Governance framework

Investec Bank (Mauritius) Limited (the bank) recognises that an effective and efficient governance framework provides a solid basis for transparent decision making which reflects the importance that it places on honesty, integrity, quality and trust. The bank operates within a clearly defined governance framework which provides for delegation of authority with clear lines of responsibility while retaining effective control. The board is collectively accountable and responsible for the performance, long-term success, reputation and governance of the bank.

The board also assumes the accountability for the bank meeting all its statutory and regulatory requirements. The board of directors of the bank considers that it applied in all material respects, the eight principles of corporate governance of the National Code on Corporate Governance (the Code) throughout the financial reporting period. Stakeholders are therefore assured that the bank is being managed ethically and in compliance with the latest legislation, regulations and best practice.

The following sections describe in detail how the eight principles of the Code have been applied at the bank:

Principle 1: Governance Structure

The board seeks to exercise leadership, integrity and judgement in pursuit of strategic goals and objectives, to achieve long-term sustainability, growth and prosperity. The board is accountable for the performance and affairs of the bank. It provides leadership for the bank within a framework of prudent and effective controls that allow risks to be assessed and managed.

The board meets its objectives by reviewing and guiding corporate strategy, setting the bank's values and standards, promoting high standards of corporate governance, approving key policies and objectives, ensuring that obligations to its stakeholders are understood and met, understanding the key risks the bank faces, determining its risk tolerance and approving and reviewing the processes put in place to mitigate risk including the approval of the terms of reference of key supporting board committees.

The board acknowledges that there may be certain recommended or prescribed corporate governance principles that could not be applied from time to time. The board ensures that the necessary disclosure and explanation is provided in the annual report for any instance of non-compliance. At all times, the board endeavours to adopt best practice or the stricter approach, considering its structure, culture and values.

To apply the above principle, the board of directors of the bank has developed, approved and implemented the following documents:

Board charter

The board charter sets out the objectives, roles and responsibilities and composition of the board of directors of the bank. The board charter is reviewed and approved by the board on an annual basis and is posted on the bank's website.

A code of ethics

Investec has a strong organisational culture of entrenched values, which forms the cornerstone of its behaviour towards all its stakeholders. These values are embodied in a written statement of values which serves as its code of ethics, and is continually reinforced.

The bank conducts its business with uncompromising integrity and fairness, so as to promote trust and confidence in the banking industry.

The bank is a member of the Mauritius Bankers Association (MBA), which published its first Code of Ethics in 2013. The bank not only subscribes to the MBAs Code of Ethics, it also embraces it.

The bank operates in a regulated environment and as such there are continuing obligations on it to conduct itself with integrity. The legislation the bank adheres to regulates, amongst other things, anti-bribery and corruption, personal account dealing, training and competence, responsible lending, whistleblowing, anti-money laundering and financial crime prevention, treating clients fairly and data protection.

The following documents are reviewed and approved by the board on an annual basis and a copy of these documents is posted on the bank's website.

- The Constitution;
- The Board's charter;
- The Code of ethics;
- The Position statements of the chairperson of the board and the board committees, CEO and the company secretary; and
- An Organisational chart and major accountabilities

Principle 2: The Structure of the board and its committees

The bank is a public interest entity as defined in the Code and is led and controlled by a unitary board of directors.

In accordance with the Code and the Bank of Mauritius Guideline on Corporate Governance, there is a clear division of responsibility between the chairperson and the chief executive officer to ensure balance of power and authority. The board is led by the chairperson while the chief executive officer leads the executive management team responsible for the day-to-day running of the business and handling the affairs of the bank.

The board comprises five members: the bank's chief executive officer, one independent non-executive director and three non-executive directors. Out of the three non-executive directors, two directors are also members (one non-executive director and one independent non-executive director) of the parent company's board. Three directors are residents of Mauritius and the other two directors reside in South Africa. Twenty percent of the board of directors are female.

Peter RS Thomas, a non-executive director and former chairperson of the audit committee retired from the board on 18 June 2019 after several years of valuable contribution to the board and board committees of IBM.

The board ensures that there is an appropriate balance of skills and experience and knowledge of the organisation to enable the directors to discharge their respective duties and responsibilities effectively.

