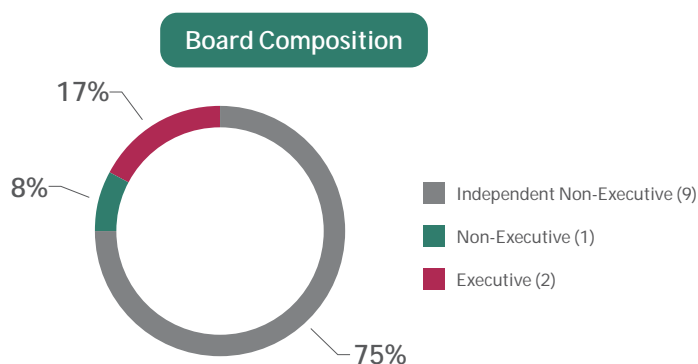
Approval of the Board is specifically required for, amongst other important matters, modifying the Company's Constitution, issuing fresh capital or buying back its own shares, declaring dividends, acquiring or divesting sizeable stakes in subsidiaries or associates, making appointments of senior officers, and establishing the remuneration of executive and non-executive directors and chief executives.

## Composition and meetings

### Composition

As per the Board Charter, the Board shall consist of a minimum of five and a maximum of twelve directors, with at least two executive directors and two independent directors. The Chairperson of the Board may be independent. The Board, assisted by the Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC), regularly reviews its size, composition, including the independence status of the non-executive directors. Since the last Annual Meeting held in November 2019, Mr Constantine Chikosi has been appointed as Director in replacement of Mrs Margaret Wong Ping Lun who retired. In the same vein, Mr Gilbert Gnany, Mr Jean Michel Ng Tseung, Mr Sunil Banyamdhub and Mr Jean Louis Mattei have been re-elected as Directors, in line with the Companies Act 2001 and the Group's Constitution.

As at 30 June 2020, the Board consisted of 12 members, with a diverse mix of skills, knowledge and experience. The average age of Board members stood at around 61 years. The Board composition for the year under review is shown hereafter.



# Corporate governance report

## Meetings

The Board determines the frequency of Board meetings in such a way as to ensure that it can focus on key issues at the appropriate time. In this respect, the Board Charter requires that meetings be conducted at least on a quarterly basis. Although the Board maintains a scheduled programme of meetings, the agenda for Board meetings remains sufficiently flexible to include specific items as and when required, in order to respond to changing circumstances and emerging business priorities. Meetings are convened so that directors are able to attend and participate in person. In case personal attendance by some or all of the directors is not possible, meetings are conducted by means of audio and/or video conferences, as has been the case since the last quarter of the financial year, due to the COVID-19 pandemic. On another note, members of the Management team and/or external advisors are sometimes invited to attend meetings to discuss topical issues identified by the Board. Directors receive Board papers in a timely manner to facilitate meaningful discussions and help make informed decisions at the meetings. All materials for Board meetings are uploaded onto a secure portal, which can be accessed by directors on tablet devices. The Chairperson presides over the Board meetings to ensure their smooth functioning and promotes open and frank debates where different views emerge, with the ultimate objective of continuously improving the quality of decision-making. The agenda-setting process is described in the diagram hereafter.

### Agenda-setting process



## Board attendance

The directors who served on the Board and their attendance at Board meetings during FY 2019/20 is provided in the following table:

Members	Board member since	Board status	Meeting attendance
Didier HAREL <i>(Chairperson as from September 2016)</i>	November 2015	Independent Non-Executive Director	10/11
Sunil BANYMANDHUB	April 2014	Independent Non-Executive Director	9/11
Karuna BHOOJEDHUR-OBEEGADOO	November 2015	Independent Non-Executive Director	8/11
Constantine CHIKOSI	November 2019	Independent Non-Executive Director	6/6
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	November 2014	Independent Non-Executive Director	10/11
Georges Michael David LISING	November 2018	Independent Non-Executive Director	11/11
Jean-Louis MATTEI	April 2014	Independent Non-Executive Director	8/11
Alain REY	November 2015	Independent Non-Executive Director	10/11
San T. SINGARAVELLOO	November 2018	Independent Non-Executive Director	11/11
Jean Michel NG TSEUNG	November 2016	Non-Executive Director	11/11
Margaret WONG PING LUN <i>(until November 2019)</i>	April 2014	Non-Executive Director	5/5
Gilbert GNANY	April 2014	Executive Director	10/11
Pierre Guy NOEL	April 2014	Executive Director	11/11

*Secretary to the Board: MCB Group Corporate Services Ltd (represented by Marivonne OXENHAM)*

# Corporate governance report

## Board focus areas

A summary of the main undertakings of the Board during the financial year is provided below:

### STRATEGY AND PERFORMANCE



- Discussed and assessed the impact of COVID-19 on the Mauritian economy and on business activities of the Group
- Reviewed and endorsed the strategic orientations and budget plans of all the banking and non-banking subsidiaries of the Group
- Monitored the progress of the Digital Transformation and HR Transformation projects as well as the revamping of the Treasury and MCB Private Banking & Wealth Management functions
- Briefed on headway made with respect to the Corporate Sustainability Programme ('Success Beyond Numbers')
- Approved the hosting of the 'Klima' conference and initiatives launched under the 'Lokal is Beautiful' campaign
- Updated on the progress of MCB Group's long-term strategic thinking exercise
- Assessed the development of the growth pillars of MCB Ltd



### FINANCIAL

- Assessed and monitored the Group's financial performance against budget
- Reviewed regular reports from the Audit and Risk Monitoring Committees
- Discussed and approved the dividend payout proposal
- Approved the issue and listing of 339,622,500 redeemable convertible non-voting preference shares to holders of Floating Rate Subordinated Notes Due 2023
- Approved financial budget



## GOVERNANCE AND RISK



- Reviewed and approved the structure, size and composition of the Board and Board Committees
- Approved, upon the recommendation of the Remuneration, Corporate Governance and Ethics Committee, the appointment of Mr Constantine Chikosi as Board member
- Approved the recommendation that the Remuneration, Corporate Governance and Ethics Committee shall monitor the Group's Corporate Sustainability Programme and the renaming of the committee to Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGES)
- Reviewed the Board and Committee Charters and other constitutive documents
- Reviewed recommendations of the Board evaluation exercise and monitored the implementation of the related action plan
- Approved the risk policy and the Enterprise Risk Management framework of the Group
- Approved the provisioning policy and the methodology adopted in the determination of Expected Credit Loss in the context of the COVID-19 crisis



## RECURRENT AGENDA ITEMS

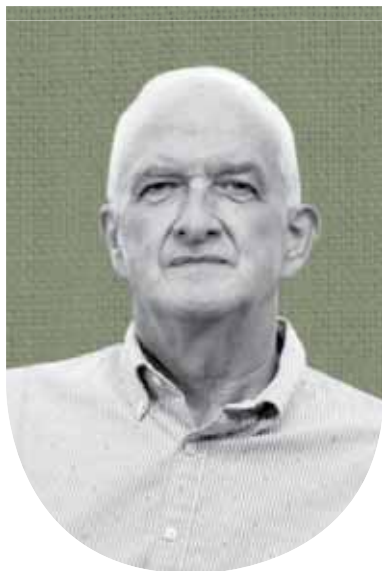
- Approved the minutes of proceedings
- Reviewed reports from Chairpersons of Board Committees
- Reviewed and approved the Group's consolidated accounts on a quarterly basis
- Approved Communiqués/Announcements as required by the relevant rules and regulations
- Debriefed on the Annual Meeting of Shareholders
- Updated on developments in the operating environment such as the National Budget 2020-21 and inclusion of Mauritius on the European Union (EU) blacklist

# Corporate governance report

## Directors' profiles

The Board comprises 12 directors who have a proven track record in various fields. Profiles of directors who held office at the end of the financial year as well as their directorships in other listed companies (where applicable) are given hereafter. Unless otherwise stated in their respective profile, directors reside in Mauritius.

### Chairperson



#### Didier HAREL – Age 68

*Independent Non-Executive Director*

**Date of first appointment:** November 2015

**Qualifications:** BSc in Chemical Engineering and Chemical Technology (UK) and MBA (INSEAD - France)

**Skills and experience:** Didier has a track record of over forty years in the downstream sector of the oil industry, having worked for the EXXON and TOTAL Groups. He started his career with Esso in Mauritius in 1974 and was appointed as Managing Director of Esso Reunion in 1982. He was then transferred to the Esso Europe-Africa Services Headquarters in London to head the Supply & International Sales Division from 1985 to 1988. He joined the TOTAL Group in 1988 where he was entrusted several international assignments, initially as Managing Director of TOTAL in Zambia and Zimbabwe and subsequently as Managing Director and Chief Executive Officer of major TOTAL Refining & Marketing subsidiaries in South Africa and in the United Kingdom. He also shouldered an array of senior executive positions in the marketing and logistics arena at TOTAL's Africa and Middle East Head Office in Paris and within TOTAL France, the home-based marketing and distribution company of the group. He was seconded in 2012 by TOTAL S.A as Chairman and CEO of Société Anonyme de Gestion des Stocks Stratégiques, the national oil compulsory stock obligation entity for France.

**Board Committee memberships:** Risk Monitoring Committee; Remuneration, Corporate Governance, Ethics and Sustainability Committee (*Chairperson*); Strategy Committee (*Chairperson*); Supervisory and Monitoring Committee (*Chairperson*)

**Directorships in other listed companies:** Sun Ltd; Terra Mauricia Ltd

## Executive Directors



### Pierre Guy NOEL – Age 64

*Chief Executive*

**Date of first appointment:** April 2014

**Qualifications:** BSc (Honours) in Economics and Chartered Accountant (UK)

**Skills and experience:** From 1981 to 1991, Pierre Guy worked at De Chazal Du Mée & Co. where he became a partner in financial consultancy. He joined MCB in 1992 as Planning and Development Consultant before being appointed General Manager of the Bank in 1996. Following the organisation's restructuring, he became the Chief Executive of MCB Group Ltd in April 2014. He is a Board member of several companies within the Group namely Banque Française Commerciale Océan Indien, MCB Madagascar, MCB Seychelles, MCB Maldives, MCB Investment Holding Ltd, MCB Capital Markets Ltd, MCB Equity Fund Ltd, MCB Consulting Services Ltd, MCB Factors Ltd, International Card Processing Services Ltd, Credit Guarantee Insurance Co. Ltd, MCB Microfinance Ltd and MCB Institute of Finance amongst others, acting either as Chairperson or Director. He was appointed to the Board of MCB Ltd in 2005 and was a director thereof until March 2014 when he joined the Board of MCB Group Ltd following the Group's restructuring exercise.

