

# CHANGE EXPRESS LTD

## Corporate Governance Report

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### 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.

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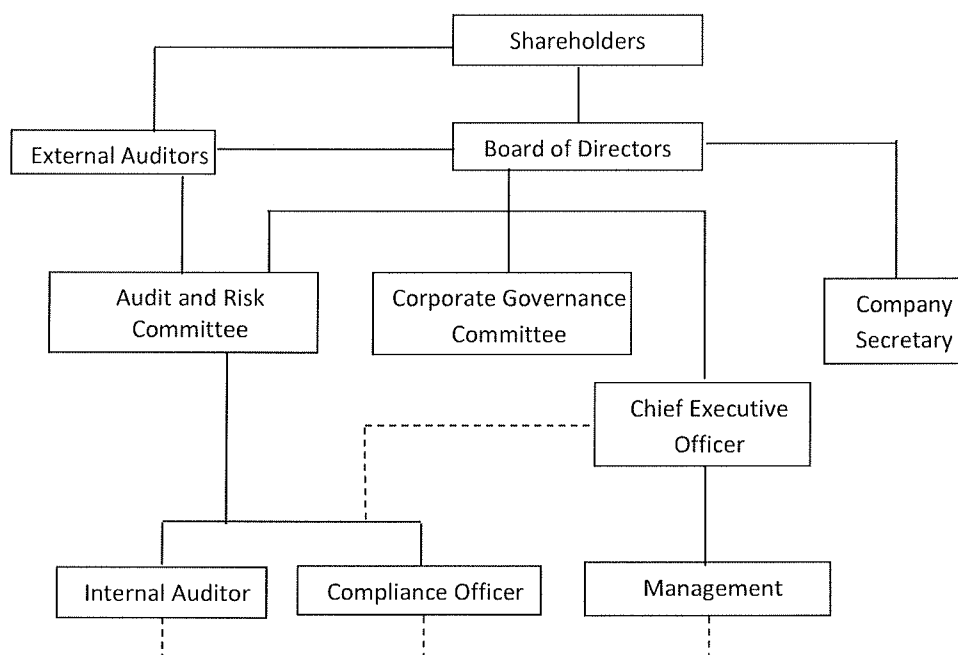
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### 1.3 Key governance documents

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.

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### 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
<b>Number of meetings held</b>	-	4	4	1
<b>Meetings attended:</b>				
<b>Arshaad INDER</b>	Independent	4	4	1
<b>Yasmanee Devi JUDDOO-PROAG</b>	Independent	4	4	-
<b>Bhimsen ABACOUSNAC</b>	Independent	4	-	1
<b>Waseem Mohammad NUCKCHADY</b>	Executive	4	4 *	1 *
<b>Thikambaren RAMDOO</b>	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.

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#### *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.

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### *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.

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#### 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.

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#### 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.

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#### 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.



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### *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.

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#### *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.

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### *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.

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## Corporate Governance Report

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### *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.

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### *4.4 Directors' and Senior Management Remuneration*

The total emoluments of the directors and Senior Management team of the Company during the financial year ended 30 June 2023 were as follows:

	<b>Rs</b>
▪ Director's fees to Independent directors	474,000
▪ Emolument to key senior management personnel	5,282,507

It is to be emphasized that total remuneration of the directors and key management has been disclosed aggregately by category due to the sensitive and confidential nature of such personal information.

### *4.5 Information Technology and Information IT Security*

The Board of Directors is fully aware of the importance that IT plays towards the smooth running of the business operations of the Company in the furtherance of its economic development. Thus, the Board realises that in today's era of technology, it is crucial to have a strategic alignment of information security with business strategy in order to achieve organisational goals. As such, the Board ensures that appropriate resources are allocated for the implementation of an information and IT security framework within the institution.

The Company is rapidly embracing technological change and is working towards the creation of necessary infrastructure for the effective integration of digital form of information processing. The Company has in place a comprehensive IT procedures manual, which has been approved by the Board and which is subject to regular revision in light of ongoing innovation to the world of IT and its inherent IT risks.

The IT policy covers the Company's management information systems, its IT security, confidentiality and privacy, including how information is created, accessed, stored, protected and disposed of. Moreover, the Company has established an IT risk management register to ascertain that risks are systematically identified and mitigated so as to minimise the potential impact on information resources. The Audit and Risk Committee is mandated to assess that adequate controls and information systems are in place to address all identified IT-related risks issues for ensuing recommendation to the Board.

Besides, the IT strategies of the Company is closely monitored by the Board and covers the identification of IT project priorities and also an evaluation of the Company's significant expenditures on information technology to ensure that IT strategic plans are delivered within agreed budget and timeframe. Moreover, the Company has a robust BCP/DRP IT plan to ensure the recovery of its critical business processes and IT systems in an efficient and timely manner in the event of a disaster.

### *4.6 Board Information*

According to the Manual, it is the responsibility of the Board Chairman, with the assistance of the Company Secretary, to ensure that Board members receive all information necessary for them to perform their duties and that the Board has sufficient time for consultation and decision-making. Through either the Board or the established committees, individual Board Members Board have the power for obtaining all information from management and other stakeholders in the discharge of their fiduciary duties. In conformity with the requirements of the Banking Act 2004, all appointed board members should take an oath of confidentiality before the Supreme Court of Mauritius. Hence, the Board is subject to strict confidentiality rules with regards to information that they obtain as Directors and unless they are required to do so by law, Board members may not disclose any confidential information during or even after their time on the Board.

