

CHANGE EXPRESS LTD

Corporate Governance Report

1. Governance Structure

Corporate governance is the set of processes, customs, policies and laws affecting the way an entity is administered. It also involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Effective corporate governance practices are essential to achieving and maintaining high levels of public trust and confidence in the local financial system and to help in achieving a sustainable business performance.

1.1 Public Interest Entity classification and compliance with Corporate Governance requirements

Change Express Ltd (hereinafter the "Company") is a private domestic company and regulated by the Bank of Mauritius (hereinafter the "Bank"). The Company is also classified as a Public Interest Entity as it satisfies the definition criterion as laid down in the First Schedule of the Financial Reporting Act 2004. Accordingly, the Company is required to comply with the provisions of the National Code of Corporate Governance for Mauritius (2016) (hereinafter the "Code") as stipulated under Section 75 of the Financial Reporting Act 2004.

The Company is similarly required to comply with the 'Guideline on Corporate Governance' (*Revised October 2017*) as issued by the Bank (hereinafter the "Guideline"). With risks and challenges evolving at an unprecedented pace, the Board of Directors of the Company attaches great importance to complying with good corporate governance practices. During the year ended 30 June 2023, to the best of the knowledge of the Board, the Company has complied with most of the requirements of the Guideline and the Code, by diligently applying and implementing the eight principles of the Code.

1.2 The Board governance responsibilities

The Board of Directors of the Company is the focal point of the corporate governance system and is ultimately accountable and responsible for the performance and affairs of the Company. The Board of Directors assumes responsibility for leading and controlling the company and meeting all its legal and regulatory requirements. The Board is committed to the highest standards of business integrity, transparency and professionalism in all its activities to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for all stakeholders.

The Board is ultimately responsible for ensuring that the Company remains a going concern and thrives. It must therefore ensure that it effectively controls the Company, directs and controls Management and is involved in all decisions affecting the Company which it considers to be material.

The Board has entrusted the responsibility of reviewing all Board policies and documents related to corporate governance to the Corporate Governance Committee on an annual basis, with corresponding prompt recommendation to the Board. The Board of Change Express Ltd is a Board of skilled, knowledgeable and experienced professionals carefully selected to be highly effective in the governance of the Company. It assumes full responsibility for leading and controlling the financial institution and for meeting, to the best of its knowledge, all requirements laid down by relevant laws in the Republic of Mauritius.

The Board of the Company recognises that adhering to good governance principles is not merely compliance with a set of rules and regulations, but entails aiming for the highest standards of corporate governance with a culture of best practice as a performance benchmark. The Board is collectively responsible for the long-term success, reputation and governance of the Company and in order to discharge this duty, the Board has, amongst others, develop and ratify the following key governance documents.

