

CORPORATE GOVERNANCE REPORT

PRINCIPLE FOUR – DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

LEGAL DUTIES

All Directors, including any alternate Director, are fully knowledgeable of their fiduciary duties as laid out in The Companies Act 2001 of Mauritius.

CODE OF ETHICS FOR THE BOARD

The Bank has a Code of Ethics for its Board; same is available on the Bank's website.

(<https://www.afrasiabank.com/media/3187/code-of-ethics-Board-of-directors.pdf>)



The Board believes that it must lead by example and encourages the Bank's Senior Management, the staff and other relevant stakeholders to follow the Conduct and Ethics Policy and to act ethically. The Board monitors and evaluates compliance with its Code of Ethics as and when required.

BOARD APPRAISAL

The Board must undergo a performance appraisal exercise, in accordance with the National Code on Corporate Governance for Mauritius and BOM's "Guidelines on Corporate Governance". The Directors are requested to evaluate the Board on the following main criteria:

- The Board's size, composition and structure;
- The Board's roles, duties and responsibilities;
- The effectiveness of the Board and its Committees; and
- The role and function of the Chairperson.

The regular Board appraisal exercise is performed internally through the Company Secretary, under the leadership of the Chairperson. It is generally done via questionnaires and the results are presented to the Corporate Governance Committee and ultimately, to the Board once they are available. The remarks and recommendations received are shared with the Board to enable the Directors to take appropriate steps where necessary and possible.

However, no Board appraisal exercise has been performed for the year under review mainly due to the fact that the Board has recently underwent a change in directorship with the onboarding 10 new directors during the year under review. The Board is considering to perform a Board appraisal exercise in due course.

The recommendation of the Code revolving around the use of an external consultant for Board appraisal exercise has been noted for forthcoming assessments.

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DIRECTORS' REMUNERATION AND BENEFITS

The Corporate Governance Committee acts as Nomination and Remuneration Committee as and when required and as part of its duties it determines, agrees, develops and reviews the Bank's general policy on executive and senior management remuneration.

The remuneration and benefits paid and payable to the Directors for the year ended 30 June 2021 are tabulated below:

Remuneration and benefits paid and payable (MUR'000)				
	Fixed	Variable	Exit	Total
Inderjit Singh Bedi (Chairperson)	4,342	440	-	4,782
Jan Fredrik Louis Gaëtan Boullé	349	960	-	1,309
Brian Adam Davis*	-	-	-	-
Isabelle Marie Edith Alvares Pereira De Melo	358	260	-	618
Afsar Azize Abdulla Ebrahim	358	200	-	558
Giriraj Sinh Jadeja	334	875	-	1,209
Aslam Kanowah	358	1,325	-	1,683
Jean-Raymond Rey	669	395	-	1,064
Christian St-Arnaud	760	475	-	1,235
Joan Jill Wan Bok Nale	669	850	-	1,519
Sanjiv Bhasin (Ex-Chief Executive Officer)(Resigned on 28 February 2021)	16,673	-	28,071	44,744
Martin Caron* (Resigned on 28 September 2020)	-	-	-	-
Dipak Chummun (Resigned on 2 October 2020)	493	180	-	673
Yves Jacquot (Resigned on 28 September 2020)	485	285	-	770
Philippe Jewtoukoff (Resigned on 28 September 2020)	485	455	-	940
Jean Juppín De Fondaumiére (Resigned on 31 August 2020)	1,100	-	-	1,100
Arnaud Lagesse (Resigned on 2 October 2020)	223	45	-	268
Arvind Madan Sethi (Resigned on 15 July 2020)	127	255	-	382
Mathew Welch (Resigned on 3 September 2020)	418	670	-	1,088
Francois Wertheimer (Resigned on 2 October 2020)	223	270	-	493

*The Director has opted to waive any compensation for acting as Director, partner or officer of AfrAsia Bank Limited.