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### *4.7 Board Evaluation*

The Board and its committees shall on an annual basis assess its performance and effectiveness as a whole, and that of individual members. The Manual of the Company does provide well documented Review and Evaluation Guide against performance benchmarks. Indeed, it is the Chairperson's responsibility to ensure that the performance of the Board and its members are evaluated every year.

As per the annual board calendar for 2023, the above-mentioned evaluation exercise, in respect of the financial year ended 30 June 2023, is expected to be carried out during a Board meeting to be held during the third quarter of 2023. It is to be noted that the Board performance evaluation exercise for 2022 was undertaken on 19 September 2022.

The Company plans to use the Corporate Governance Scorecard for Mauritius (2021) as from the next financial year as a tool to measure objectively and to provide a fair assessment of the effectiveness of the governance practices of the Company.

## **5. Risk Governance and Internal Control**

### *5.1 Risk Governance*

The Board of the Company remains ultimately responsible for ensuring that risks are adequately identified, measured, managed and monitored and that good governance is maintained. The risk governance is exercised by the Board, which is responsible for the governance of risk and for determining its risk appetite in achieving its strategic objectives. The Board discharges its duty either directly or through its Audit and Risk Committee to ensure decision making is aligned with the Board's approved policies and frameworks. The Management of the Company also assists the Board in implementing, operating, and monitoring the internal control systems which manage the risk of failure to achieve business objectives and provide reasonable but not absolute assurance against material misstatements or loss. The systems of internal control put in place by Management include the:

- Maintenance of proper accounting records;
- Implementation of policies and strategies approved by the Board;
- Regular assessment of specific risk management, such as – market risks, operation risks, liquidity risks, business risks, compliance risks, reputational risks, technological risks; and
- Overseeing and reviewing on an ongoing basis of the overall risks associated with the Company.

As per the Manual, the Board is responsible for supervising the management in the areas of risk as well as the structure and operation of the internal risk management, and audit and control systems. Furthermore, the Board, through its Audit and Risk Committee, shall discuss, on periodic basis, the Company's business risks, the management's assessment of the internal risk management and control systems, identifying any deficiencies in the internal control system, and any significant changes to such systems. The terms of reference for the Audit and Risk Committee does mention that it shall assist the Board in fulfilling its oversight responsibilities for, amongst others the quality and integrity of the Company's risk management.

It is the responsibility of Management to manage and control the potential risks faced by the Company. Management, together with the Audit and Risk Committee, manages the business through a system of internal controls functioning throughout the Company. This promotes an awareness of risk and good governance in every area of the business and instils a culture of compliance. In short, Management is responsible for translating the high-level overall guidance from the Board into operational aspects and then monitoring and reporting back periodically to the Board and/ or the Audit and Risk Committee.

The Audit and Risk Committee has the responsibility to monitor and evaluate the spectrum of risks faced by the Company. Further details on the management of risk are given in Notes 20 to the financial statements - "*Risk Management*" on pages 53 to 56.

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### *5.2 Internal Control*

The Internal controls system of the Company include all those set of rules, policies, and procedures that have been implemented with the objectives that financial reports are reliable, to provide protection against frauds and malpractices, to ensure that operations are effective and efficient, and that all activities comply with applicable laws and regulations.

Whilst the Board, which approves the Company's policies, ensures that risks are maintained within approved limits and any deviation is reported timely and duly authorized, the Audit and Risk Committee on the other hand reviews both internal and external audit reports on systems and controls in place to manage those risks. The Audit and Risk Committee is thus the authority responsible for ensuring that internal controls are in place and for regular review of the Company's accounts and policies.

The Company has an integrated and robust Enterprise Risk Management (ERM) system in place, which prescribes the methods and processes developed and implemented to manage risks and seize opportunities related to the achievement of its objectives. The ERM of the Company provides a framework for risk management, which typically involves identifying particular events or circumstances relevant to its objectives (risks and opportunities), assessing them in terms of likelihood and magnitude of impact, determining a response strategy, and monitoring progress. By identifying and proactively addressing risks and opportunities, the Company does protect and creates value for its stakeholders.

The ERM is founded on the three lines of defence model which ensures that risk is managed in line with the Company's risk appetite, as defined by the Board. The first line of defence, that is, the Business units, is responsible for owning and managing risks through appropriate internal controls. The second line of defence, that is, Risk Management and Compliance, ensure that the controls are working effectively and limits are met via regular checks. The third line of defence, that is, Internal Audit, provides independent assurance to Management and the Board on the systems of Internal Controls in place at the Company.

The risk management team, consisting of various departmental risk management owners, provides the day-to-day oversight on management of corresponding risk and promotes the risk culture across the Company. Each risk management owner is responsible to create and maintain the risk practices across his/ her department and/ or area of functional reporting, as defined by the ERM and to ensure that controls are in place for all risk categories. The risk management team maintains the highest level of objectivity through the self-assessment exercise.