CHANGE EXPRESS LTD

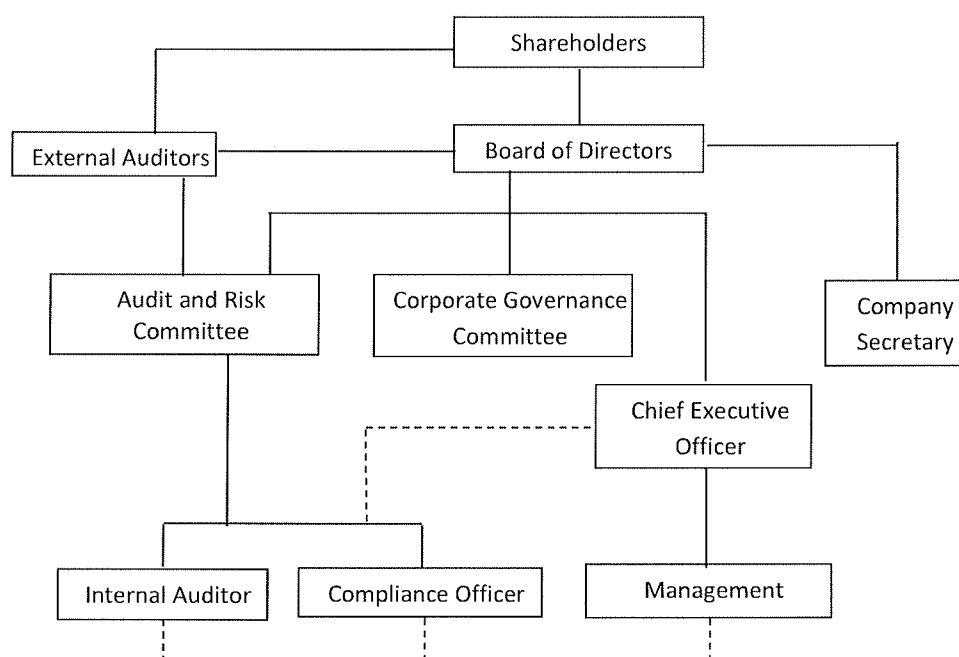
Corporate Governance Report

1.3 Key governance documents

In its endeavour to be resolutely compliant with the Code and to apply the principles of good corporate governance, the Board of the Company has sought to be as transparent and complete as possible in its disclosures and in its reporting. Whilst scrupulously following the guidance notes to the Code and diligently scrutinising each principle set forth therein, the Board has ensured that the Company has an approved Constitution as well as a customised Corporate Governance Manual (hereinafter “the Manual”), which is inclusive of the Board and Committee’s Charter, Code of Ethics of the Company, main roles and responsibilities of key senior governance positions, the organigram of the Company and the Board accountability statement.

The key governance documents of the Company have been drafted with the skills, knowledge and expertise of the Board who have not only been fully involved but have unanimously approved these important documents and seek to adhere to them by spirit and by letter. The Board fully appreciates that the Manual will evolve in line with changes in the organisation structure and regulatory requirements. Thus, the key governance documents are monitored regularly and are updated in a timely manner further to any changes in applicable laws, requirements from relevant regulatory bodies or decisions taken by the Board.

The governance and organisational structure of the Company is as follows:



2. The Structure of the Board and its Committees

2.1 The Board functioning

The Board stays guided by its well-established Board Charter. The Board Charter sets out the objectives, roles and responsibilities and composition of the Board of Directors of the company. The Company has a unitary board structure, consisting of executive and independent directors, where all the directors decide the Company policy by consensus. The Board is collectively accountable and responsible for leading and controlling the Company. The Board Chairman of the Company is always an independent non-executive director.

CHANGE EXPRESS LTD

Corporate Governance Report

2.1 The Board functioning (Cont'd)

The Board assumes its responsibility for meeting all the legal and regulatory requirements of the Company. At each Board Meeting, a complete update on the affairs and business of the Company is presented by the Executive Management. The Board thus supervises the management of the Company's business and affairs and is involved in all decisions that are material to the business. In so doing, the Board acts at all times in the best interests of the Company.

As per the Board Charter, the Board should not meet less than one (1) time during each quarter and may meet more often, if necessary. During the financial year in review, the number of Board meeting held during the year did comply with this requirement.

The notion of Independent Directors is based on the criteria provided under the Guideline of the Bank. The agenda for Board meetings is prepared by the Company Secretary under the guidance of the Chairperson, together with input from the CEO. Additionally, as a standard practice, the agenda for any meeting has been sent at least five calendar days before the meeting to allow members to specify whether they want to add items to the agenda.

2.2 Board size and composition

According to the Board Charter set out in the Manual, the number of the Directors shall be not less than five (5) natural persons, with at least 40 (forty) per cent being independent directors and with a maximum number of three (3) executive directors. The established size and composition of the Board has been determined in accordance with the requirements stipulated within the Banking Act 2004. As at 30 June 2023, the Board was composed of 5 members comprising 2 executive directors and 3 independent directors and hence the Company was compliant with its Board Charter.

The Board takes its fiduciary responsibilities very carefully. Directors are fully aware of their legal duties. All Directors have been given a copy of the Board Charter and Code of Ethics of the Company. Each director is appointed with the understanding of the amount of time and care that he will need to devote to the Board and to the Company in order for it to prosper. In line with the applicable provisions of the Banking Act 2004, no appointed director of the Company has, at the same time, a director or a senior officer or an employee of any other financial institution during the year under review.

2.3 Board and Committee's meeting frequency and attendance

The following table gives particulars on the identification by name of each director, the corresponding directorship status and a record of attendance at meetings of the Company's Board and its committees for the financial year ended 30 June 2023.

	Directorship Status	Board of Directors	Board Committees	
			Audit and Risk	Corporate Governance
Number of meetings held	-	4	4	1
Meetings attended:				
Arshaad INDER	Independent	4	4	1
Yasmanee Devi JUDDOO-PROAG	Independent	4	4	-
Bhimsen ABACOUSNAC	Independent	4	-	1
Waseem Mohammad NUCKCHADY	Executive	4	4 *	1 *
Thikambaren RAMDOO	Executive	4	-	-

* In accordance with the applicable provisions of the Guideline of Corporate Governance as issued by the Bank and also as per the provision of the Manual, Mr Waseem Mohammad Nuckchady, CEO of the Company, is not a member of the Audit and Risk Committee and the Corporate Governance Committee but he has occasionally been in attendance to the Board Committees' meetings held during the financial year ended 30 June 2023.

