

# DEVELOPMENT BANK OF MAURITIUS LTD

## **Board Charter**

---

### **1. Introduction**

#### **1.1 Complementary to Law and Articles**

The Board Charter sets out the objectives, rules and responsibilities of the Board of Directors of the Development Bank of Mauritius Ltd (hereinafter referred to as DBM, the Bank or organization). These provisions are complementary to the requirements regarding the Board and Board members contained in Mauritian legislation and regulations and the articles of association of the organization.

#### **1.2 Charter on Website**

This charter is posted on the organisation's website.

### **2. Objectives**

The objective of the Board is to define the organisation's purpose, strategy and to determine all matters relating to policy, practices and management of the Bank and its subsidiaries.

### **3. Composition of the Board; Positions; Committees**

**3.1** The Board is a unitary Board and shall comprise of executive and non-executive directors and independent non executive directors.

#### **3.2 Number of Members**

The Board shall consist of a minimum of at least 5 directors and a maximum of 12 directors.

#### **3.3 General Composition**

The Board shall use its best efforts to ensure that:

- (i) its members can act independently of one another;
- (ii) Each Board member can assess the broad outline of the organisation's overall position;
- (iii) Each Board member has sufficient expertise to perform his or her role as a Board member;
- (iv) The Board matches the Board Profile;
- (v) At least one Board member is a financial expert, meaning he/she has expertise in financial administration and accounting.
- (vi) Not less than five members of the Board are independent as defined in Section 3.8 below.

**3.4** Board members shall be qualified for their positions and have a clear understanding of their role.

3.5 The Chairperson of the Board is nominated by the shareholders. The Board may elect a Vice-Chairman, if deemed necessary.

3.6 The Managing Director shall be a member of the Board.

3.7 The Board shall comprise of Directors from both genders as members of the Board.

### **3.8 Independent Director**

An independent director is a board member who:

- (i) has not been an employee of the DBM or group within the past three years.
- (ii) Has not, or has not had within the past three years, a material business relationship with the organization either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the organization.
- (iii) has not received or receive additional remuneration from the organization apart from a director's fee or as a member of the organisation's pension scheme.
- (iv) is not a nominated director representing a significant shareholder
- (v) does not have close family ties with any of the Bank's advisers, directors or senior employees
- (vi) does not have cross directorships, nor significant links with other directors through involvement in other companies or bodies.
- (vii) has not served on the Board for more than nine years from the date of their first election.

## **4. Appointment, Evaluation and Remuneration of the Board/Sub-Committee members**

4.1 The shareholders at the Annual Meeting elect members of the Board. All Board members shall hold office until the next Annual Meeting.

4.2 The shareholders determine the directors' fees including the Chairperson's fees and fee paid to directors on Board Sub Committee.

4.3 The Chairperson shall regularly review and assess the directors and the sub-committees Meetings.

## **5. Responsibilities of the Chairperson**

### **5.1 Duties**

The Chairperson of the Board is primarily responsible for the activities of the Board and its committees. She/he shall act as the spokesman for the Board and is the principal contact for the Managing Director. The Managing Director and the chairperson of the Board shall meet regularly. The Chairperson of the Board presides over the general meeting of shareholders.

### **5.2 Responsibilities**

The Chairperson ensures that:

- (i) the Board satisfies its duties;
- (ii) Board members, when appointed, participate in an induction program and, as needed, in supplementary training programs;
- (iii) the Board members receive all information necessary for them to perform their duties;
- (iv) to set the agenda for Board meetings;
- (v) the Board meetings are chaired in an effective manner;
- (vi) the Board has sufficient time for consultation and decision-making;
- (vii) Minutes are kept of board and committee meetings;
- (viii) the committees function properly;
- (ix) consulting with external advisors appointed by the Board;
- (x) the performance of the Board members is evaluated every year;
- (xi) addressing problems related to the performance of individual Board members;
- (xii) addressing internal disputes and conflicts of interest concerning individual Board members and the possible resignation of such members as a result;
- (xiii) the Board has proper contact with the executive team.