The risk function is subject to internal audits on a quarterly basis where it is assessed for each of the different types of risk. Internal audit provides a periodic assessment on the adequacy and effectiveness of the Company's processes for controlling its activities, managing its risks and ensuring good governance. It reports and provides recommendations on significant issues related to the risk management, control and governance processes within the Company. Also, the internal auditor conducts regular review of the risks and control functions as per the plan approved by the Audit and Risk Committee. All the observations are promptly attended to and weaknesses are addressed ensuring a water-tight control function.

The Audit and Risk Committee of the Company has an in-depth oversight over the risk management process in practice, by receiving on an annual basis a consolidated ERM Report. The Company's audit plan, as approved by the Audit and Risk Committee, covers all key risk areas inherent to the business activities. Any deviation in policies and non-performance of internal control are duly reported and discussed at large at Management and Audit and Risk Committee level. Corrective actions are promptly taken and regular follow ups as well as reporting performed by Internal Audit until complete resolution.

During the year under review, there was no major breakdown in the internal control systems of the Company apart from minor improvement observations. Through regular audits, the internal control system is evaluated with respect to the risk environment.

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#### *5.3 Whistle-blowing*

An important aspect of accountability and transparency is a mechanism to enable all individuals to voice concerns internally in a responsible and effective manner when they discover information which they believe shows serious malpractice. To this end, the Company has established a whistle-blowing policy which is intended to assist any internal stakeholders, mainly employees, who believe they have discovered malpractice or impropriety.

The whistleblowing policy is fundamental to the Company's professional integrity and reinforces the value that the Company places on internal stakeholders to be honest and uphold an acceptable level of demeanor. It provides a method of properly addressing all reported bona fide concerns, while also offering whistleblowers protection from victimisation, harassment or disciplinary proceedings.

The measures documented in the whistleblowing policy endeavor to improve the operation of the whistleblowing process, eliminate the risk of reprisal and detrimental action against whistleblowers and to improve the integrity of the Company as a whole through transparent policies and effective procedures. Similarly, it covers situations where an internal stakeholder raises a concern about a risk, malpractice or wrongdoing that affects others such as clients, suppliers, other staff, the Company or the public interest. The whistleblowing policy applies to all employees irrespective of his position.

The whistleblowing policy sets forth the measures taken to protect the identity of the whistleblower. Maintaining confidentiality is crucial in ensuring reprisals is not made against a whistleblower. The Company is committed to the protection of genuine whistleblowers against direct or indirect detrimental action taken in reprisal for the making of disclosures. Thus, retaliation against any person who, in good faith, has expressed a concern or otherwise participated in an investigation relating to a reported improper conduct is prohibited regardless of the outcome of the investigation. Accordingly, harassment or victimization for reporting concern under this whistleblowing policy is not tolerated at all.

## **6. Reporting with Integrity**

#### *6.1 The Company's Approach to Reporting*

The Company is committed to the highest standards of integrity, transparency and professionalism and ensures that its business activities are managed responsibly and ethically whilst seeking to enhance business value for all stakeholders. The Company uses diverse mechanisms when reporting on its activities such as its annual report, Annual Meeting, website, emails, notice board in its branches, press articles and social media. It is therefore important that not only stakeholders be kept informed of the activities of the Company but also the public in general.

The approach of the Company towards reporting is one of transparency, consistency, relevance as key driving attributes. The goal of the Company is to provide a fair and honest communication that is relevant and material to all its stakeholders. In line with its ambition to uphold best corporate governance practices, the Company strongly considers that it has a duty to abide to the highest standards and to recognise when it fails to do so, as well as explain how it is remedying to these failings. Various stakeholders have access to the senior management team, including the CEO to ask questions and / or provide comments.

#### *6.2 Corporate Social Responsibility*

As a corporate citizen with deep roots in Mauritius, the Company has always supported the activities designed to promote the welfare of the community and the creation of a sustainable society. The Company strives to plough back in the community and towards the interest of the society at large, a sum that increases proportionally with the growth of its business. The Company actively engages in initiatives to address social issues and it believes that promoting and managing corporate social responsibility (CSR) activities properly is an important factor to maintain and to increase its corporate value.



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### *6.2 Corporate Social Responsibility (Cont'd)*

The Company incorporates CSR into its business activities so that CSR and its business are integrally intertwined in an ongoing synergy that contributes to better business performance. Indeed, the Company carries out CSR activities through open, two-way communication with society and always ensures that it is accountable for, and transparent in, its actions.

In addition, the CSR activities of the Company reflect its philosophy of implementing sound business practices, and innovating to realize services that inspire and excite. In order to help build a more sustainable world, the Company employs its CSR initiatives as a measure of the social impact of its business operations. The Company has always embraced responsibility for the impact of its activities on environment, clients, employees, communities and all other members of the public sphere.

However, during the financial year ended 30 June 2023, the Company did not set up any CSR Fund for onward distribution to the numerous NGOs identified to carry on the altruistic mission of helping needy people to be empowered for proper integration into the society and to enjoy the same social justice and development in life. This is owing to the fact that the Company's business activities was still experiencing the negative impacts of the COVID-19 pandemic and also the Company was still in the process to financially recover from its substantial loss as sustained during the previous years.