CHANGE EXPRESS LTD

Corporate Governance Report

2.3 Board and Committee's meeting frequency and attendance (Cont'd)

Only Board members attend each Board meeting for the duration with other officers of the Company and other subject matter experts only attending on invitation for as long as it is deemed necessary by the Chairman. All directors are resident in Mauritius and the use of alternate directors is discouraged. This is made possible by the careful drafting of the annual board calendar that is set out each year by the Chairman of the Board with the assistance of the Company Secretary. The Chairman of the Board and the Chairmen of the Board committees are all carefully selected for their relevant knowledge and experience in these key governance roles. Refer to section 2.7 below on the Board sub-committees' functions.

2.4 Company Secretary

The Company has a service agreement with **Harford Corporate Services Ltd** (hereinafter "HCS") for the provision of company secretarial services, effective as from 1 February 2021. The Company Secretary is appointed by the Board in line with its Constitution and upon prior approval is conferred by the Bank.

The critical role that the Company Secretary plays in ensuring the success of the Board is wholly acknowledged. According to the Board Charter, the main role of the Company Secretary is to ensure that the Board follows correct procedures and that the Board complies with its obligations under law and the Company's constitution. The Company Secretary shall assist the Chairman of the Board in organising the Board's activities (*including providing information, preparing an agenda, reporting of meetings, evaluations and training programs*). The Company Secretary is the secretary of the Board.

HCS has appointed a specified member of its team to handle the matters of the Company. The representative from HCS administers and attends Board meetings, as well as the Annual Meeting, and prepares minutes of Board meetings and Members' meetings. All Directors of the Company have access to the advice and services of the Company Secretary. The Company Secretary is the primary channel of communication between the Company and the Registrar of Companies.

2.5 Board Diversity

The Board fully appreciates that having a balanced board is critical to ensure satisfactory performance within a framework of good governance in serving the interests of all the stakeholders of the Company. The Board has attempted to create the right balance and composition in such a way as to best serve the Company. The Board has an appropriate mix of experience and diverse professional background and all directors wholly endorse the belief in diversity as same will provide better decisions that will positively impact the operations of the Company.

The Company practises no discrimination and defines diversity in its largest extent which includes directors with a broad mix of skills and competencies, by concurrently embracing diversity as embodying ethnicity and cultural backgrounds. At the Board level, diversity is seen as an attribute that adds corporate value and complements what the Company does. The Board is thus composed of Directors that represent diversity in all its extended forms and this is something that the Board will always promote. Besides, the Company is an equal opportunity employer, and the same principle applies to the appointment of its Directors.

In addition to having current Board members with diverse professional qualifications, blended with a mix cultural and ethnics' backgrounds, the Company embraces gender diversity. Thus, the Company had a female director on its Board throughout the financial year ended 30 June 2023.

CHANGE EXPRESS LTD

Corporate Governance Report

2.6 The profile of directors and other key governance positions

The profiles of the directors and other key governance positions are provided hereafter. It is to be noted that, where any of the below-named persons has held directorship position in listed companies as at 30 June 2023, same will be reported within his or her respective profile. Hence, if no mention is made, then it is implied that the director or other key governance position has not held directorship position in any listed company.

Also, the Code does not provide for a maximum number of directorships that should be held by an individual Board member. Nevertheless, in line with the provision of the Manual, the Board has, when considering an appointment of a potential director, to satisfy itself that the candidate is not involved as directors in too many organisations. Thus, if the candidate has a seat on multiple boards or undertakes other professional or commercial activities, then the Board should evaluate whether the candidate will be able to devote quality time to the oversight of the Company's activities and to commit sufficient time and effort to fulfil his/ her directorship responsibilities effectively.

2.6.1 Directors

Arshaad INDER - He holds Bachelor of Laws with Honours (LLB) obtained in 2009 and also a Graduate Diploma in Law (GDL) from the BPP College of Law, UK. He is also member of the Association of Chartered Certified Accountants, UK as from July 2011. Mr Inder has been lecturing on a part time basis at the Faculty of Law of the University of Mauritius in the field of Commercial law and Intellectual Property, at the Centre for Legal and Business Studies (CLBS) in the field of Commercial law, at the Open University of Mauritius and at Grant Thornton Business School.