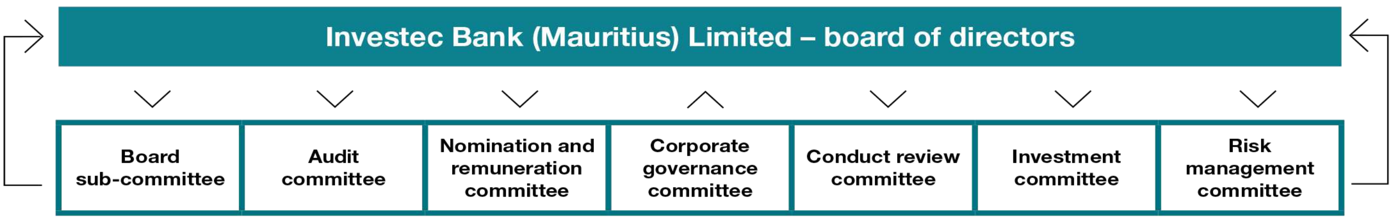
The board is of the opinion that independence cannot be determined solely and arbitrarily on the basis of time.
A director's contribution in terms of experience, expertise, objectivity and independent judgement in engaging and challenging the management in the interest of the bank as a director performs his/her duties is the likely yardstick to measure independence irrespective of the number of years he/she has been appointed as a director.

The board is also of the opinion that given the size and scale of the bank's operations, the appointment of a second executive director at this stage is not warranted. Furthermore, the chief operating officer of the bank is a permanent invitee to the board meetings.

Board committees

To achieve its objectives, the board delegates certain of its duties and functions to board committees, forums or the chief executive officer, without abdicating its own responsibilities.

The following committees have been established by the board of directors of the bank to promote the highest level of corporate governance:



Board sub-committee

This committee comprises three members, including the chief executive officer. The committee meets as and when required to take decisions as per its specific mandate conferred by the board.

The committee has all powers other than the powers provided for under the following sections which are listed in the Seventh Schedule to the Companies Act 2001 and under section 23.2(a) of the bank's constitution:

(i) Issue of other shares
(ii) Consideration for issue of shares
(iii) Shares not paid for in cash
(iv) Board may authorise distribution
(v) Shares in lieu of dividends
(vi) Shareholder discounts
(vii) Purchase of own shares
(viii) Redemption at option of Company
(ix) Restrictions on giving financial assistance
(x) Change of registered office
(xi) Approval of amalgamation proposal
(xii) Short-form amalgamation.

During the year, seven resolutions were approved via round-robin by the members of the committee. The members either signed the resolutions or provided their approval/consent via email.

Audit committee

The audit committee comprises three members; one independent non-executive director and two non-executive directors. The non-executive chairperson is also an independent non-executive director on the parent company's board and the chairperson of the parent's audit committee. The chief executive officer, the chief operating officer, the head of finance, the head of treasury, the head of legal, the head of compliance, the head of risk, the group head of internal audit, the group compliance officer and the external auditors are invitees to the audit committee meeting.

The board, through the IBM audit committee, is responsible for establishing formal and transparent arrangements for maintaining a relationship with external and internal auditors, ensuring timely and accurate disclosure to the board of any information of material importance.

This committee examines and reviews the findings of all external and internal audits conducted at the bank by the duly appointed external auditors and the group internal auditors respectively. The bank's internal audit function is outsourced to the centralised Investec group's internal audit which performs such function for all subsidiaries in the group. The committee also reviews and oversees that the findings raised by the regulators in their respective management letters are duly attended to.

The responsibilities of the audit committee include the following:

(i) approve the audit plans (external and internal) to ensure that these are risk-based and address all activities over a measurable cycle, and that the work of external and internal auditors is coordinated;

(ii) recommend to the board and the shareholder the appointment, removal, and remuneration of external auditors; It also approves the engagement letter setting out the scope and terms of external audit;

(iii) assess periodically the skills, resources, and independence of the external audit firm, its partners and its practices for quality control;

(iv) assess whether the accounting practices of the bank are appropriate and within the bounds of acceptable practice;

(v) ensure that there is an appropriate structure in place for identifying, monitoring, and managing compliance risk as well as a reporting system to advise the committee and the board of instances of non-compliance on a timely basis;

(vi) discuss with senior management and external auditors the overall results of the audit, the quality of financial statements and any concerns raised by external auditors. This includes:

- Key audit matters (KAMs)
- key areas of risk of misinformation in the financial statements, including critical accounting policies,
- accounting estimates and financial statement disclosures;
- changes in audit scope;
- whether the external auditor considers the estimates used as aggressive or conservative within an acceptable range;
- significant or unusual transactions; and
- internal control deficiencies identified during the course of the audit.