### *6.3 Financial Statements*

As per the Manual, the Audit and Risk Committee is mandated to oversee the financial reporting process of the Company, including performing an evaluation of its financial statements for reasonability, completeness and accuracy, prior to issue and approval by the Board. An item on the corresponding Board meeting agenda is included for approval of audited accounts and the reviewed financial statements are then tabled before the Board for further scrutiny and discussion purposes.

It is to be pointed out that the financial statements are prepared in compliance with the Mauritian Companies Act 2001, the Banking Act 2004 and the International Financial Reporting Standards and the financials are duly audited by an external auditor. The Board is satisfied that the financial statements fairly present the state of the affairs of the Company.

### *6.4 Environmental*

Since the business activity of the Company is exclusively service-oriented, its operational impact on the environment is quite insignificant. Nevertheless, the Company does bring its contribution to support the country's 'Maurice Ile Durable' concept. In this context, the Company principally uses office and computer equipment and consumables that are environment-friendly. Likewise, the Company embraces the 'Paperless working' concept by undertaking a relatively high volume of electronic communication and storage through innovative technology. Moreover, the disposal of obsolete or redundant physical assets are carried in such a manner so as to minimise the adverse impact on the environment.

In addition, used/ waste papers and other documents, which have reached their end of records retention period, are destroyed in the most appropriate manner. Thus, the services of a recycling company is retained, whose responsibility is to collect all the documents, and then shred, compact and export the shredded materials to be converted to usable paper. This process thus contributes meaningfully to the "circular economy" in which materials are used and reused to provide ongoing value.

### *6.5 Health and Safety*

The Company takes all reasonable actions to ensure a sound and healthy working environment for its staff and other stakeholders. In the wake of the Covid-19 pandemic, the Company has acted proactively to safeguard the health and safety of its staff and other stakeholders. Thus, a Covid-19 Vigilance Plan and Sanitary Protocols, that cater for the following main safety procedures, was adopted.

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#### *6.5 Health and Safety (Cont'd)*

- providing all its employees with appropriate protective face mask and also dispensed with sanitisers
- cleaning and disinfecting the premises, facilities and equipment on a regular basis
- enforcing restrictive 'access to office' measures including social distancing, temperature check, etc
- encouraging staff members to have their full vaccination and setting forth action plan in case an employee shows Covid-19 like symptoms

Moreover, the Company implemented a number of effective security measures, including enhancing physical security safeguards, creating awareness campaign and consolidating its security polices and framework, to deter risk of mishap which may result to bodily injury or loss of life of its staff or customers.

Additionally, the Company has contracted a high-quality medical insurance and a group personal accident cover for the welfare of all its employees and all costs are fully borne by its own means. Similarly, the Company has in place robust fire prevention and safety procedures to secure the well-being of every person within the premises of the Company against all risk of fire and allied perils. In effect, fire risk assessments are carried out regularly as well as fire drill exercises during each year.

#### *6.6 Education and Training*

The Company did organise a Team Building exercise for its staff on 31 May 2023 in order to boost its employee's morale and motivation, diminish work-related stress, and bolster inter-personal and leadership skills. The Company also motivates its employees to actively participate in its various social activities that it organises. Also, the Company regularly provides in-house and external training, on a fully sponsored basis, at different levels of its staff for their own personal development and professional advancement.

#### *6.7 Political contributions*

The Company neither engages in political matters nor has made any political donations to any party or any politically affiliated organisation.

#### *6.8 Related Party Transactions*

As per the definition formulated by the Company, parties are considered to be related to if they have the ability, directly or indirectly, to control or exercise significant influence over the Company in making financial and operating decisions. Related parties reported in the Annual Report include:

- controlling shareholders, directors and senior management personnel of the Company;
- close family members of all the above; and
- entities in which directors, controlling shareholders, senior management personnel and close family members have significant interest or influence.

All transactions with a related party must be done on terms and conditions that are at least as favourable to the Company as market terms and conditions. Related Party Transactions during the year include:

- short term employee benefits such as salaries, social security contributions, and pension contribution;
- directors' fees;
- rental income for leased office premises; and
- purchase and sale of foreign currencies.

Transactions between the Company and its related parties made during the year on an arm's length basis are disclosed in Note 19 to the Financial Statements.

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### 7. Audit

#### *7.1 Internal Audit*

By virtue of the Company's business operations, the Board of Directors has resolved to set up an internal audit function, duly established with adequate authority, scope and resources to enable any appointed auditor to operate professionally and proficiently in order to ensure that the internal control system in place is performing effectively and is adequate to mitigate risks consistent with the risk appetite of the Company, and corporate governance processes are satisfactorily operational.

The Company has appointed a full time Internal Auditor, who is a fully qualified accountant, objectively independent and with an in-depth understanding of the business culture, system and processes of the Company. Also, the Internal Auditor holds previous auditing working experience and is dispensed with regular training as part of his continuous professional development to keep abreast with best internal audit practices. The Internal Auditor is empowered to have access to any records and system and he is provided with adequate audit reports and IT resources designed to manage a wide range of audit operations.