During the period 2009 to 2011, Mr Inder has worked as a Senior Associate at PricewaterhouseCoopers (PwC) whereby he was responsible to manage a portfolio of client including major international and local actors such as Barclays Bank PLC and CIEL Group of Companies and was also heavily involved in the audit of Global business. Subsequently, he has been practicing as a barrister since 2015 and is a member of the Sir Hamid Moollan QC Chambers with an extensive knowledge of the financial sector. His area of expertise in law includes criminal, civil, labour and commercial law. Mr. Inder has been regularly advising multinationals, banks and financial institutions in a variety of corporate matters such as structured financing and tax planning, collective investment and has also acted in local and international arbitration matters.

He was appointed to the Board in November 2017 as an independent director and he chaired the Corporate Governance Committee until 31 December 2020. From 31 December 2020 until 30 November 2021, he was the Chairman of the Audit and Risk Committee. Since then, he is currently the Chairman of the Board. By virtue of his relevant work experience in the field of commercial and business affairs legislations, he has provided helpful contribution to assist the Company in handling intricate legal issues.

Yasmanee Devi JUDDOO-PROAG – She holds a LLB (Hons) degree from the University of Mauritius and is a Barrister of 30 years standing. She also holds a Masters in Finance from the IAE Business School, Paris I Sorbonne University. She is a member of the Mauritius Bar Association, the International Bar Association and the Global Law Experts.

After practicing as a litigation lawyer for several years she has concentrated on corporate, business and financial services laws. Mrs Juddoo-Proag has much experience in and actively advises her clients including Mauritius global business companies, protected cell companies, limited partnerships, collective investment schemes and pooled investment vehicles (funds) in respect of set up matters as well as transaction related work, security documentation and cross border transactions and generally on all legal and regulatory issues applicable to such vehicles.

CHANGE EXPRESS LTD

Corporate Governance Report

2.6.1 Directors (Cont'd)

Also, she acts for investment managers, sponsors and investors, including high net worth individuals as well as banks and other international and development financial institutions in respect of a wide variety of activities, from aircraft leasing to mining, petrol trading, asset and wealth management, telecommunications and internet service providers, shipping and brokerage and real estate investments. Significant recent private vehicles that she has worked on include vehicles targeting investments in Africa and the Middle East. In addition, Mrs Juddoo-Proag has acted as an in-house counsel with an aircraft leasing company and as managing director to a corporate management company providing corporate and administration services to Mauritius global business entities.

Mrs Juddoo-Proag was appointed to the Board on 31 December 2020 as an independent director. She was the Chairperson of the Corporate Governance Committee from 31 December 2020 until 30 November 2021. Since then, she is currently the Chairperson of the Audit and Risk Committee. In view of her wide-ranging experience with the main laws and regulations governing the business activities of the Company and being well versed in the field of investment vehicles, data protection and anti money laundering issues, she has provided helpful contribution to further consolidate the compliance framework of the Company and she also assisted in the effective handling of the Company's intricate legal issues.

Bhimsen ABACOUSNAC – He holds a doctoral qualification (PhD) since 2017, as awarded by the Leeds Beckett University, UK. Dr Abacousnac also holds a first class Honours degree in Chemistry from the University of Bombay, India and an MBA degree from the University of Mauritius. Besides, he is a member of the International Registrar of Certificated Auditors since September 2003. After working as Quality Assurance Manager at ESQUEL (Mauritius) Ltd for a brief period of 2 years, Dr Abacousnac joined The Mauritius Chemical & Fertilizer Industry Ltd, which he left as Production Engineer after 17 years.

Dr Abacousnac subsequently took employment into a managerial position at the Mauritius Standards Bureau whereat he was mainly responsible to manage the certification division and which he left in May 2014 upon more than 12 years of dedicated services. After working as *Corporate Quality Executive* at the Mauritius Ports Authority, for a brief period of 2 years, Dr Abacousnac joined the *Small and Medium Enterprise Development Authority (SMEDA)* as Chief Operations Officer, and which he left in January 2018. Dr Abacousnac is currently providing professional training and consultancy services in the field of Quality Management Systems, both as a representative of Symbiosis Management Training and Centre and Consultancy Ltd and also as a self-employed consultant.

In addition, Dr Abacousnac had been a previous director of the Company during the period from October 2009 until March 2016, whereby he did hold the chairmanship position of both the Board of Directors and the specific Board sub-committee. In effect, he is adequately acquainted with the board of directors proceedings, corporate governance principles and also he is well versed with the business environment and legal/ regulatory framework governing the Company's specific foreign exchange activities.