**Board Committee memberships:** Risk Monitoring Committee; Remuneration, Corporate Governance, Ethics and Sustainability Committee; Strategy Committee; Supervisory and Monitoring Committee

**Directorship in other listed companies:** Compagnie Des Villages De Vacances De L'Isle De France Limitée (COVIFRA)



### Gilbert GNANY – Age 58

*Chief Strategy Officer*

**Date of first appointment:** April 2014

**Qualifications:** 'Licence ès Sciences Economiques (Economie Mathématique)', 'Maîtrise en Econométrie' and 'DESS en Méthodes Scientifiques de Gestion et Calcul Economique Approfondi' (France)

**Skills and experience:** Gilbert previously worked as Senior Advisor on the World Bank Group's Executive Board where he was responsible for issues relating mainly to the International Finance Corporation and to the private and financial sectors. Prior to joining the World Bank, he was the MCB Group Chief Economist and Group Head of Strategy, Research & Development after having been the Economic Advisor to the Minister of Finance in Mauritius. During his career, he has been involved in various high-profile boards/ committees. Amongst others, he chaired the Stock Exchange of Mauritius Ltd, the Statistics Advisory Council and the Statistics Board as well as having been a member of the Board of Governors of the Mauritius Offshore Business Activities Authority, a director of the Board of Investment and of the Mauritius Sugar Authority. He was also a member of the IMF Advisory Group for sub-Saharan Africa, a member of the Senate of the University of Mauritius and a director of the Financial Services Institute. He is currently a Board member of several companies within the Group namely MCB Capital Markets Ltd, MCB Seychelles, MCB Maldives, MCB Madagascar, MCB Microfinance Ltd, MCB Consulting Services Ltd and MCB Institute of Finance amongst others. On the institutional side, he is an external IMF expert in statistics, in particular on data dissemination standards and strategy. Moreover, he is a member of the Financial Services Consultative Council and of the Managing Committee of the COVID-19 Solidarity Fund. He also acts as Chairperson on the Statistics Board of Mauritius, the COVID-19 Committee on Economic Recovery and the Economic Commission of Business Mauritius which serves, inter alia, as a platform for public-private sector dialogue.

**Board Committee memberships:** Risk Monitoring Committee; Strategy Committee (*also acts as Secretary*)

**Directorships in other listed companies:** Promotion and Development Ltd; Caudan Development Ltd; COVIFRA; Medine Ltd

# Corporate governance report

## Independent Non-Executive Directors



**Sunil BANYMANDHUB** – Age 71

**Date of first appointment:** April 2014

**Qualifications:** BSc (Honours) in Civil Engineering, Master's degree in Business Studies and Chartered Accountant (UK)

**Skills and experience:** Sunil occupied senior positions in the private sector in Mauritius prior to launching his own transport company in 1990. In 2001, he joined the CIM Group, a company engaged in financial and international services, from which he retired as Chief Executive Officer in 2008. During his career, he has been involved in various private sector organisations. Amongst others, he was President of the Mauritius Employers' Federation. He was a member of the Presidential Commission on Judicial Reform, headed by Lord Mackay of Clashfern, a former UK Lord Chancellor. He is currently a director of a number of domestic and global business entities, acting either as Chairperson or board member, and is also Adjunct Professor at the University of Mauritius.

**Board Committee memberships:**  
Audit Committee

**Directorships in other listed companies:**  
Fincorp Investment Ltd;  
New Mauritius Hotels; Blue Life Ltd



**Karuna BHOOJEDHUR** –  
**OBEEGADOO** - Age 59

**Date of first appointment:** November 2015

**Qualifications:** BSc (Hons) in Actuarial Science and Fellow of the Institute and Faculty of Actuaries (UK)

**Skills and experience:** Karuna started her career at the M&G Reinsurance Company in London (now Swiss Re) in 1985 prior to joining the State Insurance Company of Mauritius Ltd (SICOM) as Actuary and Manager of the Life, Pensions and Actuarial departments in 1990 when she was also appointed Actuarial Advisor to the National Pensions Fund and member of its Investment Committee. She has been the Chief Executive of the SICOM Group from 1996 to 2017 and is currently a director of various companies within the group. In the past, she has served as Director on the board of several companies, including State Bank of Mauritius Ltd, National Mutual Fund Ltd, First Republic Fund Ltd, Cyber Properties Investment Ltd, Mauritius Housing Company Ltd, National Housing Development Company Ltd, China Index Fund Ltd and China Actis Ltd. She was also a Founding Member of the National Committee on Corporate Governance and of the Board of Investment. She is currently a director of MCB Equity Fund Ltd, a subsidiary of MCB Group Ltd.

**Board Committee membership:**  
Remuneration, Corporate Governance, Ethics and Sustainability Committee



**Constantine CHIKOSI** – Age 65  
*Non-Resident*

**Date of first appointment:** November 2019

**Qualifications:** Lawyer, MSc in Economics and Chartered Management Accountant (UK)

**Skills and experience:** In a career spanning over 19 years with the World Bank Group, Constantine has held various operational, strategy and management roles, delivering developmentsolutions for the bank's client countries through analytical work, high level policy dialogue with governments and advising the Board on internal corporate strategy and forward-looking initiatives. He oversaw a threefold growth of the World Bank's investment portfolio in South East Asia and a forty percent improvement in its performance as Chair of committees that shaped the bank's operational strategy and investment portfolios in Cambodia, Laos, Malaysia, Myanmar and Thailand. Constantine led the opening of the World Bank Office in Mauritius where he assisted the Government in developing policy responses to the 2008 global financial crisis and streamlining the country's business regulation to reduce the cost of regulatory compliance. Prior to joining the World Bank, Constantine worked for a global mining company as Business Development Executive and as Company Secretary for a conglomerate listed on the Johannesburg Stock Exchange.

**Board Committee memberships:**  
Strategy Committee



**Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE** – Age 69

*Non-Resident*

**Date of first appointment:** November 2014

**Qualifications:** ‘Diplôme de l’Institut d’Etudes Politiques de Paris’ (France) and MBA (USA)

**Skills and experience:** Jean-Jacques started his career in 1977 as Financial Advisor at Deep River Beau Champ prior to joining the World Bank Group in 1980 under the Young Professionals Program. He integrated the International Finance Corporation where he worked on financing of agro-industrial projects in several countries in West Africa. Since 1987, he acted as Principal Operations Officer within the World Bank successively for the Latin America, Europe and Central Asia and Africa regions. Moreover, he was appointed Cluster Leader of the World Bank’s HNP Division for West Africa in 2008 before acting as Sector Manager for the Africa region in 2011-2012. He was also a member of the Health, Nutrition and Population worldwide Sector Board.

**Board Committee memberships:** Strategy Committee; Remuneration, Corporate Governance, Ethics and Sustainability Committee



**Georges Michael David LISING** – Age 48

**Date of first appointment:** November 2018

**Qualifications:** BSc (Honours) in Accounting and Financial Analysis and Chartered Accountant (UK)

**Skills and experience:** Michael has a long experience in the retail industry. He currently heads the Lising Group and occupies the position of Managing Director. Prior to joining the Lising Group, Michael has worked for Ernst & Young (UK) and De Chazal du Mee (Mauritius) where he was responsible for various consultancy projects and conducted assignments for the World Bank in Rwanda, Tanzania, Madagascar and Burkina Faso. He previously sat on the Council of the University of Mauritius and was a member of the Executive Committee of Young Presidents Organisation. He is also a director of MCB Factors Ltd.

**Board Committee membership:** Risk Monitoring Committee



**Jean-Louis MATTEI** – Age 73

*Non-Resident*

**Date of first appointment:** April 2014

**Qualifications:** ‘Diplôme d’Etudes Supérieures en Droit Privé’, ‘Diplôme du Centre d’Etudes Supérieures de Banque’ and ‘Diplôme de l’Institut d’Etudes Politiques de Paris’ (France)

**Skills and experience:** Jean-Louis has accumulated wide-ranging experience in the banking sector, having worked for Société Générale Group for some 40 years. Over this period, he has shouldered an array of high-level responsibilities within the group, acting as Chairperson, Director or Chief Executive Officer, in its various offices based worldwide. In 1998, he took charge of Société Générale international retail banking operations and built the group’s international network, particularly in Northern Africa and in the sub-Saharan region as well as in Eastern Europe. Prior to his retirement in 2013, he was a member of the Executive Committee of Société Générale Group. Moreover, he was the Chairperson of the Supervisory Board of Société Générale in Morocco, a position which he held until end of 2015. He is currently a member of the Board of Agence Française de Développement and also acts as Chairperson of its Audit Committee and Risk Committee.

**Board Committee memberships:** Risk Monitoring Committee (*Chairperson*); Strategy Committee

# Corporate governance report

## Independent Non-Executive Directors



**Alain REY** – Age 61

**Date of first appointment:** November 2015

**Qualifications:** BSc (Honours) in Economics and Chartered Accountant (UK)

**Skills and experience:** Alain has acquired wide financial experience, having been Manager at Citibank NA (Paris) and Regional Corporate Manager at Barclays Plc in Mauritius. He also has a long experience in the textile industry and was namely Financial Director at Corotex, General Manager at Shape Fabrics Ltd and has served as Senior Vice President and Chief Financial Officer at Novel Denim Holdings Ltd, a NASDAQ listed company. He has also been the Chief Executive Officer at Compagnie de Mont Choisy Ltée, a company involved in agricultural and property development activities. He was previously a director of AfrAsia Bank Ltd, State Bank of Mauritius Ltd and SBM Holdings Ltd.

**Board Committee membership:**  
Audit Committee (*Chairperson*)

**Directorships in other listed companies:**  
Terra Mauricia Ltd; New Mauritius Hotels Ltd



**San T. SINGARAVELLOO** – Age 47

**Date of first appointment:** November 2018

**Qualifications:** BSc Economics and Statistics (South Africa), BSc (Hons) Operation Research (South Africa), LLM International Business Law (France) and Fellow of the Institute of Faculty of Actuaries (UK)

**Skills and experience:** San is a qualified actuary with over 22 years of experience across the sub-Saharan Africa region, the UK and the Netherlands. Her experience spans an array of disciplines in the insurance fields with particular interest in developing markets. She has worked for various regional and international companies including Old Mutual (Cape Town), Hymans Robertson Actuaries and Consultant (Glasgow), PwC (London and Amsterdam). She currently heads the Aon Global Benefits Africa Unit and is a director of Anglo African Investments Ltd.

**Board Committee membership:**  
Audit Committee

## Non-Executive Directors



**Jean Michel NG TSEUNG** – Age 52

**Date of first appointment:** November 2016

**Qualifications:** BSc (Honours) in Mathematics and Chartered Accountant (UK)

**Skills and experience:** Jean Michel joined MCB Ltd in January 2004 and was Head of Corporate of the Bank until July 2015, when he was appointed Chief Executive Officer of MCB Investment Holding Ltd. He trained as a Chartered Accountant with Arthur Andersen in London before becoming Partner and Head of the Audit and Business Advisory Department of De Chazal Du Mée and subsequently of Ernst & Young in Mauritius. Whilst currently a Board member of several companies within the Group namely MCB Investment Holding Ltd, MCB Ltd, MCB Seychelles, MCB Maldives, MCB Madagascar and Banque Française Commerciale Océan Indien, he also sits on the Risk Monitoring Committee of MCB Ltd.