The role of the internal audit function at the Company is to provide independent and objective assurance to Management and to the Board through the Audit and Risk Committee. By following a systematic and disciplined approach, internal audit helps the Company to accomplish its objectives by evaluating and recommending improvements to operations, internal controls, risk management systems, and governance process. The duties and responsibilities of the Internal Auditor are clearly defined in the Manual and same have been endorsed by the Internal Auditor as part of his signed contract of employment.

The internal audit function is governed by a Board-approved Internal Audit Charter. The Internal Auditor reports directly and functionally to the Audit and Risk Committee while he reports administratively to the Chief Executive Officer of the Company. The Internal Auditor has regular meetings with the members of the Audit and Risk Committee, in the absence of Management, thereby further establishing Internal Auditor's independence. Also in order to maintain objectivity and independence, the Internal Auditor is not involved in any management decision making process or responsible for any area of operations.

For the proper discharge of their responsibilities in accordance with the Audit and Risk Committee charter, the two members of the said committee have a financial background and accounting expertise and are fully conversant with both the International Standards on Auditing and International Financial Reporting Standards. Similarly, the Audit and Risk Committee charter requires an evaluation of the financial reporting processes, in particular the identification of significant issues pertaining to each annual financial statement, and recommendation is made for necessary reporting corrections, before these are approved by the Board.

The Audit and Risk Committee reviews and approves the internal audit's plan on an annual basis, and evaluates the effectiveness of the function. All areas of activity of the Company fall under the scope of internal audit and audits are conducted following a risk-based audit methodology which is in line with global best practices. Thus high risk areas are audited on a more frequent basis. All key processes at the Company are audited to identify key risks and to assess control adequacy and effectiveness. Audit procedures are designed in response to the risks identified. Audit findings are discussed and finalized with Management. A summary of the audit reports is thereafter tabled at the Audit and Risk Committee, on a quarterly basis. The findings are reviewed and discussed at large by the Audit and Risk Committee.

During the year under review, the Internal Auditor covered high risk areas such as AML/CFT Compliance, Statutory requirements, Operational processes, IT Systems, Risk Management framework, and Finance, in accordance with annual audit work plan as approved by the Audit and Risk Committee. In effect, it is to be emphasized that no major breakdown in the internal control systems of the Company was reported to the attention of Management and/ or the Audit and Risk Committee during the year 2023, apart from low-to-medium risk improvement observations, which have already been addressed by Management.

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#### 7.2 External Auditors

The Company has in place a formal Auditors Rotation Policy which, in accordance with the relevant provisions of the Banking Act 2004, requires that the external auditors of the Company are rotated after a period of five (5) years. Whilst taking into account the audit of the financial statements for the year ended 30 June 2023, the current auditors, MOORE, has been in office for the last 5 consecutive years and their re-appointment will not be considered for the next financial year ending 30 June 2024.

In the light thereof, the Board had proactively set in motion necessary measures in March 2023 for the submission of an invitation for Tender for the provision of external auditors services to nine shortlisted audit firms which are known to possess the appropriate qualifications, reputation, familiarity with IFRS and applicable legislations governing the Company's business, and also having audit experience with financial institutions falling under the purview of the Bank of Mauritius.

By the close of the deadline of 30 June 2023, four out of nine shortlisted audit firms have submitted a proposal to provide external audit services to the Company as from the financial year ending 30 June 2024 and onwards. Thus, the Audit and Risk Committee was entrusted with the responsibility for the selection of a qualified external auditor by way of an evaluation report. In view of the quality of audit proposals received, it is to be stressed that the responsive rate was considered as adequate to ensure that evaluation exercise is carried out effectively and comprehensively.

Whilst carrying out the evaluation exercise, the Audit and Risk Committees shall take into account the following demarking selection criterion.

- Technical Aspect (*Reputation, qualifications, relevant audit experience and Resourcing*)
- Financial Aspect (*Audit fees*)

At the conclusion of the evaluation exercise, the Audit and Risk Committee shall have the responsibility to select a firm of external auditor for onward recommendation to the Board. Hence, the evaluation report is expected to be tabled before the Board at the next Board meeting to be held in September 2023 and accordingly the directors will be called upon to deliberate on the appointment of the proposed firm of external auditors, subject to pre-approval of the Bank of Mauritius and appointment authorisation by the Shareholders of the Company at the next Annual Meeting.

The remuneration for the external auditors in respect of the financial year ended 30 June 2023 has been fixed to Rs 293,250 (*inclusive of VAT*) and no non-audit services were rendered by MOORE, as external auditors for the year under review. The members of the Audit and Risk Committee have direct access to the external auditors and at least once a year, the external auditors meet the members of the Audit Committee without the presence of management, in order to discuss the financial statements of the Company inclusive of the accounting policies, judgement and estimates, prior to adoption of the tabled financials. During this meeting, members of the Audit and Risk Committee can ask questions relating to the financial performance of the Company directly to the auditors who are given the opportunity to respond.

Each year the Audit and Risk Committee evaluates performance of the external auditor in fulfilling its duty to make an informed recommendation to the Board whether to retain the auditor. The evaluation is in accordance with an Evaluation Guide as set out in the Manual and encompasses *inter alia* an assessment of the qualifications and performance of the auditor; the quality and frequency of the auditor's communications with the Audit and Risk Committee; and the auditor's independence, objectivity and professionalism.