## **6. Duties and Powers of Board**

### **6.1 General Responsibilities**

The Board oversees the general business of the organisation. The entire Board is responsible for such supervision and oversight. The Board shall establish the strategic objectives and corporate values of the organization. The Board is also responsible for setting principal policies in respect of risk and conduct of business of the Bank.

The Board is also responsible for the employment of staff on such terms and conditions as the Board consider appropriate, as defined in the constitution of the company. It shall make sure that their succession is planned.

## **6.2 The Board Acts in the Interest of the Organisation**

The Board shall act in the best interests of the organisation and its business, taking into consideration the interests of the organisation's shareholders and other stakeholders.

## **6.3 Quality of Performance**

The Board is responsible for the quality of its own performance

## **6.4 Action in Concert**

As much as they can, within their individual responsibilities as members of the Board, members shall act and speak in concert with respect to important affairs and matters of principle.

## **6.5 Provision on Information**

The Chairperson, the Company Secretary and the CEO shall see to it that the management, in a timely manner, provides the Board and its committees with the information they need to properly function.

## **6.6 Responsibility for Securing Information**

The Board and its individual members each has responsibility for obtaining all information from the Management and the internal and external auditors needed to carry out their duties. If the Board thinks it is necessary, it may obtain information from officers and external advisers of the organization. The Board may require certain officers and external advisers to attend, but never to vote at its meetings.

## **6.7 Access to Records**

Each member of the Board has access to the books and records of the organization, if useful to perform his or her duties. Unless the charter of a committee states otherwise, Board members shall consult with the chairperson of the Board and the company Secretary before exercising their rights under this provision.

## **6.8 Use of Experts**

The Board may hire experts to assist or advise them. The cost of such experts shall be agreed to by the Board and shall be paid by the organization. A Board member may rely upon the advice of a relevant expert so long as the member has no reason to question the expert's report or conclusion.

## **7. Company Secretary**

### **7.1 Company Secretary**

The company Secretary assists the Board.

### **7.2 General Access**

All Board members may go to the company secretary for advice or to use his services.

### **7.3 Responsibilities**

The Company Secretary sees to it that the Board follows correct procedures and that the Board complies with its obligations under law and the organisation's Articles of Association. The Company Secretary shall assist the Chairperson of the Board in organizing the Board's activities (including providing information, preparing an agenda, reporting of meetings, evaluations and training programs).

### **7.4 Organisation of Meetings of the Chairperson**

- To finalise the agenda with the Chairperson and the Managing Director.
- To ensure that there is a quorum for meeting
- To take minutes of Board/Annual Meeting/sub-committees meetings and ensure that minutes of proceedings of Board meeting and meetings of shareholders as well as resolution of Board are properly maintained.
- To ensure that Annual and Special Meetings of shareholders are held in accordance with the requirement of the Companies Act and the Company's Constitution.
- To ensure that proxy forms are correctly processed at shareholders' meeting.
- To ensure that the shareholders' interest are taken care of.

## **8. Committees**

### **8.1 Establishment Committees**

The Board may appoint committees from among its members to perform specific tasks. The Board shall determine the members of any committee. The Board shall establish the Audit Committee, the Nomination & Remuneration Committee, the Corporate Governance Committee, the Recovery Committee, the Risk Committee, the Credit Committee & the Procurement Committee.

### **8.2 Board Responsibility for Committee Action**

The Board remains collectively responsible for the decisions and actions taken by any committee. A committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board as a whole.

Decisions that, by law, must be taken by the Board may not be delegated to a committee.

### **8.3 Committee Reporting**

Each committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware. Each Board member has unrestricted access to all committee meetings and records. The Board shall, as set forth in the charter of the committee concerned, receive a report from the committee describing the committee's actions and findings.