**Board Committee memberships:**  
Supervisory and Monitoring Committee (*also acts as Secretary*); Risk Monitoring Committee (*also acts as Secretary*)

## Remuneration philosophy

With human capital viewed as critical to the development of its strategy, the Group lays significant emphasis on employing the right people with the right skills and behaviour while rewarding them adequately. A summary of the remuneration philosophy of employees and directors is provided hereafter.

### Employees

#### Employee remuneration policy

The Group aims at promoting a fair and competitive staff remuneration that incentivises performance and assists in attracting and retaining talent, amongst others.

Generally, the remuneration package is anchored on a range of factors including qualifications, skills scarcity, past performance, individual potential, market practices, responsibilities shouldered and experience.

Our remuneration policy is based on meritocracy and ensures that:

- Full protection is provided, at the lower end of the income ladder, against cost of living increases
- Fairness and equity are promoted throughout the organisation
- Opportunity is given to employees to benefit from the financial results and development of the group:
  - Staff members of the group receive an annual bonus based on the Group's performance as well as an assessment of their contribution thereto and for demonstrating behaviours in the line with the Group's values
  - Staff members have the added possibility to be incentivised further through a share option scheme

With a view to attaining appropriate remuneration levels, the Group is guided by the following considerations:

- Market conditions are regularly surveyed in order to ensure that remuneration packages are motivating and competitive
- Superior team performance is strongly encouraged and rewarded with strong incentives
- Remuneration practices are regularly reviewed to reflect the current context while putting due emphasis on both individual and team performances

Fair remuneration

Remuneration package

#### Employee benefits

The Group provides a range of fringe and other benefits to its employees to help them in their personal life. Examples of such benefits at the level of MCB Ltd are as follows:

- The Bank currently contributes 18.1% of employees' basic salaries to an in-house pension scheme to provide for a retirement pension at the end of their professional career;
- The Bank provides employees with loans under preferential conditions to help them meet their endeavours;
- The Bank grants employees a monthly travelling allowance, with the amount varying according to their job grades;
- The Bank also provides medical coverage for all employees and their dependents; and
- The Bank offers its staff the flexibility of saving part of their monthly emoluments for their holidays. Employees can save the equivalent of 6% of their Basic Salary on an annual basis to cater for their holidays expenses, be it abroad or in a resort in Mauritius. This amount is made available at the beginning of each financial year and arrangements can be made to pay directly to our preferred travel agent, or to obtain refund upon presentation of a receipt. Employees also benefit from a tax rebate on this scheme, as prescribed by the Income Tax Act.

# Corporate governance report

The Group Employee Share Option Scheme (GESOS) in place provides eligible employees with the opportunity to partake in the growth and prosperity of the Group through the acquisition of shares in the Company, thereby acting as an additional lever to promote a performance culture alongside upholding motivation and commitment across the organisation. Under the scheme, employees are granted non-transferable options to buy MCB Group Ltd shares with up to a maximum of 25% of their annual performance bonus. The options, which can be exercised over a period of one year through four specific windows, carry a retention period of three years. The option price is based on the average of the share price over the quarter prior to the date on which the options are granted, to which a discount of 10% is applied. Management is, however, not entitled to such discount. Once issued, the shares rank *pari passu* as to dividend, capital, voting rights and in all other respects with the existing shares of MCB Group Ltd. The following table gives details of the options granted to and exercised by employees of the Group in the last financial year. Of note, employees have not exercised their options under GESOS for the third window given that the exercise price was higher than the prevailing market price.

	Management	Other Employees	Total
Number of options granted in October 2019	148,552	640,057	788,609
Initial option price (Rs)	293.50	264.00	-
Number of options exercised to date	103,139	184,943	288,082
Value (Rs)*	30,271,297	48,824,952	79,096,249
Percentage exercised (%)	69.4	28.9	36.5
Number of employees	20	704	724
Available for the 4 <sup>th</sup> window and expiring in mid-October 2020	45,413	455,114	500,527

\*Based on initial option price

## Directors

### Executive directors

In line with the policy for employees, remuneration for executive directors consists of a base salary and short-term benefits, which reflect their responsibilities and experience, as well as a variable element in the form of an annual bonus, determined by the performance of both the Group and the individual.

### Non-executive directors

The Group's remuneration philosophy concerning non-executive directors, who do not hold an executive position within the Group, is summarised as follows:

- There is a basic retainer fee for each individual non-executive director reflecting the workload, the size and the complexity (national/international) of the business as well as the responsibility involved;
- The basic retainer fee paid to the non-executive Chairperson commensurately reflects the fact that he has a wider scope of responsibilities and a heavier workload, compared to other non-executive directors;
- Committee basic retainer fees also apply to non-executive directors, with the fees differing in accordance with the time required for preparation, the frequency and the duration of meetings. Chairpersons of committees are paid a higher basic retainer fee than members, in line with the rationale outlined in the previous point;
- There is an attendance fee for non-executive directors in respect to their presence at meetings of the Board and their respective committees as well as the Annual Meeting of Shareholders, and
- No share option or bonus is granted to non-executive directors, except those who hold an executive position within the Group.



The following table highlights the remuneration and benefits received by the directors during the financial year.

Remuneration and benefits received (Rs '000)	From the holding company	From subsidiaries	Total
Didier HAREL	3,106	-	3,106
Sunil BANYMANDHUB	676	212	888
Constantine CHIKOSI ( <i>as from November 2019</i> )	348	-	348
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	840	-	840
George Michael David LISING	618	77	695
Jean-Louis MATTEI	1,050	-	1,050
Karuna BHOOJEDHUR-OBEGADOO	605	112	718
Jean Michel NG TSEUNG	12,748	15,871	28,619
Alain REY	1,013	91	1,104
San T. SINGARAVELLOO	682	-	682
Margaret WONG PING LUN ( <i>until December 2019</i> )	188	697	884
<b>Total Non-Executive</b>	<b>21,874</b>	<b>17,060</b>	<b>38,934</b>
Pierre Guy NOEL	40,499	-	40,499
Gilbert GNANY	22,581	-	22,581
<b>Total Executive</b>	<b>63,080</b>	<b>-</b>	<b>63,080</b>
<b>Total (Non-Executive and Executive)</b>	<b>84,954</b>	<b>17,060</b>	<b>102,014</b>

# Corporate governance report

## Directors' interests and dealings in securities

With regard to directors' dealings in the Group's securities, the directors confirm that they have followed the absolute prohibition principles and notification requirements of the model code for securities transactions by directors as detailed in Appendix 6 of the Stock Exchange of Mauritius Listing Rules.

The Company Secretary maintains a Register of Interests of directors, which is available for consultation to shareholders upon written request to the Company Secretary. Upon their appointment, all new directors are required to notify in writing to the Company Secretary their holdings as well as the holdings of their closely related parties in the Group's securities.

The following tables itemise the interests of the directors in the Group's listed securities as at 30 June 2020 as well as related transactions effected by the directors during the financial year. None of the directors had any interest in the securities of the subsidiaries of MCB Group Ltd other than in the equity of Fincorp Investment Ltd.

Interests in MCB Group Ltd Ordinary shares as at 30 June 2020	Number of Ordinary shares	
	Direct	Indirect
Sunil BANYMANDHUB	2,200	-
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	88	-
Gilbert GNANY	267,102	85,000
Georges Michael David LISING	11,722	45,245
Jean Michel NG TSEUNG	36,683	-
Pierre Guy NOEL	1,278,555	29,342
Alain REY	4,840	-
San T. SINGARAVELLOO	-	5,000

Transactions during the year	Number of Ordinary shares			
	Purchases		Sold	
	Direct	Indirect	Direct	Indirect
Gilbert GNANY	10,000	55,000	-	-
Jean Michel NG TSEUNG	18,260	-	-	-
Pierre Guy NOEL	92,930	800	-	-

Interests in MCB Group Ltd Preference shares as at 30 June 2020	Number of Preference shares	
	Direct	Indirect
Gilbert GNANY	-	20,000

Interests in Fincorp Investment Ltd as at 30 June 2020	Number of shares	
	Direct	Indirect
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	550	-
Gilbert GNANY	69,000	-
Pierre Guy NOEL	750,166	32,250

### Directors' service contracts

There was no service contracts between the Company and its directors during the financial year.

### Related party transactions

The Board is ultimately responsible for establishing and implementing appropriate policies on conflicts of interests and related party transactions and for administering the process for handling the transactions within the Group. Assisted by the Remuneration, Corporate Governance, Ethics and Sustainability Committee, the Board exercises this responsibility, through:

- monitoring and reporting by Senior Management within the Company and its subsidiaries in respect of related party transactions;
- regular review of related party exposures, including those pertaining to Senior Management at the level of the Company and its subsidiaries; and
- formal review and ratification of the Conflicts of Interest and Related Party Transactions Policy as applicable.

Related party transactions of the Group were conducted in line with relevant internal policies and guidelines. For related party transactions, please refer to Note 38 of the Financial Statements.

 More information on the 'Conflicts of Interest and Related Party Transactions Policy' is available on the website

### Board Committees

The Board has delegated authority to various Board Committees to provide specialist guidance and make recommendations, through established reporting mechanisms, on areas and matters delegated to them. Each committee has its own charter, as approved by the Board and reviewed as required, which sets out, *inter alia*, its roles, responsibilities, composition and meetings requirement. The mandate, composition and focus areas covered during the financial year of the five Committees namely Risk Monitoring Committee, Audit Committee, Remuneration, Corporate Governance, Ethics and Sustainability Committee, Strategy Committee and the Supervisory and Monitoring Committee, are set out hereafter.

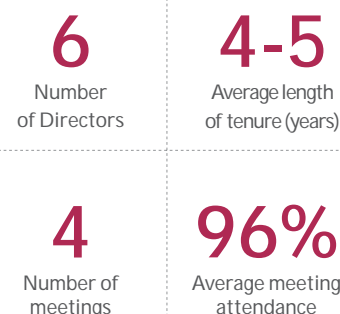
# Corporate governance report

## Risk Monitoring Committee (RMC)

### Mandate

As per its Charter, the RMC shall consist of at least three members, including the Chief Executive, with a majority of non-executive directors. The Chairperson of the Committee shall be a non-executive director and shall not be the Chairperson of the Board. The RMC meets at least quarterly and on an ad hoc basis when required.

### Key facts (FY 2019/20)



### Composition and meetings

The RMC assists the Board in elaborating risk mitigation strategies and in assessing and monitoring the risk management process of MCB Group Ltd and all its subsidiaries. It also advises the Board on risk issues and monitors the risk of the different portfolios against the set risk appetite of the subsidiaries.