Following prior approval by the Bank of Mauritius, Dr Abacousnac was again appointed to the Board in November 2021 as an independent director and he is presently the Chairman of the Corporate Governance Committee. By virtue of his extensive familiarity and technical expertise in the field of quality management systems and standardised procedures implementation, he provides helpful contribution to the Board to further consolidate the existing policies and procedures of the Company and for the formulation of new ones, in line with best practices so that the Company can exceedingly discharge its statutory and regulatory obligations.

Waseem Mohammad NUCKCHADY - He is holder of a BSc (Hons) in Finance with law and an MSc in Finance, both awarded by the University of Mauritius. He is also fellow member (FCCA) of the Association of Chartered Certified Accountants. Besides, he is also registered member of the Mauritius Institute of Professional Accountants and the Mauritius Institute of Directors.

CHANGE EXPRESS LTD

Corporate Governance Report

2.6.1 Directors (Cont'd)

After a brief tenure in an offshore management company following the completion of his tertiary studies, he joined the Company in November 2006 as Accountant and he was subsequently promoted to the post of Finance Manager. He is presently the Chief Executive Officer of the Company. He was appointed as director of the Company in March 2013 and is also regularly invited to attend the Corporate Governance Committee and the Audit and Risk Committee for the purpose of ensuring the prevalence of good governance practices.

Thikambaren RAMDOO - He was appointed as executive director in February 2007. He joined the Company in June 2004 to initially handle all corporate marketing strategies aspects. He is currently the Human Resource Development and Administrative Executive of the Company. Mr Ramdoo holds a direct interest of 25 per cent in the shareholdings on the Company.

2.6.2 Other key governance position

Bhimsen BADOO - He is a holder of a BSc in Economics and a Graduate Diploma in Legal Studies, both awarded by the University of Mauritius. He is also an affiliate member of the Association of Chartered Certified Accountants (ACCA), a registered member of the Association of Certified Fraud Examiners (ACFE) and the Institute of Internal Auditors (IIA).

After briefly working as *Operations Clerk* in Barclays Bank PLC and subsequently as *Senior Auditor* at Horwath Mauritius, he joined the Company in May 2006 as Internal Auditor/Compliance Officer. Upon an internal restructuring exercise in 2008, Mr Badoo was the Internal Auditor until July 2020, following which he was promoted to the position as Deputy Chief Executive Officer of the Company till date.

Doolesware TREEBHOWON - He has been employed by the Company in September 2001 as Branch Manager after working for 3 years at Shibani Finance as senior officer. He was subsequently promoted to the position of Chief Operating Officer, whilst during the period May 2005 to January 2006 he also shouldered the function of MLRO. Mr Treebhowon has also been called upon to cumulate the function as acting CEO under the close direction of the Board of Directors, on various occasions.

The profiles of Waseem Mohammad NUCKCHADY and Thikambaren RAMDOO appear in the directors' profiles section.

2.7 Committee of the Board of Directors

Board committees are a mechanism to assist the board of directors in giving detailed attention to specific areas of their duties and responsibilities in a more comprehensive evaluation of specified issues. Thus, Board Committees are an extension of the Board and allow the Board, through a small group, to handle matters more deeply than through ordinary board sessions. Yet, the ultimate decision power rests with the whole Board. Committees of the Board can help to efficiently advance the business of the Board. At the same time, Committees can demonstrate that directors' responsibilities are being adequately and properly discharged.

The Board of the Company has two sub-committees: the Corporate Governance Committee and the Audit and Risk Committee. The setting up of these committees is aligned with the specific critical issues that recurrently reckon the Board attention, by virtue of the Company's business activities. Each committee has its own Charter which has been approved by the Board. Through the deliberations and reporting of its committees, the Board ensures that Management's daily actions are in line with the Board's objectives and regulatory requirements.

The charter of the sub-committees is reviewed by the Board on an ad-hoc basis, or more frequently following changes in the Guideline or the Code or the business activities of the Company which may have an incidence on the good corporate governance aspect of the Company.

CHANGE EXPRESS LTD

Corporate Governance Report

2.7.1 Corporate Governance Committee

The Corporate Governance Committee, chaired by an independent director, is currently composed of the following two independent directors of the Company:

- Dr Bhimsen ABACOUSNAC (*Chairman*)
- Mr Arshaad INDER

Also, beyond the minimal requirement, sets forth within the Manual, to hold at least 1 Committee during any financial year, the Committee met on one occasion during the financial year ended 30 June 2023. The attendance record of the Committee is disclosed in the table reported under Section 2.3 above.