## **9. Duties regarding the supervision of Management**

### **9.1 Nature of supervision**

In supervision Management, the Board shall consider:

- (i) the achievement of the Bank's objectives
- (ii) the strategy and risks inherent in the Fund's activities;
- (iii) the structure and operation of the internal risk management, and audit and control systems;
- (iv) the financial reporting process;
- (v) compliance with law and regulations; and
- (vi) any other matters the law requires the Board to consider

### **9.2 Financial Reporting**

The Board shall, in consultation with the Audit and Risk Committees, supervise the Bank's financial reporting.

### **9.3 Annual Risk Review**

At least once a year, the Board shall discuss the Bank's strategy and business risks, the management's assessment of the internal risk management and control systems, and any significant changes to such systems.

## **10. Duties regarding the members and the performance of the Board**

### **10.1 Duties regarding the Board**

The duties of the Board in relation to the members of the Board include:

- (i) the establishment of committees and defining their role, the evaluation of the Board, its individual Members and its committees (including an evaluation of the Board profile and the induction, education and training program); the approval of other positions of Board Members to the extent required under this Charter; and
- (ii) addressing any conflict of interest issues between the organization and members of the Board.

## **10.2 Board Assessment**

At least once a year, the Board shall evaluate its own activities and those of its individual Members, the effectiveness of such activities, and competence of the Board and its committees.

## **11. Relations with Shareholders**

### **11.1 General Meeting; Record Date; Venue**

The Board shall determine the date and place of any meeting of shareholders and date of the exercise of any voting. The Board shall use its best efforts to provide shareholders with all information necessary or requested for the shareholders to properly act at the meeting of shareholders.

### **11.2 Attendance by Board Members**

The Chairperson shall ensure that (unless there are important reasons) all Members of the Board attend the meetings of shareholders.

### **11.3 Disclosure of Resolutions**

A resolution of the meeting of shareholders shall be publicly disclosed only through a statement from the Chairperson of the Board or the Company Secretary.

## **12. Board Meetings; Decision-Making**

### **12.1 Frequency, Notice, Agenda and Venue of Meetings**

#### **(a) Frequency**

The Board shall meet as often as necessary, but not less than eight times a year.

#### **(b) Notice and Agenda**

Meetings of the Board shall be called by the Chairperson. Save in urgent cases, as determined by the Chairperson, the agenda for a meeting shall be sent to all Board Members at least five calendar days before the meeting. To the extent possible, for each item of the agenda, an explanation in writing shall be provided and related documentation attached. The Chairperson shall consult the Managing Director prior to convening the meeting of the content of the agenda.

Each Board Member and the Managing Director has the right to request that an item be placed on the agenda for a Board Meeting provided that the item is notified to the Chairperson at least 10 days prior to the meeting.

**(c) Venue**

Board meetings are generally held at the registered office of the Bank. Where personal attendance of some or all of the Directors is not possible, meetings of the Board may be held by audio conference and/or video call/video conference.

**12.2 Attendance of any Admittance to Meetings**

**(a) Attendance by Managing Director**

The Managing Director shall attend Board meetings. If requested by the Board, other executives shall also attend meetings of the Board in whole or in part.

**(b) Undue Absence**

If a Board Member is frequently absent from Board meetings, he/she shall be required to explain such absences to the Chairperson.

**(c) Attendance by Non-Members**

The admission to a meeting of persons other than Board Members, the Managing Director, the Company Secretary and (if invited) other executives, shall be decided by majority vote of the Board Members present at the meeting.

**12.3 Decision-Making within the Board**

**(a) Preference for Unanimity**

Board Members shall try to unanimously adopt resolutions. Dissenting opinions shall be recorded in the minutes when unanimity cannot be reached.

**(b) Individual Vote**

Each Board Member has the right to cast one vote.

**(c) Majority Vote; Quorum**

All resolutions of the Board are adopted by a majority of the votes cast. In the event of a tie, the Chairperson of the Board has the deciding vote. At a meeting, the Board may pass resolutions only if the quorum is present.