The directors who served on the RMC and their attendance at committee meetings during FY 2019/20 are provided in the following table:

Members	Committee member since	Board status	Meeting attendance
Jean-Louis MATTEI ( <i>Chairperson</i> )	July 2014	Independent Non-Executive Director	4/4
Didier HAREL	February 2016	Independent Non-Executive Director	4/4
Georges Michael David LISING	January 2019	Independent Non-Executive Director	3/4
Jean Michel NG TSEUNG ( <i>also acts as Secretary</i> )	January 2019	Non-Executive Director	4/4
Gilbert GNANY	July 2014	Executive Director	4/4
Pierre Guy NOEL	July 2014	Executive Director	4/4

### Focus areas in FY 2019/20

#### Key topics discussed

- Impact of COVID-19 on asset quality, provisioning, expected credit losses under IFRS 9 and risk appetite of the Group
- The Group's risk appetite
- Risk management framework of the Group and its subsidiaries
- Risk policies of the Group and its subsidiaries
- Reports from the Group's banking entities and non-banking subsidiaries covering the principal risks (notably credit, market, liquidity) and actions taken to mitigate them
- Adequacy of capital, funding and liquidity requirements of the Group and of the banking subsidiaries
- Risk portfolios of the banking subsidiaries against set limits
- Key risks of specific non-banking subsidiaries
- Review of the implementation of the Enterprise Risk Management framework by the subsidiaries of the Group
- Asset quality metrics of the Group
- Review of economic and operating environment locally and in presence countries



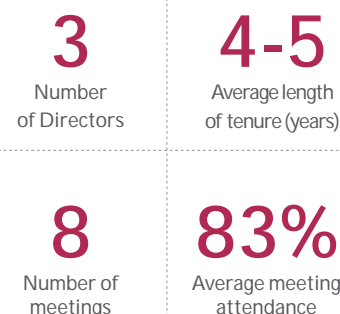
More information on the Risk Monitoring Committee Charter is available on the website

## Audit Committee (AC)

### Mandate

As per its Charter, the AC shall consist of a minimum of three non-executive members, with a majority of independent directors from whom the Chairperson shall be nominated. The Chairperson of the Board and the Chief Executive shall not be a member of the AC. The Committee meets at least four times a year corresponding to the Company's quarterly reporting cycle and on an ad hoc basis when required. Moreover, the Committee also holds consultations with the Chairpersons of Audit Committees of subsidiaries as deemed appropriate.

### Key facts (FY 2019/20)



### Composition and meetings

The AC assists the Board in overseeing MCB Group Ltd and its subsidiaries on matters relating to the safeguarding of assets, the monitoring of internal control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

The directors who served on the AC and their attendance at committee meetings during FY 2019/20 are provided in the following table:

Members	Committee member since	Board status	Meeting attendance
Alain REY ( <i>Chairperson</i> )	February 2016	Independent Non-Executive Director	8/8
Sunil BANYMANDHUB	July 2014	Independent Non-Executive Director	4/8
San T. SINGARAVELLOO	December 2018	Independent Non-Executive Director	8/8

Secretary: MCB Group Corporate Services Ltd (represented by Marivonne OXENHAM)

### Focus areas in FY 2019/20

#### Key topics discussed

- The COVID-19 Pandemic Response Team Preparedness action plan and the Business Continuity Management plan
- Interim and audited consolidated financial statements published by the Group with recommendations made to the Board
- Reports from internal and external auditors and actions taken accordingly
- Internal and external audit reports of all subsidiaries
- Compliance plans and reports of all subsidiaries
- Operational risk review
- Compliance with AML/CFT regulations
- Update on regulatory changes
- Adequacy of allowance for credit impairment
- Audit plans of internal and external auditors
- Selection of external auditors for MCB Group Ltd and some subsidiaries
- Audit fees for external auditors



More information on the Audit Committee Charter is available on the website

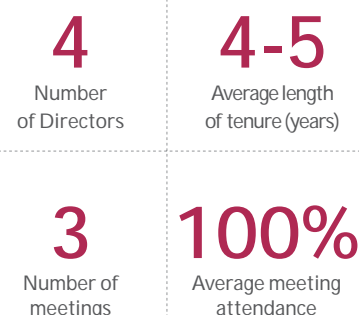
# Corporate governance report

## Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC)

### Mandate

As per its Charter, the RCGESC shall consist of at least three members, the majority of whom shall be independent non-executive directors. The Chairperson shall be an independent non-executive director and shall normally be the Chairperson of the Board. The Chief Executive may be a member of the Committee. The Committee meets at least twice a year and on an ad hoc basis when required.

### Key facts (FY 2019/20)



### Composition and meetings

The RCGESC assists the Board with respect to all remuneration aspects, corporate governance matters and nomination of directors and senior executives of MCB Group Ltd. Moreover, it oversees succession planning by regularly reviewing the related plan for Group senior executives and continuously updating a pipeline of directors' profiles, for discussion at Board level. The RCGESC also monitors the Corporate Sustainability Programme across the Group.

The directors who served on the RCGESC and their attendance at committee meetings during FY 2019/20 are provided in the following table:


Members	Committee member since	Board status	Meeting attendance
Didier HAREL ( <i>Chairperson</i> )	September 2016	Independent Non-Executive Director	3/3
Karuna BHOOJEDHUR-OBEEGADOO	February 2016	Independent Non-Executive Director	3/3
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	November 2018	Independent Non-Executive Director	3/3
Pierre Guy NOEL	July 2014	Executive Director	3/3

Secretary: MCB Group Corporate Services Ltd (represented by Marivonne OXENHAM)

### Focus areas in FY 2019/20

#### Key topics discussed

- Re-election and appointment of directors as Board members
- Board and Board Committees composition
- Review of the Remuneration, Corporate Governance and Ethics Committee (RCGEC) mandate to include the monitoring of the Group's Corporate Sustainability Programme
- Group's general remuneration policy
- Appointment of senior executives and Board members at subsidiaries' level
- Succession plan for leadership roles within the organisation
- Review of the 'Corporate Governance Report' forming part of the Annual Report
- Board evaluation findings and implementation of action plan
- Review of Board/Committee Charters and policies for approval by the Board

 More information on the Remuneration, Corporate Governance and Ethics Committee Charter is available on the website

## Strategy Committee (SC)

### Mandate

As per its Charter, the SC shall consist of at least five members with a majority of non-executive directors. The Chief Executive shall also be a member of the Committee. The Chairperson of the Committee shall be a non-executive director and shall normally be the Chairperson of the Board. The Committee meets at least four times in a year and on an ad hoc basis when required. The Chairperson of MCB Ltd and Chief Executives of entities of the Group may be invited to attend SC's meetings as and when required.

### Key facts (FY 2019/20)

**6**  
Number  
of Directors

**3-4**  
Average length  
of tenure (years)

**4**  
Number of  
meetings

**100%**  
Average meeting  
attendance

### Composition and meetings

The SC assists the Board in overseeing the business strategy of MCB Group Ltd and its subsidiaries and measures the latter's performance against set objectives whilst ensuring that capital allocation is appropriate. In addition, it helps the Board in assessing major financial and investment plans and other material issues that affect the development of the Group.

The directors who served on the SC and their attendance at committee meetings during FY 2019/20 are provided in the following table:

Members	Committee member since	Board status	Meeting attendance
Didier HAREL ( <i>Chairperson</i> )	November 2016	Independent Non-Executive Director	4/4
Sunil BANYMANDHUB ( <i>until January 2020</i> )	November 2016	Independent Non-Executive Director	3/3
Constantine CHIKOSI	January 2020	Independent Non-Executive Director	1/1
Jean-Jacques DUPONT DE RIVALZ DE ST ANTOINE	November 2016	Independent Non-Executive Director	4/4
Jean-Louis MATTEI	November 2016	Independent Non-Executive Director	4/4
Gilbert GNANY ( <i>also acts as Secretary</i> )	November 2016	Executive Director	4/4
Pierre Guy NOEL	November 2016	Executive Director	4/4

### Focus areas in FY 2019/20

#### Key topics discussed

- Progress of key strategic initiatives across the Group
- Capital strengthening of the Group
- The Group's international expansion strategy
- Group-wide digital strategic orientations
- The Group's long-term strategy

 More information on the Strategy Committee Charter is available on the website

# Corporate governance report

## Supervisory and Monitoring Committee (SMC)

### Mandate

As per its Charter, the SMC shall consist of a minimum of three members, including the Chairperson and the Chief Executive. Chief Executives of the subsidiaries of MCB Group Ltd may be invited to attend SMC's meetings as required. The SMC shall meet regularly and on an ad hoc basis when required.

### Key facts (FY 2019/20)

**3**  
Number  
of Directors

**3**  
Average length  
of tenure (years)

**14**  
Number of  
meetings

**100%**  
Average meeting  
attendance

### Composition and meetings

The SMC assists the Board in overseeing the overall management of MCB Group Ltd and its subsidiaries as well as in providing direction and guidance on major policy matters. It also monitors and measures the Group's performance against set objectives, in line with the strategic orientations.

The directors who served on the SMC and their attendance at committee meetings during FY 2019/20 are provided in the following table:

Members	Committee member since	Board status	Meeting attendance
Didier HAREL ( <i>Chairperson</i> )	July 2017	Independent Non-Executive Director	14/14
Jean Michel NG TSEUNG ( <i>also acts as Secretary</i> )	July 2017	Non-Executive Director	14/14
Pierre Guy NOEL	July 2017	Executive Director	14/14

### Focus areas in FY 2019/20

#### Key topics discussed

- Impact of COVID-19 on the strategy, financial performance and operations of the Group
- Implementation of approved strategies and major policies
- Progress made on major transformation projects
- Major investment decisions
- Capital injection in some subsidiaries as well as the funding structure of MCB Group and its subsidiaries
- Dividend pay-out proposal of the Group for approval by the Board
- Recruitment of potential candidates in senior executive positions within the Group as well as resignations and movements of key senior personnel
- Major litigations and market movements that can have a material/significant impact on the Group
- Legal, operational and compliance matters impacting MCB Group
- Follow-up on the recommendations of the various Board Committees
- Capital market activity including monitoring of foreign shareholding and share price movements

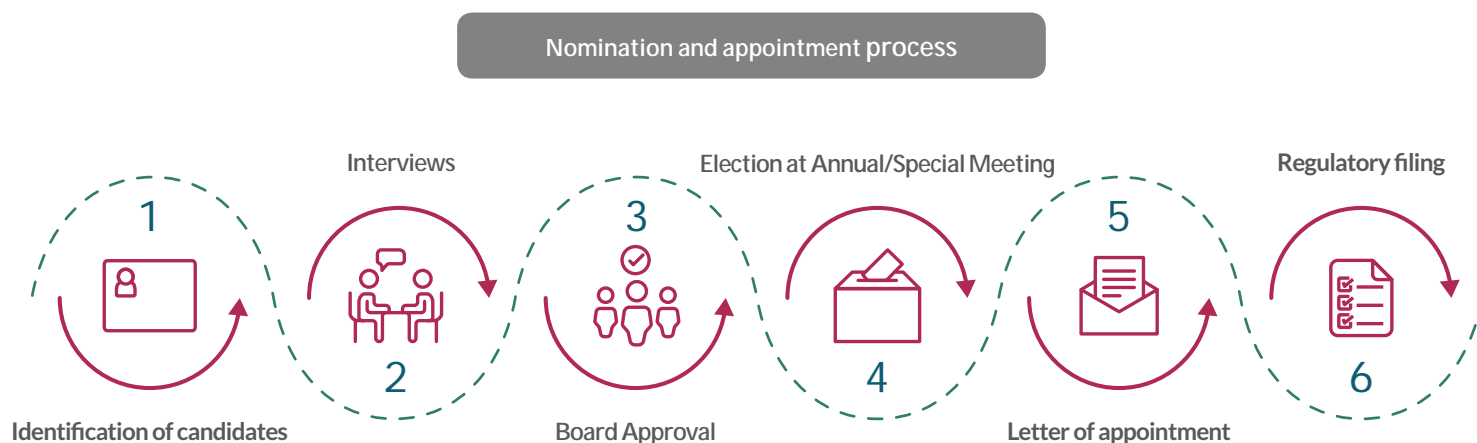
 More information on the Supervisory and Monitoring Committee Charter is available on the website




## Board effectiveness

### Nomination process

The Board has a formal and transparent process in place for the nomination and appointment of directors. In fulfilling this duty, the Board is supported by the Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC), which is responsible for overseeing board directorship's renewal and succession planning. The RCGESC reviews the size, structure and composition of the Board on an annual basis or whenever appointments are considered. In so doing, it seeks to promote diversity of perspectives to enable a smooth execution of the Group's long-term strategy in a constantly changing market environment. The RCGESC is responsible for identifying candidates, carrying out interviews and recommending potential directors to the Board for its approval. The selection criteria used to assess prospective candidates relate, amongst others, to their specific skills, expertise, knowledge and experience. The RCGESC also considers gender diversity, time commitment and independence of the candidates in their assessment. The nomination and appointment process of directors for the Board is highlighted in the diagram below.