The principal roles and responsibilities of the Corporate Governance Committee are to:

- ensure that the reporting requirements on corporate governance are in accordance with the obligations of the Guideline and the principles of the Code.
- ascertain whether potential new directors are fit and proper and are not disqualified from being directors;
- ensure that the right balance of skills, expertise and independence is maintained;
- ensure that potential candidates are free from material conflicts of interest and are not likely to simply act in the interests of a major stakeholder of the Company;
- determine, agree and develop the Company's policy on directors and management remuneration; and
- determine any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities.

Through its chairperson, the Committee reports to the Board in a timely fashion on all issues that could impinge the good corporate governance principles that prevail at the Company. The Committee has fulfilled its responsibilities for the year in compliance with its terms of reference.

2.7.2 Audit and Risk Committee

The Audit and Risk Committee, chaired by an independent director, is currently composed of the following two independent directors of the Company:

- Mrs Yasmanee Devi JUDDOO-PROAG (*Chairwoman*)
- Mr Arshaad INDER

Also, in conformity with the Manual, the Committee met four times during the financial year ended 30 June 2023. The attendance record of the Committee is disclosed in the table reported under Section 2.3 above.

The activities of the Audit and Risk Committee include regular reviews and monitoring of the following:

- the financial reporting processes, in particular the annual financial statements before these are approved by the Board;
- the effectiveness of the Company's internal financial control and risk management systems;
- the effectiveness of the internal audit function;
- the independence of the external auditors and the assessment of the external auditor's performance;
- the remuneration of the external auditors;
- the procedures for ensuring compliance with laws and regulations relevant to financial reporting; and
- specific issues where the Committee considers action or improvement is needed.

In carrying out its responsibilities, the Committee meets regularly with the Executive Management and receives regular reports from the Internal Auditor, Compliance Officer and the external auditors. The Committee has fulfilled its responsibilities for the year in compliance with its terms of reference.

CHANGE EXPRESS LTD

Corporate Governance Report

2.7.3 Legal Compliance

The Board is regularly apprised by the CEO of the changes in the laws and regulations relevant to the line of business of the Company. During the year ended 30 June 2023, no statutory or regulatory fines or sanctions have been imposed on the Company for non-compliance with the applicable laws and regulations.

3. Directors Appointment Procedures

3.1 The Nomination and appointment process

As part of its mandate, the Board carefully considers the needs of the Company in appointing directors onto the Board. To this end, a transparent and rigorous procedure is in place to vet the prospective directors. Thus, after any of the following generally foreseeable vacancy situations is identified at the Board level, the search exercise for suitably qualified potential candidates is effectively triggered.

- Non-executive directors, including independent members, with the continuous tenure of office reaching the maximum term of six (6) years as provided in the Manual.
- Existing director who has signified his/ her intention to voluntarily step down from the Board, before the completion of his/ her term of office ending at the next Annual Meeting; and
- Existing director, who is still eligible for re-election at the next Annual Meeting, but who has confirmed their unwillingness to stand re-election for a further term prior to holding an Annual Meeting

The screening of potential board candidate is a collectively shared responsibility of each and every director on the Board. Frequently, the search endeavour for potential board candidate is also extended and channelled to the Shareholders of the Company for any onward proposal. It is to be noted that the director and/or the volunteered shareholders are called upon to take the following selection criteria into consideration whilst looking for prospective board candidates, who may be known to them within their network of personal contacts or professional acquaintances.

The following selection criteria for potential board candidate are carefully considered:

- Skills, competence and experience required by the Board;
- Fitness, probity and reputation of the candidate;
- Familiarity with the business activities of the Company and previous experience as a director;
- General knowledge on corporate governance practices;
- Specific roles or technical expertise required on the Board such as Chairmanship;
- Diversity balance as may be required on the Board;
- Independence where required and conflict of interests; and
- Amount of time the candidate is able to devote to the business of the Board.

After the timeframe allocated for the search exercise has lapsed, a shortlist of potential board candidates is made and the identified persons are invited to submit his/ her nomination interest for appointment to the Board. All submitted nominations are thereafter forwarded to the Chairman of the Corporate Governance Committee, who compiles the list of interested candidates and presents it to the Board for an informed decision. Thereafter, the members of the Board will evaluate nominees against the selection criteria set out above and the Board may conduct an interview with each prospective director. Once a prospective director has been selected, his/her appointment will be put forward to the shareholders for onward appointment at either the Annual Meeting or by way of special written resolution.