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### 8. Relations with Shareholders and other stakeholders

#### 8.1 Shareholders

The direct and ultimate beneficial owners of the Company, together with their respective percentage holding are as follows:

<i>List of Shareholders of the Company:</i>	<b>Holdings (%)</b>	
	<b>2023</b>	<b>2022</b>
Mrs. Surenjeene Sawmynaden	25 %	25 %
Mr. Thikambaren Ramdoo	25 %	25 %
Mr. Yajnick Dev Sharma Gungah	18.20 %	18.20 %
Mr. Ugrasen Lochunah	11.375 %	11.375 %
Mr. Yakub Mohammed Kasam Moria	9 %	9 %
Mr. Mardemootoo Ramdoo	6.425%	6.425%
Mr. Krishna Coomaren Sawmynaden	5%	-
Mr. Altaaf Damree	-	5%

The Company engages with the Shareholders by way of Annual Meeting presentation and regular electronic communication updates. The Company acknowledges the importance of the investments made by the shareholders as a key source of financial capital to support the business operations and sustain growth. In turn, the Company highly values the expectation of the Shareholders in terms of maximising the corporate through attractive return on investment, and sustainable dividend pay-out policy. To meet the Shareholders concern, an effective Board is in place with close oversight responsibilities in relation to capital risk management, exemplary corporate governance focus, and compliance to internal policies.

The Company's share is not listed on the local stock exchange and the Company does not have any Employee share option plan. As at 30 June 2023, the Company had 500,000 issued and fully paid ordinary shares, carrying one vote per share and carrying the right to dividends. The Company does not have a formal dividend policy. Nevertheless, the Company has over time made dividend distributions as per the Residual Dividend Approach, whereby the amount of dividend paid in any given year depends on the profit for the year and subject to the Solvency test being satisfied.

A copy of the annual report, together with the enclosed financial statements, will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the Company, which will be held most probably during the month of December 2023. In accordance with the Constitution of the Company, Notice of the Annual Meeting, the Annual Report 2023 and other shareholder's related papers, will be sent to the members at least 14 days before the Annual Meeting.

#### 8.2 Other Stakeholders

The Company has defined its stakeholders as those groups which significantly influence or are influenced by the economic, environmental and social performance of Change Express Ltd. The Company has identified its stakeholders based on the risks and opportunities for its business performance, and strategy execution relevant to its smooth running of operational affairs and business development. The Company continuously engages with its stakeholders to understand their priorities and concerns through various dialogue forums and interaction meetings. The Company has identified the following key stakeholders.

##### 8.2.1 Clients

The Company frequently interacts with its customers through delivery channels, meetings, its website, onsite visits, customer surveys, and communication including phone calls and emails. The Company owes its economic triumph primarily to the recurring loyalty of its highly valued clientele to avail its currency exchange services. Indeed, customer satisfaction is one of the strongest critical success factors of the Company. With a business model deeply anchored onto a customer centricity approach, the Company wants to attain customer proximity and extends its premium services to other prospective clients using a marketing strategy that privileges the building of long lasting relationships.

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#### 8.2.1 Clients (Cont'd)

The Company is fully aware of the exigencies of its existing customers and prospective business applicants, desirous of reliable client service, quick turn-around time, enhanced customer-staff interactions, access to convenient financial services that are cost-effective, experiencing trading fairness and protection against unauthorised disclosure of personal data.

In response to the customers' expectations and concerns, the Company has formulated and used the following 10 customer pledges.

- *The BEST Exchange rate* - It is not just its sweet-sounding slogan of the Company but its commitment to offer its customers with the most competitive price.
- *Widest range of traded currencies* – The Company consistently pioneers the introduction of other tradable currencies to broaden the range of traded currencies for the ultimate benefit of its customers.
- *Adequate stock of currency inventories* – The Company maintains adequate level of inventories to ensure the execution of all proposed currency exchange transactions to the needs of the customers.
- *Quality banknotes delivery* – The Company delivers only good quality banknotes to its customers as part of any transaction, by virtue of its mechanisms to proactively identify the introduction of new series of currencies, the cessation of obsolete currencies and the detection of 'unacceptable' notes.
- *Prompt processing of transactions* - The Company highly values the busy time of its customers and in effect, it undertakes ongoing investment into its infrastructure and resources to ensure that its operational process is streamlined, top-notch technologies are deployed for swift validation on IT systems and its front liners are adequately trained to minimise waiting time for transaction processing.
- *Making currency exchange and money transfers Easy* - The 'ease of access' promise is aimed at ensuring close customer proximity by extending the network of branches scattered across the island. The 'ease of convenience' promise focuses on frequent upgrade to branches to ensure a spacious and welcoming interior design. The 'ease of service' promise relates to the Company's ongoing endeavour to make its busiest branches remaining open for extended business hours on a 7-days-per-week basis.
- *Confidentiality* - To observe full confidentiality, the Company has in place measures and controls to protect the personal information of all its customers in line with the applicable legislations.
- *Welcoming and responsive communication program* – To listen to all its customers with a caring demeanour, the Company's employees are groomed to greet them in a polite and friendly manner by upholding a smiling, helpful, positive, professional outlook and attitude. Also, the Company undertakes to resolve any reported customer complaints fairly, consistently and promptly.
- *Security* – Branches are strategically located to reduce security risks associated with burglary and related mishap. Besides, security risk assessment is conducted regularly and then upgraded with rigorous physical safeguards to make our valued customers feel safer and effectively protected
- *Fair and transparent dealing* – The Company treats every single customer with respect, fairness, dignity, and non-discrimination in terms of offered pricing and delivered services. The Company does neither practice nor encourages any sort of exaggerations, over-promise, false undertaking, and overselling tactics to its customers. By adhering to best practices and standards, clients are always guaranteed with a quality service with the highest ethical standards and with fair dealings assurance.