Whilst seeking to retain a core set of directors with long-standing knowledge, the Board recognises the importance of rotation of Board members to ensure that there is a good balance between continuity and fresh perspectives on the Board. It is worth highlighting that at each Annual Meeting, one third of Board members, notably those who have been longest in office, are required to retire, while being eligible to stand for re-election.

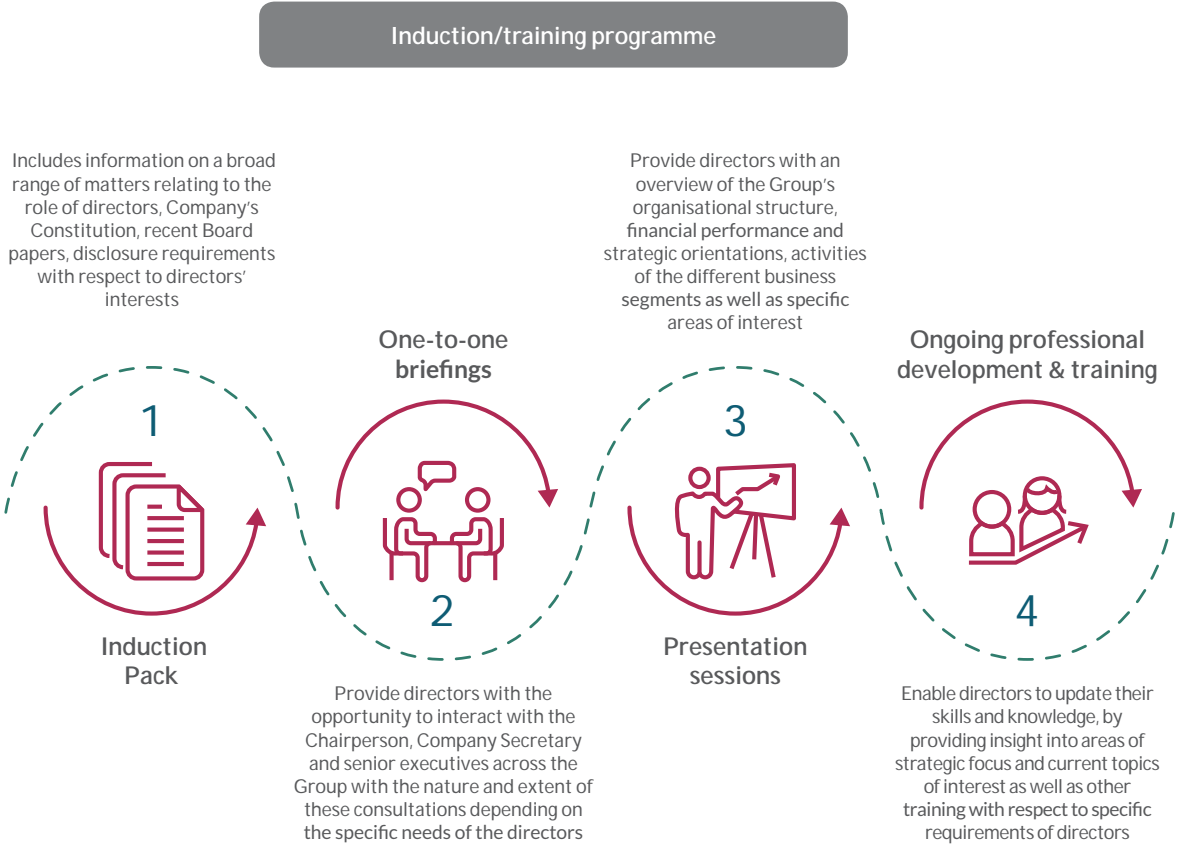
 *More information on the nomination and appointment process is available on the website*

# Corporate governance report

## Board induction and training

On appointment to the Board, new directors are invited to attend and participate in a comprehensive induction programme. The latter seeks, *inter alia*, to familiarise them with their legal duties and to provide them with an overview of the Group's business operations and their main drivers as well as the operating environment. The programme's objective is to enable directors to be well equipped from the outset to effectively contribute to strategic discussions and oversight of the Group. As part of its commitment for continuous improvement, the Board has established an ongoing training and development programme for directors, which is reviewed on a regular basis to ensure its pertinence, with a training log maintained for each director by the Company Secretary.

During the last financial year, directors attended a presentation delivered by the President of Institute of Chartered Accountants in England and Wales (ICAEW) on the local and international implications of Brexit. Moreover, various interactive sessions were organised to provide directors with a greater understanding of specific strategic focus areas. Furthermore, the Board held deep dive sessions pertaining to the Digital Transformation Programme, with a local site visit to the MCB Digital Factory undertaken in November 2019. An outline of the induction and training programme is set out in the diagram hereafter.

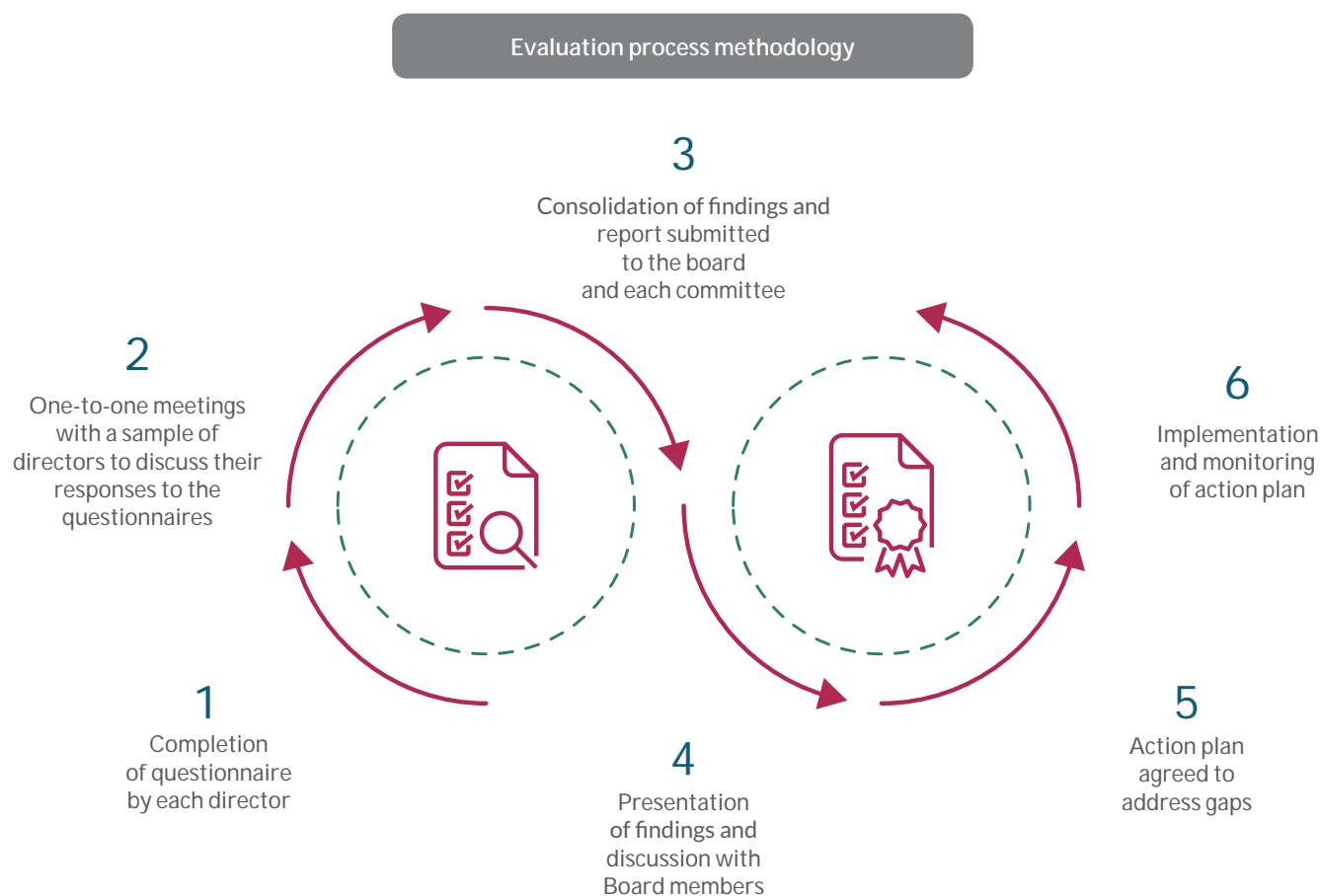


*Note: Briefing and reading materials are made available on the Board portal for consultation.*

### Board/Director's performance

In its quest for continuous improvement, the Board regularly assesses its performance and effectiveness, as well as that of its committees and individual members. The evaluation is undertaken with the support of an independent external facilitator under the oversight of the Remuneration, Corporate Governance, Ethics and Sustainability Committee (RCGESC).

An evaluation exercise was conducted in August 2019 by Ernst and Young Ltd on various governance aspects. The assessment was notably based on a review of governance related documents and views of directors on a range of governance topics. The report concluded that current practices generally exceed the minimum performance and compliance requirements and that key documents required to formalise the governance arrangements are in place. It also contained a few recommendations for enhancing performance, which were presented to the Board, with an action plan subsequently agreed upon. The Chairperson of the Board, with the support of the RCGESC, has been monitoring the implementation of the action plan to ensure that issues identified are given due consideration, within a reasonable timeframe. An outline of the evaluation process methodology used is provided in the diagram hereafter.



# Corporate governance report

## Risk governance

### Risk management and internal control

The Board has the ultimate responsibility to maintain a robust risk management and internal control system, which it regularly reviews to cater for new emerging risks and threats emanating from the operating context. As a key focus area, the Group has, during the period under review, activated its Pandemic Preparedness Plan to help underpin business continuity in the wake of the pandemic spread and the associated lockdown periods, while duly safeguarding the health and safety of its stakeholders.