(vii) Further responsibilities of the audit committee include:

- review of the audited financial statements for adequacy before their approval by the board;
- assessment of whether the institution has implemented adequate internal control and financial disclosure procedures;
- review of any transactions brought to its attention by auditors or any officers of the bank, or that might otherwise come to its attention, which might adversely affect the financial condition of the bank;
- report to the board on the conduct of its responsibilities in frequency specified by the board, with particular reference to section 39 of the Banking Act 2004; and
- ensuring that management is taking appropriate corrective action in response to deficiencies identified by the auditors, including internal control weaknesses and any instances of non-compliance with laws.

The committee met four times during the financial year.

IBM Audit committee report

I am pleased to present the IBM Audit committee report for the financial year ended 31 March 2020.

The audit committee complied with all legal and regulatory requirements as needed under the Mauritian legislation and executed its duties during the last financial year in accordance with its terms of reference, the Companies Act 2001, Guideline on Corporate Governance, National Code on Corporate Governance, King Report on Governance for South Africa and the JSE Listings Requirements, where applicable.

Functions of the audit committee

The audit committee is part of the risk management and corporate governance processes and procedures of the bank which provides oversight and monitoring of the:

- financial reporting process and risk management;
- fraud and IT risks as they relate to financial reporting;
- the effectiveness of the bank's internal controls, internal financial controls and risk management frameworks;
- the statutory audit and annual financial statements;
- the independence and performance of the external auditor and appropriateness of the statutory auditor's provision of non-audit services.
- Review of external audit and quality of external audit work performed.

At each audit committee meeting, the chief executive officer, the chief operating officer, the head of finance, the head of risk and the head of compliance provide an in-depth assessment of their current risk related concerns and the processes and procedures implemented by management to control and/or mitigate these risks.

Following each audit committee meeting, the chairperson of the committee provides feedback to the board of directors highlighting the matters which the audit committee believes the board should be aware of.

A written report of the chairperson of the IBM audit committee on the audit matters relating to the bank is also provided to the parent company and group's audit committee following each IBM's audit committee meeting.

The chairperson of the audit committee has regular meetings with the head of internal audit as well as the external audit partners and managers without management being present to gain an independent understanding of the bank's operations and the risks and challenges it faces.

The chairperson also has regular meetings with the head of finance, to discuss issues relating to the finance function of the bank and to ensure the adequacy of the required expertise, resources and experience of the company's finance function. The chairperson also has regular meetings with the other members of the management team.

The audit committee is satisfied that it carried out its audit committee functions as required and in an appropriate and satisfactory manner.

External audit

The audit committee has the responsibility for reviewing the relationship with the external auditors, including considering annual audit fees, other non-audit services and the independence and objectivity of the external auditors.

The audit committee confirms its satisfaction with the performance and quality of external audit, the external auditors and the lead partner.

Auditor appointment, independence and objectivity

The audit committee has satisfied itself that the external auditors are independent, experienced in the audit of financial institutions and have the necessary resources to undertake audits of financial institutions.

The audit committee considers the reappointment of the external audit firm and its individual partners every year before making a recommendation to the board and the shareholder. It assesses the independence of the external auditors on an ongoing basis.

In terms of section 39 of the Banking Act 2004, the external audit firm is required to be rotated every five years. KPMG replaced EY as statutory auditors effective from the 2018 financial year. There are two years left in the five years' cycle during which the audit committee will consider the process for rotation of the current external auditor.

In terms of the amended JSE Listings Requirements, external audit partner accreditation, which was previously done by the Independent Regulatory Board for Auditors (IRBA), is henceforth the responsibility of the audit committee, together with a specific responsibility around audit quality. The JSE will continue to accredit audit firms, however, individual auditors will have to be assessed by the audit committee before being appointed. This imposes a responsibility on the audit committee to assess the suitability of the firm and the individual auditor for appointment.

The audit committee assessed the suitability of the firm and its individual audit partner for re-appointment after reviewing the minimum documentation requirements that the auditor needs to provide to the audit committee in order to facilitate a robust assessment of the suitability of the firm and individual auditor for appointment.

The following was covered during the discussions with KPMG at a group level and included a specific focus on IBM.

- transparency reports and reviews by the firm covering their client base, client acceptance and continuance processes, and the approach to clients, if any, that did not meet the client continuance criteria;
- any reputational, legal or impending legal issues impacting the firm
- the independence processes of the firm, including partner reward and remuneration criteria;
- interrogation of international and local firm audit quality control processes;
- detailed profiles of all partners and managers on the Investec assignment, including their relevant audit experience;
- details in relation to the firm's respective succession plans in order to provide assurance as to the partner rotation, transition and continuity process;
- results of the last firm-wide reviews carried out by amongst others, the regulatory body, IRBA in South Africa;
- the results of the last individual partner quality reviews carried out by the regulator and internal firm-wide quality control reviews carried out in respect of each partner.