#### 8.2.2 Banking Partners

By virtue of the Company's cash extensive business activities, the partnering of various reliable banking institutions is crucial to meet the working capital needs as an 'exempt client' status and foreign exchange position management as part of effective liquidity risk strategies. The Company engages with its bankers by way of client-banking relationship meeting and frequent exchange of electronic communication. The Company relies on its bankers to ensure the continuous availability of working cash flows in the furtherance of its business activities and to meet the financial settlement of its regular expenses payment.

The expectations of the bankers generally stems from the Company's continuous collaboration to provide all KYC related documents on the Company for the purpose of the banker's records, together with obtaining necessary comfort that the Company's AML/ CFT compliance framework is adequately robust.

## CHANGE EXPRESS LTD

### Corporate Governance Report

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#### 8.2.2 Banking Partners (Cont'd)

To address the concern of its bankers, the Company has a system in place to regularly provide its bankers with updated KYC particulars on its office bearers, as well as submission of its annual audited accounts and trade licence in order to assist the bankers in the review its AML/ CFT risk profile. All internet banking facilities availed with the bankers carry the 'account view' features only. All instructions to the bankers are executed in writing, with call back confirmation as enhanced safeguards.

#### 8.2.3 Employees

The Company's employees including management, as internal stakeholders, are regarded as the most critical assets and who are driving the business to higher success in the era of challenging business environments. The Company engages with its aforesaid internal stakeholders by way of regular formal meeting, induction courses, ongoing training programme, team building activities, corporate staff events, electronic communications including communiqués, performance evaluation exercises. The internal stakeholders of the Company provide necessary skills and expertise to help the Company to deliver on its promises and statutory obligations.

The employees are of the Company reckon a safe, stimulating and rewarding work environment, Fair remuneration and benefits, Opportunities for career and personal development, Effective performance management and job recognition. The Company carries on the rich legacy of creating great talent by promoting the proper working culture conducive for personal development, by being supportive for self-learning, by offering higher level exciting opportunities, which altogether results in unlocking employees' potential for career advancement.

The Company has since long anchored to the human resources strategies of attracting the best applicants, recruiting the finest candidates, retaining its performing employees and motivating its talented staff. To achieve this goal, the Company has a pleasant work environment by adopting the following 'principles of excellence' to become an Employer of Choice.

- *Equal Opportunity* - The Company is an equal opportunity employer and as such does not discriminate against nor favours any applicant or employee on the basis of religion, social origin, political affiliation and gender for selection and career advancement purposes.
- *Positive Recognition* – In addition to a fair pay, competitive remuneration and other motivating rewards, the Company make its employees feel valued and to experience more self-worth by getting due recognition for work well done.
- *Appropriate Work–Life balance* – The Company endorses the work-life concept with the highest importance to ensure the prevalence of a healthy work environment by helping to reduce stress, to prevent burnout and to allow its employees to enjoy a minimal amount of socialization. Thus, the Company understands that its employees will be vital and energetic at work as a result of a balanced life and therefore give them the opportunity to refresh and renew.
- *Performance focus and leadership support* – The Company encouraged innovation, creative thinking, focus and performance amongst employees and they are also challenged to step outside their comfort zone and to take on leadership roles.
- *Career advancement* - The Company wants its talented workforce to stay for their entire careers by giving them a clear path to promotions, regular and fair evaluations, training for new skills and a mentoring program. The Company acknowledges that learning is at the centre of employee development. Employees can grow and achieve their career aspirations through on-the-job training, mentoring/coaching, self-directed learning, and pursuit of further studies.
- *Open communication* – The Company fosters open communication where all parties are able to express ideas, and that they feel they were heard. All forms of negative communication are discouraged.

The Company recognizes that claiming to be an Employer of Choice is an easy task but to actually fulfil the corresponding 'principles of excellence' at all times is the most difficult undertaking. It means that the Company has to take an honest look at its current workforce and it means acknowledging some difficult truths and making internal changes.

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#### *8.2.4 Suppliers of services and office products*

The Company business activities are not running exclusively on internally generated resources and accordingly, the Company depends on the supplies of ancillary services and office related products for the smooth conduct of its daily operations. The Company interacts with those suppliers in terms of expression of interest, tender process, contract management and renewal, ongoing supplier relationship management, supplier visits and one-to-one meetings and incident handling and escalation.