Supported by the Risk Monitoring Committee, the Board ensures that the necessary structures, processes and methods for identification, evaluation and monitoring of the principal risks faced by the Group are integrated into the latter's overall risk governance framework. Following recommendations from an external consultant on the risk governance framework, the Enterprise Risk Management framework has been implemented or is in the process of being implemented in relevant subsidiaries. The Board has received assurance, through the regular reporting by the Chairpersons of relevant Committees, on the adequacy of the risk management arrangements during the year under review.

The Board, assisted by the Audit Committee, ensures that the internal control framework in place results in an acceptable level of risk exposure whilst guaranteeing compliance with internal established policies and procedures and relevant laws and regulations. The Internal Audit and Compliance functions regularly report to the Audit Committee, which also reviews operational and information risks. Furthermore, whilst receiving feedback from Audit Committees of subsidiaries, the Audit Committee receives reports from the Company's external auditor and has a discussion with the latter without Management Executives being present to ensure that there are no unresolved material issues of concern. Based on the work performed by internal and external auditors, reviews by Management Executives and regular reporting from the Chairperson of the Audit Committee, the Board is of opinion that the internal control systems are adequate and effective.

 More information is available in the 'Risk and Capital Management Report' on pages 142 to 198

### Information Governance

The Group attaches significant importance to the confidentiality, integrity and availability of information, backed by a robust framework that protects its information asset and upholds the security and performance of information and Information Technology (IT) systems. The Board is responsible for setting and regularly reviewing relevant policies and for ensuring that they are appropriately implemented through adequate structures and processes. In this respect, access to information is only available to authorised parties while physical and logical access controls are in place at all times with staff being regularly made aware of relevant requirements. The Group continues to invest in technology to enhance its operational resilience with significant investments being monitored by the Board. Besides, the Group deployed several initiatives during the year to enhance and assess the robustness of its information security, including cyber-attack simulations on the Bank's information system. The Internal Audit provides for an independent assurance to assess the suitability of the Group entities' information and IT policies while the Audit Committee evaluates the effectiveness of related internal control systems.

 More information is available in the 'Information, Information Technology and Information Security Governance Policy' on the website

## External auditors

With a view to ensuring the overall adequacy of the Group's internal control framework, the Audit Committee evaluates the independence and effectiveness of the external auditors on an ongoing basis before making a recommendation to the Board on their appointment and retention. The proposal to reappoint PricewaterhouseCoopers (PwC), which was first appointed in November 2015 as external auditor, was approved by shareholders at the Annual Meeting of Shareholders of MCB Group Ltd, held in November 2019. As regards the timeframe, the total duration of the audit assignment is for a period of one year with the possibility of reappointment of the selected firm annually, subject to regulatory provisions and approval at the Annual Meeting of Shareholders of MCB Group Ltd. The latter retains the right to renew and extend the contract following an assessment by the Audit Committee of the external auditor's overall scope, terms of reference and independence.

## Non-audit services

MCB Group Ltd, via the Audit Committee, has a process in place to ensure that there is no threat to the objectivity and independence of external auditors in the conduct of the audit resulting from the provision of non-audit services by them. As such, non-audit services, which are limited to ad hoc advice and other assurance related services, are pre-approved by the Audit Committee.

## Auditors' fees and fees for other services

	2020		2019	
	The Group	The Company	The Group	The Company
	Rs '000	Rs '000	Rs '000	Rs '000
<b>Audit fees paid to:</b>				
PricewaterhouseCoopers	20,707	1,103	22,269	1,090
BDO & Co	5,665	-	3,624	-
Other firms	2,788	-	1,724	-
<b>Fees for other services provided by:</b>				
PricewaterhouseCoopers	4,076	-	10,057	-
BDO & Co	-	-	-	-
Other firms	515	-	402	-

*Note that the fees for other services relate to ad hoc tax assessments settlement, annual internal control reviews, annual tax compliance, quarterly reviews of our abridged unaudited financial statements and specific comforts for external stakeholders*

# Corporate governance report

## Directors of MCB Group Ltd subsidiaries

The Board composition of the subsidiaries is given hereafter, with the corresponding Chairpersons as well as Chief Executives or Managing Directors (where applicable) sitting on the respective Boards being mentioned. Changes in the Board composition during the financial year 2019/20 and to date are also highlighted.

### *MCB INVESTMENT HOLDING LTD*

Pierre Guy NOEL (*Chairperson*)  
Jean-François DESVAUX DE MARIGNY  
Jean Michel NG TSEUNG (*Chief Executive*)

### *THE MAURITIUS COMMERCIAL BANK LTD*

Jean-François DESVAUX DE MARIGNY (*Chairperson*)  
Jonathan CRICHTON  
Raoul GUFFLET (*Deputy Chief Executive Officer*)  
Uday Kumar GUJADHUR  
Philippe LEDESMA  
Alain LAW MIN (*Chief Executive Officer*)  
Jean Michel NG TSEUNG  
Su Lin ONG (*as from November 2019*)  
Simon Pierre REY (*until December 2019*)  
Simon WALKER (*as from June 2020*)

### *MCB MADAGASCAR SA*

Jean-François DESVAUX DE MARIGNY (*Chairperson*)  
Gilbert GNANY  
Raoul GUFFLET  
Jean Michel NG TSEUNG  
Pierre Guy NOEL  
Rony RADAYLALL (*Deputy Managing Director*)  
(*Acting Managing Director since August 2019*)  
Patrick RAZAFINDRAFITO

### *MCB (MALDIVES) PRIVATE LTD*

Pierre Guy NOEL (*Chairperson*)  
Jean-François DESVAUX DE MARIGNY  
Gilbert GNANY  
Raoul GUFFLET  
Désiré LEO (*Managing Director*)  
Laila MANIK  
Jean Michel NG TSEUNG

### *MCB SEYCHELLES LTD*

Pierre Guy NOEL (*Chairperson*)  
Regis BISTOQUET (*Deputy Managing Director*)  
Jean-François DESVAUX DE MARIGNY  
Gilbert GNANY  
Raoul GUFFLET  
Bernard JACKSON (*Managing Director*)  
Jean Michel NG TSEUNG

### *MCB INTERNATIONAL SERVICES LTD<sup>1</sup>*

Jean-François DESVAUX DE MARIGNY (*Chairperson*)  
Regis BISTOQUET  
Gilbert GNANY  
Bernard JACKSON  
Jean Michel NG TSEUNG

### *MASCAREIGNES PROPERTIES LTD<sup>1</sup>*

Pierre Guy NOEL (*Chairperson*)  
Regis BISTOQUET  
Jean-François DESVAUX DE MARIGNY  
Gilbert GNANY  
Raoul GUFFLET  
Bernard JACKSON  
Jean Michel NG TSEUNG

### *MCB CAPITAL MARKETS LTD*

Pierre Guy NOEL (*Chairperson*)  
Couldip BASANTA LALA  
Bertrand DE CHAZAL  
Gilbert GNANY  
Rony LAM YAN FOON (*Chief Executive Officer*)  
Jeremy PAULSON-ELLIS  
Catherine SWANEPOEL (*as from September 2020*)  
Gilles TRANCART

**MCB INVESTMENT SERVICES LTD<sup>2</sup>**

Gilbert GNANY (*Chairperson*)  
 Rony LAM YAN FOON  
 Akesh UMANEE

**MCB REGISTRY & SECURITIES LTD<sup>2</sup>**

Gilbert GNANY (*Chairperson*)  
 Rony LAM YAN FOON  
 Marivonne OXENHAM  
 Vimal ORI

**MCB STOCKBROKERS LTD<sup>2</sup>**

Gilbert GNANY (*Chairperson*)  
 Rony LAM YAN FOON  
 Jeremy PAULSON-ELLIS  
 Shivraj RANGASAMI (*Managing Director*)

**MCB CAPITAL PARTNERS LTD<sup>2</sup>**

Gilbert GNANY (*Chairperson*)  
 Couldip BASANTA LALA  
 Rony LAM YAN FOON  
 Bernard YEN

**MCB INVESTMENT MANAGEMENT CO. LTD<sup>2</sup>**

Gilbert GNANY (*Chairperson*)  
 Couldip BASANTA LALA  
 Ameenah IBRAHIM (*Managing Director*)  
 Rony LAM YAN FOON  
 Michaël NAAMEH  
 Jeremy PAULSON-ELLIS  
 Gilles TRANCART

**MCB STRUCTURED SOLUTIONS LTD<sup>2</sup>**

Gilbert GNANY (*Chairperson*)  
 Divya BASANTA LALA (*as from February 2020*)  
 Rony LAM YAN FOON  
 Vimal ORI

**CM DIVERSIFIED CREDIT LTD<sup>2</sup>**

Gilbert GNANY (*Chairperson*)  
 Divya BASANTA LALA (*as from February 2020*)  
 Rony LAM YAN FOON  
 Vimal ORI  
 Akesh Umanee (*up to August 2020*)

**CM STRUCTURED FINANCE LTD<sup>2</sup>**

Gilbert GNANY (*Chairperson*)  
 Divya BASANTA LALA (*as from February 2020*)  
 Rony LAM YAN FOON  
 Anish GOORAH  
 Vimal ORI

**CM STRUCTURED PRODUCTS (1) LTD<sup>2</sup>**

Gilbert GNANY (*Chairperson*)  
 Divya BASANTA LALA (*as from February 2020*)  
 Rony LAM YAN FOON  
 Vimal ORI

**CM STRUCTURED PRODUCTS (2) LTD<sup>2</sup>**

Gilbert GNANY (*Chairperson*)  
 Divya BASANTA LALA (*as from February 2020*)  
 Rony LAM YAN FOON  
 Vimal ORI  
 Akesh UMANEE (*up to August 2020*)

**MCB LEVERAGED SOLUTIONS LTD<sup>2</sup>**

Gilbert GNANY (*Chairperson*)  
 Rony LAM YAN FOON  
 Shivraj RANGASAMI

# Corporate governance report

## *MCB EQUITY FUND LTD*

Bertrand DE CHAZAL (*Chairperson*)  
Karuna BHOOJEDHUR-OBEEGADOO  
Pierre Guy NOEL

## *MCB FINANCIAL ADVISERS<sup>2</sup>*

Gilbert GNANY (*Chairperson*)  
Rony LAM YAN FOON

## *MCB FACTORS LTD*

Margaret WONG PING LUN (*Chairperson*)  
Jean-Philippe COULIER  
Koomaren CUNNOOSAMY  
Jean-Mée ERNEST (*Managing Director*)  
Michael LISING  
Pierre Guy NOEL

## *MCB LEASING LTD<sup>3</sup>*

Bernard D'HOTMAN DE VILLIERS (*Chairperson*)  
Mulk Raj GUNGAH (*Managing Director*)  
Martine Stephanie IP MIN WAN  
Alain LAW MIN  
François MONTOCCHIO  
Anju UMROWSING-RAMTOHUL