The Short biographies for each of the current Directors of the Company are available in Section 2.6.1 above.

CHANGE EXPRESS LTD

Corporate Governance Report

3.2 Orientation and ongoing development

It is part of the Chairperson's responsibilities to ensure that Board members participate in an induction and training programme, and have access to ongoing professional development on relevant issues which may involve internal or external resources.

All newly appointed directors of the Company are provided with an extensive orientation programme aimed at familiarizing them with the main elements of the Manual, including the duties and responsibilities of the directors, the internal policies and procedures and the various laws and regulations governing the business activities of the Company and to provide them with a robust understanding of the Company's strategies, its current affairs, and its inherent key risk areas. Such induction programme is to be dispensed at the earliest opportune time after the appointment of every director.

Similarly, the directors were provided with a 1-hour refresher in-house training, particularly on Anti Money Laundering/Combating Financing of Terrorism, during the financial year ended 30 June 2023 as dispensed by the Compliance Officer of the Company. Likewise, the CEO of the Company is a registered member with the Mauritius Institute of Directors (MIOD) in a bid to avail all the benefits to form part of the MIOD privileged members, *inter alia* the tailor-made training programmes on corporate governance matters and company director related issues. During the financial year ended 30 June 2023, the CEO attended the MIOD-organised course '*Director Development Programme: Module 3 – Corporate and Financial Reporting*' and with his imparted knowledge and acquired training material to be dispensed to all Board members as part of a customised internal training.

Further, by virtue of the External Training Guidelines of the Company, directors are encouraged to actively seek out for relevant training courses that come to their awareness, and are systematically invited to participate to all proposed training, free of charge.

3.3 Succession of all key officeholders

The Board recognises that succession planning is a crucial factor to ensure business continuity and therefore reduce the risk of operational disruptions due to the sudden departure or unforeseen temporary absence of key officeholders. The succession planning strategy of the Company covers the positions of non-executive directors and senior management team and it involves the proper identification of successors and, development of contingency plans as well as processes to ensure continuity.

Concerning non-executive directors, the Corporate Governance Committee does periodically review succession plans by keeping track of the tenure of office of non-executive directors as well as the determination of foreseeable vacancy situation. Thus, the Corporate Governance Committee proactively set in motion such succession plans for upcoming replacement directors by assisting the Board to undertake searching exercise and determination of the suitability of nominated candidate for proposal to the Board.

In addition, the possibility for an increased board size of the Company with a minimal number of 5 directors, as provided under the adopted Constitution of the Company, does practically facilitate the appointment of replacement directors well in advance prior to the actual departure of any foreseeable outgoing director so that proper taking over of assigned duties can be performed effectively.

Regarding succession planning for senior management, the Board does receive, from time to time, from the CEO, appropriate report of any vacancy or probable vacancy in the position of Senior Management team. The Board strives to fill such vacancy from within internal modes through elevation or otherwise subject to availability and in case no suitable candidate is available to fill the position, external candidates are then considered. The Board does evaluate the suitability of any such person based on factors such as experience, qualification, competence, fitness and probity and leadership skills and recommend his or her candidature well before such vacancy arises to facilitate smooth transition.

CHANGE EXPRESS LTD

Corporate Governance Report

3.3 Succession of all key officeholders (Cont'd)

Moreover, the prevailing HR standards for promotions and/or transfers has been designed in such a way that the existing or proposed senior managerial personnel does get all-round exposure in various domains to facilitate career progression, and to prepare them for administrative responsibilities for discharging their functions effectively. Thus, it has been observed to the satisfaction of the Board that during the annual compliance leave absence of senior management, the completion of delegated and/ or re-assigned tasks to other co-senior management team, were effectively upheld.

Every member of the senior management team does endeavour to add capability in-house and does mentor subordinates with potential, working under him/ her to handle his/ her responsibility in his/ her absence by exposing him to all aspects of work being handled by him/ her. In the event of any unexpected occurrence in respect of any member in the core management team, the next person as per the organisation chart shall take interim charge of the position, pending a regular appointment in terms of the succession plan.

4. Directors Duties, Remuneration and Performance

4.1 Legal Duties

The Directors of the Company are fully apprised of their fiduciary duties as laid out in the Companies Act 2001 both at the time of their induction and through ongoing director development training. The Manual provides for a detailed, but non-exhaustive listing of the duties of the directors.