Suppliers are critical to the business by delivering high quality products and services to sustain growth. Similarly, the prompt delivery of after-sales support, particularly in fixing unforeseen hitches in order to restore business processes are extremely valued. Likewise, the proposal of new and innovative solutions by the suppliers will help in sustaining a competitive edge and enhancing financial performances.

The Company does recognise the concern of suppliers in terms of trade fairness and reasonable contract, timely payment and renewal of contract, and good supplier relationship. To meet this objective, the Company undertake fair payment practices as set out in its Finance and Accounts Manual and also give the existing suppliers the opportunities for counter-offer in a spirit of maintaining business partnership. Also, the Company favours local suppliers for contracted work in a bid to support the local economy.

#### *8.2.5 Community*

By virtue of the Company's financial products, it does not enjoy any monopolistic attributes. Accordingly, it relies on the esteemed perception of the Community to promote its good corporate image in the furtherance of word of mouth marketing. The Community expects the Company to conduct operation and to undertake endeavour in such a way, giving rise to job creation, alleviating poverty, providing assistance to needy children and/ or suffering from any disability, economic development of the country and to comply with all applicable laws in order to preserve the social stability of the country.

Although the Company could not set up a CSR fund to financially contribute to CSR activities, for specified reasons as spelt out in Section 6.2 of this report above, the Company does indirectly participate in addressing the concerns and social issues in the best interest of the Community. With the post-COVID-19 business recovery, the Company has been active in the labour market for the employment of additional operational staff. These recruited employees, who were mainly previously unemployed persons, are now receiving a regular income for the basic living support of their family members. Besides, the Company's stringent AML/CFT compliance framework, does help in the fight against money laundering activities and to uproot all forms of social evils such as drug trafficking, corruption, tax evasion, etc.

#### *8.2.6 Regulators and other governmental authorities*

The Company deems its interactions with the regulators and other governmental authorities as critical to its success and the sustainability of its brand name. It regards these relationships as strategic partnerships to ensure that it upholds and maintains best industry practices with full transparency. The Company engages dialogue and communication with the regulators by way of onsite visits and compliance inspections, exchange of correspondences, filing of returns and reports with all regulators, participation in workshop and conferences as organised by the regulators and regular meetings with regulators.

The regulators bring their contribution to the value creation of the Company by enforcing the terms and conditions attached to the issued Foreign Exchange Dealers licence, and by setting out the regulatory framework within which the Company needs to operate.

The overriding objective of all regulators is to ensure that the Company carries out its affairs in resolute compliance with applicable laws and regulations governing its business activities and operating in a transparent manner. As a responsible financial institution, the Company has implemented the following measures to effectively address the likely concerns of the regulators.



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### 8.2.6 Regulators and other governmental authorities (Cont'd)

- Engage constructively on new policies and regulations affecting the Company's operations;
- Compliance with existing rules and regulations;
- Transparency in disclosures of any relevant information;
- Ensure on-time filing of reports and returns and payment of relevant fees and taxes;
- Proper composition and well defined duties of the Board and Board Committees in place; and
- Fair business practices.

### 8.2.7 Money Remittance franchise

The Company has entered into an agency arrangement with Western Union, which is a leader in global payment services, for the purpose of offering international money remittances services. Western Union has created and developed robust partnership with a number of agents around the globe to provide customers with fast, reliable and convenient ways to send and receive money at the lowest transaction cost and by offering greatest exchange rates. Western Union is known to bring innovative technological solutions to ensure instant and secure money transfers across the globe. As of now, Western Union offers a plethora of cash and cashless delivery options to transfer money.

In order to guarantee security, Western Union regularly updates its systems and technology. The staff of Western Union is provided with consistent training to ensure uniform adherence to worldwide standards. Western Union also employs the use of a comprehensive risk-based AML monitoring solution and robust AML compliance features to ensure all regulatory standards set by organizations like Central Banks, FATF, OFAC, to name a few, are strictly followed. As per its global policies, Western Union does understand and respect the governing rules and regulations that are applicable in each country that it operates. Thus, the quality checks and controls of Western Union are aligned to global security standards. This also ensures that its network remains error-free and secure.

The Company extremely values the needs and concerns of persons seeking the means of sending their hard-earned income to their far-away family and loved ones by ensuring that the highest amount is received speedily. In a bid to shorten this physical distance and to ensure a permanent people connectivity, the Company has favoured the alliance with Western Union, as a world class money transmitter, for the ultimate benefits of its prospective customers.

## 9. Statement of Compliance to the Code of Corporate Governance

Throughout the year ended 30 June 2023, to the best of the Board's knowledge, the Company has not applied Principle four of the Code. Reason for non-application are as follows:

### • Directors' remuneration full disclosure

Principle four of the Code requires the Board to consider disclosing details of the remuneration paid to each individual director in the annual report of the organisation. The reason for non-compliance to this principle is sufficiently explained on page 17 above in Section 4.4 – *Directors' and Senior Management Remuneration* of the Corporate Governance Report.

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**Dr Bhimsen Abacousnac**  
*Chairman of the Corporate Governance Committee*

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**Mr Arshaad Inder**  
*Chairman of the Board of Directors*