## *MCB MICROFINANCE LTD*

Pierre Guy NOEL (*Chairperson*)  
Paul CORSON  
Jean-Philippe COULIER  
Gilbert GNANY  
Aurélien LECLEZIO (*Chief Executive Officer*)  
Alain REY

## *FINCORP INVESTMENT LTD*

Jean-Pierre MONTOCCHIO (*Chairperson*)  
Sunil BANYMANDHUB  
Jean-Philippe COULIER  
Marivonne OXENHAM  
Margaret WONG PING LUN

## *INTERNATIONAL CARD PROCESSING SERVICES LTD*

Pierre Guy NOEL (*Chairperson*)  
Jean-Michel FELIX  
Mohamed HORANI  
Samir KHALLOUQUI  
Angelo LETIMIER  
Khevin SEEBAH (*Chief Executive Officer*)

## *MCB CONSULTING SERVICES LTD*

Pierre Guy NOEL (*Chairperson*)  
Jean-Michel FELIX (*Chief Executive Officer*)  
Gilbert GNANY  
Angelo LETIMIER

## *MCB INSTITUTE OF FINANCE LTD*

Pierre Guy NOEL (*Chairperson*)  
Marc DESMARAIS  
Jean-Michel FELIX  
Gilbert GNANY  
Dhiren PONNUSAMY (*as from August 2020*)  
Thierry SAUZIER (*up to August 2020*)

## *MCB PROPERTIES LTD*

Pierre Guy NOEL (*Chairperson*)  
Gilbert GNANY

## *MCB REAL ASSETS LTD*

Margaret WONG PING LUN (*Chairperson*)  
Pierre Guy NOEL  
Gilbert GNANY

## *MCB GROUP CORPORATE SERVICES LTD*

Pierre Guy NOEL (*Chairperson*)  
Gilbert GNANY  
Marivonne OXENHAM (*Managing Director*)



**COMPAGNIE DES VILLAGES DE VACANCES DE L'ISLE DE FRANCE LTEE<sup>4</sup>**Margaret WONG PING LUN (*Chairperson*)

Gilbert GNANY

Robert IP MIN WAN

Pierre Guy NOEL

Jean Marc ULCOQ

**BLUE PENNY MUSEUM**Philippe A. FORGET (*Chairperson*)

Jean-François DESVAUX DE MARIGNY

Raoul GUFFLET

Damien MAMET

Pierre Guy NOEL

**MCB FORWARD FOUNDATION**Didier HAREL (*Chairperson*)

Jean-François DESVAUX DE MARIGNY

Gilbert GNANY

Alain LAW MIN

Madeleine de MARASSE ENOUF

Pierre Guy NOEL

<sup>1</sup> Incorporated in Seychelles<sup>2</sup> A subsidiary of MCB Capital Markets Ltd<sup>3</sup> A subsidiary of Fincorp Investment Ltd<sup>4</sup> A subsidiary of MCB Real Assets Ltd as from October 2017**Directors of subsidiaries' remuneration**

The remuneration and benefits paid to directors of subsidiaries, who did not sit on the Board of MCB Group Ltd during the financial year, are shown below.

Remuneration and benefits received (Rs '000)	2020	2019
Executive (Full-time)	204,674	186,617
Non-executive	11,952	10,744
<b>Total</b>	<b>216,626</b>	<b>197,361</b>

# Corporate governance report

## Shareholder relations and communication

The Board recognises the importance of promoting an open and transparent communication with shareholders with a view to building trustworthy relationships with them. The Group maintains an ongoing dialogue with shareholders while providing them with the opportunity to share their views. Shareholders are kept abreast of all material business developments that influence the Group in a transparent and timely manner through various communication channels. In addition to official press announcements and occasional press conferences, the Group's website provides for an adapted and comprehensive self-service interface. The 'Investor Centre' section on the MCB Group's website, regarded as the first port of call for investors, enables the latter to have access to a comprehensive set of corporate documents and publications, e.g. quarterly financial and Group Management statements and other corporate announcements as well as earnings call, analyst meeting, and roadshow presentations, amongst others. In order to receive updates on major corporate events and announcements instantly, shareholders are able to register for email alerts directly on the website. In addition, there is also an 'Investor Enquiry' section on the website, which enables shareholders to post their queries online. Considering its diverse range of shareholders and investors with different communication and engagement needs, there are dedicated teams within the Group to attend to their requirements.

### Individual shareholders

The Group's Company Secretary oversees communication with retail shareholders, in collaboration with the Group's Registrar and Transfer Agent, MCB Registry and Securities Ltd. The latter caters for the information needs of retail shareholders that range from sending relevant correspondences to responding to their queries in a timely manner, in strict compliance with applicable rules and regulations. The Company Secretary escalates feedback from retail shareholders to the Board.

### Institutional investors

The Group's Investor Relations (IR) Unit acts as the point of contact for institutional investors and is responsible for managing and developing relationships with existing and potential investors, with a view to achieving a stable and diversified shareholder base while supporting high liquidity in and fair valuation of MCB Group shares.

During the financial year, the IR Unit has maintained a comprehensive Investor Relations engagement programme with the aim of promoting active dialogue with investors to exchange with them on the Group's strategy and financial performance as well as developments in the operating context. In addition to our regular interactions with investors through, inter alia, our quarterly results briefings, half-yearly analyst meetings and conference calls, the Group also organised one-to-one audio/video conferences especially during the confinement period linked to the COVID-19 crisis to attend to the concerns and queries from existing shareholders. The Group's Executives also participated in two international virtual roadshows, which attracted various investors around the globe. Investor sentiment and views gathered are regularly communicated to the Board.

An outline of the Group's engagement programme during the last financial year is set out hereafter.

## Engaging with investors: what we did in FY 2019/2020



### VIRTUAL ROADSHOW

- Participated in virtual Avior roadshow (South Africa) and virtual EFG Hermes roadshow (Dubai) in June 2020
- Interacted with around **60** international institutional investors and active fund managers around the globe

### ANALYST MEETING



- Organised in October 2019 after full year results and in February 2020 after half year results
- Some **50** participants on average attended and interacted with MCB Group Executives



### ANNUAL MEETING OF SHAREHOLDERS

- Last held in November 2019
- Shareholders who attended, expressed their views, asked questions and received feedback directly from Board members

#### Earnings call



# 4

Interactions with over **40** investors per call

#### Conference call/One-on-one meeting

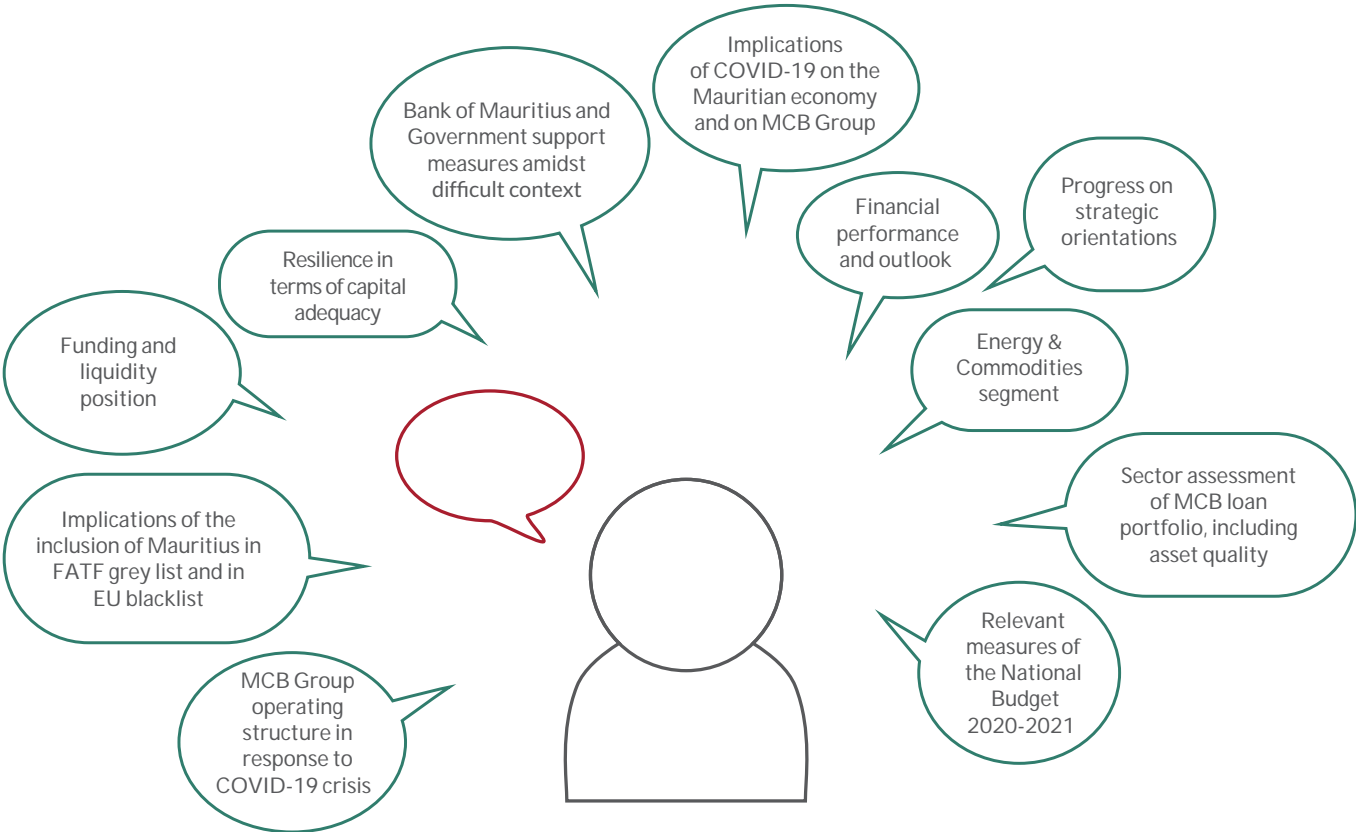


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Organised on request throughout the year

# Corporate governance report

In FY 2019/20, the key topics discussed between Group Executives and investors revolved around, but not limited to the following themes.



## Shareholder information

### Shareholding profile

#### Ordinary shareholders

The Group has a diversified ownership base of more than 21,000 shareholders, with foreign shareholding accounting for around 13% of the total. As at 30 June 2020, outstanding ordinary issued capital of MCB Group Ltd amounted to Rs 2.7 billion, comprising 239.3 million ordinary shares. The following tables set out the 10 largest shareholders and ownership of ordinary share capital by size and type as at 30 June 2020.