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DIRECTORS' REMUNERATION AND BENEFITS (Cont'd)

The table below sets out the fee structure for Non-Executive Directors:

Category of Member	MUR'000	Fee details
Chairperson	550	Fixed fee per month
Board Member	440	Fixed fee per annum up to 31 December 2020
	500	As from 1 January 2021, Fixed per annum for a maximum of 5 Board meetings
Additional fee to Board Member	50	As from 1 January 2021, Per attendance of any additional Board meetings
Committee Member	45	Per attendance
Additional fee to Credit Committee Member	540	Yearly
Additional fee to Credit Committee Member	15	Per attendance
Additional fee to Chairperson of Committee	10	Per attendance
Risk Committee Member being also a Credit Committee Member	25	Per attendance

The Non-Executive Directors have not received any remuneration in the form of share options or bonuses associated with organisational performance during the year.

Total remuneration and benefits received and receivable, by the Directors from the Bank and its subsidiary for the year ended 30 June 2021 were as follows:

	YEAR ENDED 30 JUNE 2021		YEAR ENDED 30 JUNE 2020		YEAR ENDED 30 JUNE 2019	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
	Non-Exit	Exit				
The Bank						
AfrAsia Bank Limited	16,673*	28,071	19,691	20,272	21,444	17,975
The Subsidiary						
EKADA Capital Ltd (formerly known as AfrAsia Capital Management Ltd (Disposal on 25 January 2021))	4,520*	-	-	2,325	-	12,225

*The remuneration pertains for the period from 1 July 2020 to 28 February 2021 (Date of resignation).

**The remuneration pertains for the period from 1 July 2020 to 25 January 2021 (Date of disposal).

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DIRECTORS' SERVICE CONTRACTS WITH THE BANK AND ITS SUBSIDIARY

Thierry Vallet, Director of AfrAsia Investments Limited, has a service contract with the Bank expiring in June 2022.

DIRECTORS' SHARE INTEREST

The interests of the Directors in the securities of the Group and the Bank are maintained by the Company Secretary. As part of the appointment of a Director, the latter can choose to notify in way of writing to the Company Secretary their interests as well as their associates' interests in the securities of the Group and the Bank.

As at 30 June 2021, there were no Directors who held ordinary shares either directly and indirectly in the Bank.

CONFLICTS OF INTEREST

Conflicts of interest is a situation whereby the interest of a member of the Board or Management or one of the significant shareholders and/or one of their associates is or may be competing with or impeding on the interests of the Group and/or the Bank.

Any conflict or potential conflict of interest must be declared to the Board and/or Company Secretary. The conflicts of interest of Directors are generally recorded in a register maintained by the Company Secretary. The Interest Register is available for consultation to shareholders upon written request to the Company Secretary.

It is noted that for any Board and Committee meetings, the agenda contains a standard item whereby the Directors present are requested to declare any interest that they have or may have with respect to any of the matters to be discussed. Any declaration made has been recorded in the minutes accordingly and the conflicted Director has had to abstain from participating in the deliberations and from voting on the concerned matter.

The following principles are encouraged in relation to conflicts of interest:

- The personal interests of a Director or persons closely associated with the Director must not take precedence over the Bank and its shareholders, including the minority ones;
- Directors are required to avoid conflicts of interest and make full and timely disclosure of any conflicts of interest when exposed to same; and
- Directors appointed by shareholders are aware that their duties and responsibilities are to act in the best interest of the Bank and not for the shareholders who nominated them.

All information obtained by Directors in their capacity as Director to the Board of AfrAsia Bank Limited are treated as confidential matters and are not divulged to any other parties without the expressed authority of the Board.

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INFORMATION TECHNOLOGY AND IT SECURITY

The Bank's overall strategic direction is highly dependent upon its information technology management. Businesses are today rapidly embracing new technologies and modern ways of working. Historically, separate domains no longer have the luxury of operating in a vacuum. Business competitiveness depends on business-technology alignment. As employees spend more time using their personal devices on premise, interacting on social networks, and sharing information via file-sharing services, the Bank has to look for ways to ensure security and data preservation while safeguarding privacy of the users. Newer generations understand this intuitively: the volume of information created and consumed on mobile devices is growing exponentially, which is also changing and shaping the way individuals use and share information.

With technology innovating and evolving much faster than the speed of change in organisational cultures, as they extend out to cloud and mobile devices, IT teams have to radically change how they operate. Most important is how they offer their services, including how they procure products and services, manage technology and data assets, together with their own role within the organization within a certain framework. ABL's technology leadership plays a key role to embrace this trend to deliver efficient and effective information technology that enables business development. Collective decision-making can result in executive buy-in to help drive more business value from technology investments, however, policy enforcement can fall short when the organization lacks tools to monitor and manage compliance of the Bank policies. Serious efforts are required from executives to enforce the required policies.