4.2 Conflicts of Interest

The Board acknowledges the importance for the directors to avoid *any situation in which a director is in a position to exploit his/ her professional or official capacity in some way for his/ her own personal benefit*. Indeed, the Manual of the Company has clear provisions with regards to Directors' duties in this respect whereby it is expressly stipulated that directors should never permit a conflict of duties and interests and must disclose potential conflicts of interest to the Board at the earliest possible opportunity.

According to the Manual, a Board member must also provide full and timely disclosure in writing of any conflict or potential conflict to the Board. Thus, by virtue of the item(s) included in the agenda of any board meeting or committee meeting, directors are required to disclose at the beginning of the said meeting of a potential conflict of interests. The Company Secretary shall take note of the reported conflict of interest situations and shall update the maintained Interest Register accordingly. The register is also available to the shareholder of the Company upon request to the Company Secretary.

As a Public Interest Entity, the Company makes every effort to ensure that Directors declare any interest and report to the Board of any related party transactions. Hence, in case of a conflict, the Board member concerned cannot take part in any discussion or decision-making process related to the subject or transaction in which he or she has a conflict of interest.

The Corporate Governance Committee regularly reviews the details of all disclosed related party transactions so as to ensure that the personal interest of a Board member, or any close associated persons, has not taken precedence over those of the Company. During the year ended 30 June 2023, only one self-interest disclosure of a potential conflict was made by a Board member and it related to the declarant, being a shareholder/ director of an entity which rents out commercial premises to the Company and the Board was called upon to take a decision regarding the renewal of the corresponding lease agreement at an increased rental fee.

It is also to be noted that no directors have any service contracts with the Company.

CHANGE EXPRESS LTD

Corporate Governance Report

4.3 Remuneration Philosophy

The review of the remuneration of both directors and the senior management falls under the purview of the Corporate Governance Committee, as set out in the Manual and with due recommendation being made to the Board following any review exercise. The actual level of remuneration of both directors and senior management is based exclusively on performance and effort and during the financial year ended 30 June 2023, neither any director nor any member of the senior management has received shares of the Company in lieu of remuneration.

In light with best corporate governance practices, the actual level of remuneration payable to any non-executive independent director in respect of any financial year and any periodic review in the existing emolument entitlements by any employee, including senior management, must prior be tabled for Board approval. The following informal remuneration policy, as applicable to the Board of Directors and Executive Management, is applied by the Company in practice.

4.3.1 Board of Directors

It is to be noted that only non-executive independent directors are eligible to director's fee entitlements. During the year, the existing directors' remuneration policy was revisited such that directors' fees payable to non-executive independent directors, comprising of both fixed annual retainer fee and a fixed attendance fee, were increased effective as from 1 July 2022. The revised directors' remuneration policy, which was duly approved by the Shareholders of the Company, was reviewed to be aligned with the current industry practice and prevailing market rate.

The 'annual retainer fee' component does serve to compensate the directors for the inherent higher level of risks and responsibilities attached in shouldering the directorship position in the Company and also to ensure that the non-executive independent directors do actually devote quality time and commitment to address urgent issues of strategic nature. It is to be pointed out that the same level of annual retained fee is payable to each non-executive independent director.

However, the current directors' remuneration policy has preserved the fee partially linked to attendance to the meetings of the board and its committees. The objective of the fixed attendance fee is to ensure an active involvement, a physical interaction and contribution, and a discursive participation of each director to the Company's development, both from business and corporate governance perspective. It is to be emphasized that the level of fixed attendance fee for any chairperson is higher than the fixed attendance fee as received by an ordinary member by virtue of the added level of responsibilities attached to the chairmanship position.

4.3.2 Executive Management

The remuneration policy for the Executive Management of the Company is that they are entitled to a monthly fixed emolument and the aim of such fixed salary policy is to attract and retain the best qualified members to the Executive Management. The elements of the fixed remuneration are determined based on market standards and the Company's specific needs from time to time. As a part of the fixed salary, the Company does offer other standard benefits, such as sponsored medical and pension plan insurance. During the year, the existing remuneration of Executive Management was revisited in light of the post-COVID19 business recovery phase resulting into an improved financial performance of the Company. The revised remuneration of Executive Management was duly approved by the Board.

It is to be recalled that as per the Company's policy, no directorship fees are paid to the executive directors for serving onto the Board, and thus any disclosed executive director's remuneration within this report shall exclusively relate to Management compensation for employment services rendered to the Company.