**(d) Written Resolutions**

Board resolutions may also be adopted in writing, provided the proposal concerned is submitted to all Board Members entitled to receive notice of meeting and none of them objects to this form of adoption.



**(e) Minutes**

Minutes shall be drawn up for every Board meeting and signed by the Chairperson. The minutes of Board meetings and the resolutions in writing must be added to the Bank's records. Each member of the Board is entitled to a copy of the minutes and the resolutions in writing.

**(f) Certification of Resolutions**

A resolution adopted by the Board shall be publicly disclosed to relevant stakeholders only through a statement from the Chairperson of the Board or the Company Secretary.

**13. Other Provisions**

**13.1 Conflicts of Interest or Board Members**

**(a) Duty to Disclose**

A Board Member shall immediately disclose to the Board any conflict of interest or potential conflict of interest and shall provide all relevant information, including information concerning persons closely associated with him/her and cause same to be entered in the Interest Register. The Board Member concerned shall not take part in the assessment by the Board of whether a conflict of interest exists.

**(b) Abstention by Conflicted Party**

A Board Member shall not take part in any discussion or decision-making regarding any subject or transaction in which he/she has a conflict of interest with the organisation.

**(c) Requirements to approve conflicts of interest**

All transactions in which there are conflicts of interest with Board Members shall be agreed on terms that are customary for arm's-length transactions in the organisation's business. Decisions to enter into transactions in which there are conflicts of interest with Board Members require the approval of the Board.

**13.2 Compensation of Board Members**

**(a) Approval by General Meeting**

The compensation of the Board Members is determined by the shareholders. The Board may submit proposals to the shareholders.

**(b) Reimbursement of Costs**

Apart from their compensation, Board Members shall be reimbursed for all reasonable costs incurred in connection with their attendance of meetings.

**(c) Loans and Guarantees**

The Bank and its subsidiaries do not grant personal loans, guarantees or the like to Board Members, save as part of its usual business operations.

**13.3 Induction Program, Ongoing Training and Education**

**(a) Induction Program**

Upon his or her election, each Board Member shall participate in an induction program that covers the organisation's strategy, general financial affairs and financial reporting by the Bank.

**(b) Annual Review of Training**

The Board shall conduct an annual review to identify areas where the Board Members require further training or education.

**(c) Costs of Organisation**

The costs of the induction course and any training or education shall be paid by the Bank.

**13.4 Confidentiality**

**(a) Duty to keep information confidential**

Unless required to do so by law, no Board Member shall, during his or her Membership of the Board or afterwards, disclose any information of a confidential nature regarding the business of the Bank and its subsidiaries in which it holds a stake, that came to his or her knowledge in the capacity of his or her work for the organisation and which he/she knows or should know to be of a confidential nature. A Board Member shall not use such confidential information for his or her personal benefit.

**(b) Notice of Disclosure**

If a Board Member intends to disclose to third parties information which he/she has become aware of in his or her duties and which may be confidential, he/she must inform the Chairperson of his or her intent and the identity of the person who is to receive the information with sufficient notice for the Chairperson to assess the situation and advise the Board Member.

### **13.5 Miscellaneous**

#### **(a) Acceptance by Board Members**

Anyone who is appointed a Board Member must, upon assuming office, declare in writing to the Bank that he/she accepts and agrees to comply with the provisions of this Charter.

#### **(b) Occasional Non-Compliance**

If permitted by law, the Board may occasionally decide (by unanimous decision) at its sole discretion not to comply with the provisions of this Charter.

#### **(c) Amendment**

This Charter may be amended by the Board at its sole discretion without prior notification.

#### **(d) Interpretation**

In case of uncertainty or difference of opinion as to how a particular provision of this Charter should be interpreted, the opinion of the Chairperson of the Board shall be decisive.

#### **(e) Partial Invalidity**

If one or more provisions of this Charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The Board may replace the invalid provisions by provisions which are valid and the effect of which, given the contents and purpose of this Charter is, to the greatest extent possible, similar to that of the invalid provisions.