REMUNERATION PHILOSOPHY

The goal of AfrAsia Bank Limited is to be recognized as an employer of choice and as well as the most trusted financial partner in Mauritius and across Africa. Remuneration is a key vehicle towards achieving this objective, encouraging and enabling the Bank's 400+ employees to deliver the best possible customer experience (CX) through enhanced employee experience (EX). Remuneration plays an essential role in attracting top-talent. On the path towards excellence, the best people are drawn from the broadest pool of applicants from both local and international markets. We offer a decent workplace in which the richness of their diversity and experience are both welcomed and valued by colleagues. The Bank promotes its culture through its values inculcating teamwork, a disruptive and innovative approach. AfrAsians are groomed to excel in their line of operations and expertise. Employees are encouraged to promote the highest ethical standards in their conduct, our internal policies promote integrity at all times and this is demonstrated through our overall business culture.

As part of its response to the evolving nature of cyber threats, ABL's IT Security team has implemented a comprehensive set of policies for information security, cyber security and technology risks that protect the confidentiality, integrity and availability of information created, processed, transmitted, stored and disposed by the Bank. The policies and procedures are posted on the bank's intranet, accessible to its employees. Regular security training and awareness campaigns are conducted to ensure that employees understand their roles in information protection and are equipped to detect or avoid situations that may compromise the ABL environment.

In this respect, the Board has established a formal Board Committee, namely the TDP Committee together with a set of governance policies which are implemented and regularly reviewed to manage, minimize the associated risks and align with the modern business world. The TDP Committee ensures that the Bank continuously seeks to foster a robust framework for the smooth running of its activities, together with adequate proficient resources and sophisticated infrastructure to manage the relevant risks and the business continuity of the Bank. The TDP Committee monitor and evaluate significant investments in information technology and expenditures. Along with the Board, the Bank's representatives may include the Chief Technology and Operations Officer, the Head of IT, the Head of Security and the Senior Digital and Agile Product Owner. As such continuous investments in people, technology and security is critical to upkeep with the competitive innovative landscape to remain relevant. The Committee also strive to support modern ways of working.

Refer to the Risk Management Report set out on [pages 104 to 136](#) of the Annual Report for information governance.

The Bank is currently performing a broad based review of our remuneration programme as an attempt to find the potential gap between 'where it is' and 'where it needs to be' and for so doing opted to use the services of Korn Ferry to bring about the effective change required in measuring, evaluating and benchmarking both skillset and mindset of our employees.

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REMUNERATION PHILOSOPHY (Cont'd)

Embedding culture in business and people processes

Cultural change at AfrAsia Bank Limited is a multi-year journey, with strong senior management commitment and a clear tone from the top. Our organisational values were revamped in 2017 in order to be more in line with employees, a majority of which are millennials and digital natives. To make our values remain tangible our induction was also revamped whereby newcomers are exposed to experiential learning of our values.

Moreover, refresher workshops are run on a regular basis for all employees where participants are given the opportunity to reflect and commit to living up the organisation's values. These sessions help explain how the values relate to the bank's vision, what the values and beliefs mean specifically in our everyday business transactions, client relationships and internal processes, and most of all how each employee can implement the values to bring about change in their department.

Attract and Retain Talent

All employees are assessed using the balanced score card as a performance management online tool. Employees are not only assessed as to what they do through their objectives but also as to how they do what they do through the values assessment. The Talent Management system is helping the Bank move to another level in its management of talent. Investment in learning

has been material and we believe in enhancing knowledge through soft and technical training and financial sponsorship to help towards growth in knowledge, skills and attitude. Quality of work life is key and work life integration is promoted along with flexible working arrangements.

RELATED PARTY FRAMEWORK

The Bank operates its assessment of its related parties through its Conduct Review Committee, which is guided by its own Terms of Reference and in accordance with BOM's "Guideline on Related Party Transactions". Refer to the Risk Management Report set out on [page 118](#) of the Annual Report under Related Party Transactions, Policies and Practices.