Largest shareholders	Number of shareholders	% Holding
National Pensions Fund	16,770,499	7.0
Swan Life Ltd	7,511,156	3.1
Promotion and Development Limited	7,190,573	3.0
State Insurance Company of Mauritius Ltd	6,292,403	2.6
BNYM SA/NV A/C Eastspring Investments SICAV-FIS	4,622,300	1.9
MUA Life Ltd	2,862,923	1.2
Policy Ltd	2,513,535	1.1
SSL C/O SSB Boston A/C Russell Investment Company PLC	2,273,531	1.0
The Mauritius Commercial Bank Ltd Superannuation Fund	2,245,624	0.9
New Mauritius Hotels Group Superannuation Fund	2,002,153	0.8

Size of shareholding	Number of shareholders	% Holding	Number of shares owned	% Holding
1-500 shares	14,017	65.3	1,534,999	0.6
501-1,000 shares	1,636	7.6	1,222,482	0.5
1,001-5,000 shares	2,794	13.0	6,816,164	2.8
5,001-10,000 shares	918	4.3	6,586,370	2.8
10,001-50,000 shares	1,390	6.5	31,781,510	13.3
50,001-100,000 shares	331	1.5	23,793,941	10.0
Above 100,000 share	393	1.8	167,516,772	70.0
<b>Total</b>	<b>21,479</b>	<b>100.0</b>	<b>239,252,238</b>	<b>100.0</b>

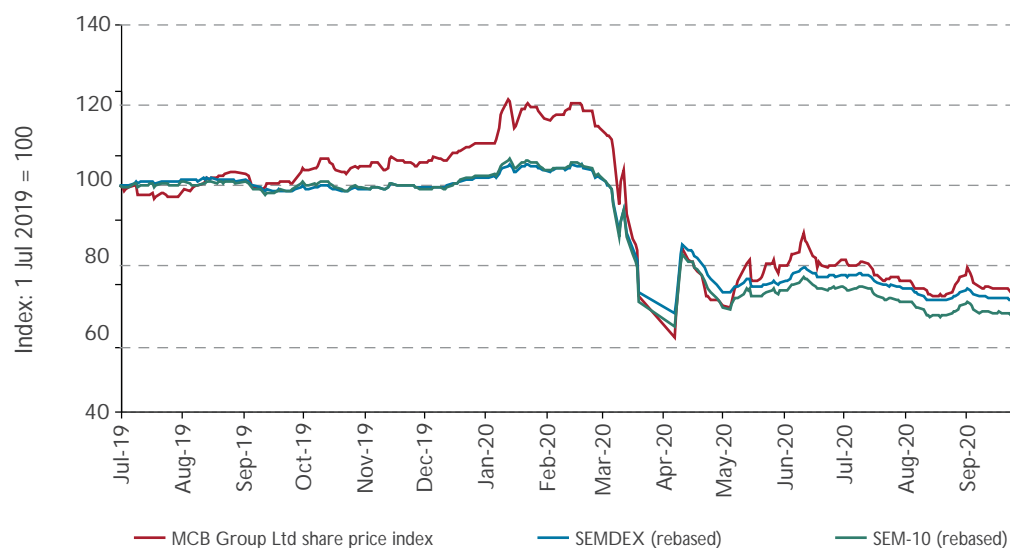
Category	Number of shareholders	% Holding	Number of shares owned	% Holding
Individuals	20,315	94.6	110,510,507	46.2
Other Corporate Bodies	860	4.0	44,215,951	18.4
Investment and Trust Companies	186	0.9	33,407,330	14.0
Pension and Provident Funds	91	0.4	33,023,095	13.8
Insurance and Assurance Companies	27	0.1	18,095,355	7.6
<b>Total</b>	<b>21,479</b>	<b>100.0</b>	<b>239,252,238</b>	<b>100.0</b>

# Corporate governance report

## Performance of MCB Group

MCB Group Ltd is a constituent of the Stock Exchange of Mauritius Sustainability Index (SEMSI<sup>1</sup>)

Performance of MCB Group share price against the market



Year ending June	2018	2019	2020
<b>Share price (Rs)</b>			
High	289.00	290.00	350.00
Low	256.00	262.00	180.00
Average	274.35	274.47	285.57
Closing - Year end	276.00	289.00	236.00
<b>Market capitalisation as at 30 June (Rs m)</b>			
Market capitalisation as % of SEMDEX <sup>2</sup>	24.5	27.3	28.0
<b>Value of shares traded (Rs m)</b>			
MCB Market <sup>3</sup> share (%)	44	48	49
Earnings per share - Basic (Rs)	30.26	39.51	33.10
Price/NAV ratio (times)	1.3	1.2	0.9
Price earnings ratio (times)	9.1	7.3	7.1
Earnings yield (%)	11.0	13.7	14.0

<sup>1</sup>SEMSI tracks the price-performance of companies demonstrating strong sustainability practices against a set of environmental, social and governance criteria.

<sup>2</sup>excludes foreign currency denominated, GBC1 and international companies

<sup>3</sup>excludes one-off transactions

Note: The local bourse (SEMDEX) was closed for trading as from 20 March 2020 and resumed on 6 April 2020

### Preference shareholders

During the period under review, MCB Group offered to the holders of Floating Rate Subordinated Notes Due 2023 (Notes) the option to subscribe for an equivalent nominal amount of Rs 4.5 billion into convertible redeemable non-voting preference shares (Preference shares). Subsequently, more than 75% of the Notes were converted into Preference shares amounting to Rs 3.4 billion (339,622,500 at an issued price of Rs 10 each). Preference shareholders are entitled to an annual fixed non-cumulative preference dividend of 4.7%, payable twice yearly.

### Dividend policy

MCB Group Ltd normally seeks to distribute around 30% of its profits in the form of dividends. However, in the current exceptional circumstances and in line with directives issued by banking regulators across presence countries, the Group has not declared any dividend for the period under review.

### Shareholders agreements

There is currently no shareholders agreement affecting the governance of the Company by the Board.

### Shareholders' diary

November 2020	Release of Q1 results to 30 September 2020
December 2020	Annual Meeting of Shareholders
February 2021	Release of half-year results
May 2021	Release of results for the 9 months to 31 March 2021
September 2021	Release of full year results to 30 June 2021
November 2021	Release of Q1 results to 30 September 2021 Annual Meeting of Shareholders

### Important shareholder and registrar information

#### REGISTRAR AND TRANSFER OFFICE

##### MCB REGISTRY & SECURITIES LTD

Raymond Lamusse Building  
9-15, Sir William Newton Street  
Port Louis – Republic of Mauritius  
Tel: (230) 202 5640  
Email: contact.rs@mcbcm.mu

#### INVESTOR RELATIONS UNIT

12<sup>th</sup> Floor MCB Centre  
Sir William Newton Street  
Port Louis – Republic of Mauritius  
Tel: (230) 202 5134 / (230) 202 5558  
Email: investor.relations@mcbgroup.com

# Corporate governance report

## Statement of Directors' responsibilities

Company law requires the directors to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Group.

In preparing those Financial Statements, the directors are required to:

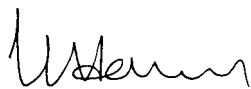
- ensure that adequate accounting records and an effective system of internal controls and risk management have been maintained;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been adhered to, subject to any material departures disclosed, explained and quantified in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business;
- keep proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group while ensuring that the Financial Statements fairly present the state of affairs of the Group, as at the financial year end, and the results of its operations and cash flows for that period;
- ensure that the Financial Statements have been prepared in accordance with and comply with International Financial Reporting Standards and the Mauritian Companies Act 2001.

The external auditors are responsible for reporting on whether the Financial Statements are fairly presented. The directors are also responsible for safeguarding the assets of the Group and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities. Other main responsibilities of the directors include the assessment of the Management's performance relative to corporate objectives; overseeing the implementation and upholding of the Code of Corporate Governance; and ensuring timely and comprehensive communication to all stakeholders on events significant to the Group.

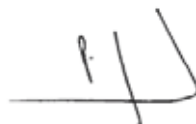
The directors report that:

- adequate accounting records and an effective system of internal controls and risk management have been maintained;
- the Financial Statements fairly present the state of affairs of the Group, as at the financial year end, and the results of its operations and cash flows for that period;
- appropriate accounting policies supported by reasonable and prudent judgements and estimates have been consistently used;
- International Financial Reporting Standards and the Mauritian Companies Act 2001 have been adhered to;
- the Financial Statements have been prepared on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

On behalf of the Board.



M G Didier HAREL  
Chairperson



Pierre Guy NOEL  
Chief Executive

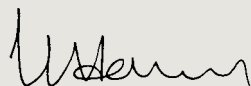


# Statement of compliance

## (Section 75(3) of the Financial Reporting Act)

Name of Public Interest Entity ('the PIE'): MCB Group Limited  
Reporting Period: 1 July 2019 to 30 June 2020

We, the Directors of MCB Group Limited, confirm that, to the best of our knowledge, the Company has complied with all of its obligations and requirements under the National Code of Corporate Governance (2016).



M G Didier HAREL  
Chairperson



Pierre Guy NOEL  
Chief Executive

28 September 2020

The disclosures pertaining to the eight principles of the Code have been made in different sections of the Annual Report, as outlined below:

Principles of the Code	Relevant sections of the Annual Report
Principle 1: Governance Structure	<ul style="list-style-type: none"> <li>• Our Corporate Profile<sup>1</sup></li> <li>• Corporate Governance Report</li> </ul>
Principle 2: The Structure of the Board and its Committees	<ul style="list-style-type: none"> <li>• Corporate Governance Report</li> </ul>
Principle 3: Director Appointment Procedures	<ul style="list-style-type: none"> <li>• Corporate Governance Report</li> </ul>
Principle 4: Director Duties, Remuneration and Performance	<ul style="list-style-type: none"> <li>• Corporate Governance Report</li> </ul>
Principle 5: Risk Governance and Internal Control	<ul style="list-style-type: none"> <li>• Corporate Governance Report</li> <li>• Risk and Capital Management Report<sup>2</sup></li> </ul>
Principle 6: Reporting with Integrity	<ul style="list-style-type: none"> <li>• Corporate Governance Report</li> <li>• Delivering on our Strategic Objectives<sup>3</sup></li> <li>• Group Financial Performance<sup>4</sup></li> <li>• Sustainability Report<sup>5</sup></li> </ul>
Principle 7: Audit	<ul style="list-style-type: none"> <li>• Corporate Governance Report</li> <li>• Risk and Capital Management Report<sup>2</sup></li> </ul>
Principle 8: Relations with Shareholders and Other Key Stakeholders	<ul style="list-style-type: none"> <li>• Corporate Governance Report</li> <li>• Delivering on our Strategic Objectives<sup>3</sup></li> <li>• Sustainability Report<sup>5</sup></li> </ul>

### Notes:

<sup>1</sup> 'Our Corporate Profile' can be found on pages 20 to 33

<sup>2</sup> 'Risk and Capital Management Report' can be found on pages 142 to 198

<sup>3</sup> 'Delivering on our Strategic Objectives' includes information on our environmental and social performances and can be found on pages 34 to 85

<sup>4</sup> 'Group Financial Performance' provides an assessment of the Group's results and can be found on pages 86 to 94

<sup>5</sup> 'Sustainability Report' provides an overview of our Corporate Sustainability Programme and our engagement with various stakeholders and is available on our website

## Company Secretary's certificate

Name of Public Interest Entity ('the PIE'): MCB Group Limited  
Reporting Period: 1 July 2019 to 30 June 2020

In our capacity as Company Secretary, we hereby certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 of Mauritius in terms of section 166(d).



Marivonne OXENHAM  
Per MCB Group Corporate Services Ltd  
Company Secretary

28 September 2020