Working with the external auditor

The audit committee meets the external auditor to review the scope of the external audit plan, budgets, the extent of non-audit services rendered and all other audit related matters. The external auditor is invited to attend audit committee meetings and has access to the audit committee chairperson on an ongoing basis. John Chung is the engagement partner from KPMG responsible for the statutory audit.

The audit committee also evaluates the effectiveness of the auditors, the audit partners, audit team and the audit approach during their presentation at audit committee meetings and at ad hoc meetings held with the auditors throughout the year.

Impact of COVID-19

The COVID-19 pandemic is of an unprecedented scale and has severely impacted the global economy and businesses across all industries. There is a significant degree of uncertainty about the further spread of the virus and the impact it will have on the world and Mauritian economy

The audit committee considered the impact of Covid-19 on the economy and the resulting impact on the applicability of macro-economic scenarios (MES) and on the judgements and estimates used by management to prepare the annual financial statements.

The areas most impacted by COVID-19 include:

- going concern and business viability including liquidity
- expected credit loss (ECL) assessment (IFRS 9 macro-economic scenarios, probabilities and staging)
- fair value measurement and the resulting IFRS 13 Fair Value Measurement disclosures

Going concern

The directors are required to confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future.

The audit committee undertook an assessment on behalf of the board, and recommended to the board that it was appropriate for the financial statements to be prepared on a going concern basis. In this process, the audit committee considered reports on the bank's budgets and forecasts, profitability, capital, liquidity and solvency, scenario stress testing and the impact of legal proceedings; if any. The audit committee also considered the results of various stress testing based on different COVID-19 economic scenarios and the possible impact of COVID-19 on the ability of Investec to continue as a going concern.

Key audit matters

Key audit matters are in the view of the Audit Committee those matters that required significant focus from the committee, were considered to be significant or material in nature, requiring assumptions and the exercise of judgement, or those matters which were otherwise considered to be subjective from an accounting or auditing perspective.

The allowance for impairment of loans and advances is considered to be a matter of most significance and it requires the application of judgement and use of subjective assumptions by management.

The audit committee reviewed the level and appropriateness of impairments, provisioning methodologies and related key judgements in determining the impairment amounts as required under IFRS 9.

The committee also considered and reviewed the COVID management overlay on those portfolios which were considered to be more risky and whose impairment provision required to be reviewed and adjusted in line with the current situation. An additional amount of R687k was provided.

For level 3 instruments, such as unlisted investments in private equity businesses, investment properties, fair value loans and large bespoke derivative structures, there is necessarily a large degree of subjectivity surrounding the inputs to their valuations. With the lack of observable liquid market inputs, determining appropriate valuations continues to be highly judgemental.

The investment in Israeli Technology Fund LP has been kept at cost due to the fact that the underlying investee is still in its start-up phase and due to the current uncertainty in the market following COVID-19, management believes that the cost is the best representative of the fair value.

The committee was satisfied that the impairment provisions were appropriate.

Non-audit services

The bank may engage the firm responsible for its audit to provide non-audit services. This may be done with the prior approval of the audit committee which ensures that the non-audit work does not entail any conflict with the audit work. Furthermore, the firm's partner responsible for non-audit work should have no responsibility for the audit of the bank.

During the year under review, there were no non-audit services provided by the external auditor.

Financial statements, accounting practices and internal financial controls

The audit committee was satisfied that the financial statements for the bank were prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Mauritius Companies Act, Financial Reporting Act 2004, the Banking Act 2004 and the various Bank of Mauritius guidelines.

The audit committee has examined and reviewed the financial statements to ensure that they fairly represent the financial position at the end of the financial year and the results of the operations and cash flows for the 2020 financial year.

Combined assurance

The audit committee satisfied itself that a combined assurance model is applied which incorporates the various risks and the level of assurances and mitigants so that, taken as a whole, there is sufficient and appropriate assurance regarding mitigants for the key risks.

Internal controls

The audit committee has responsibility for assessing the adequacy of internal controls. The audit committee was satisfied that adequate internal financial controls were put in place and that those internal controls were effective. To fulfil this responsibility, the audit committee received a written opinion from internal audit on the risk management framework, internal controls and internal financial controls

The audit committee also reviewed the internal audit function (including the process for evaluating the control environment), approved the internal audit plan and considered the various internal audit reports.

The audit committee established processes to allow for the review and appropriate handling of any concerns and complaints relating to reporting and other practices of the company.

No matters of significance were raised in the past financial year.

Other areas of audit committee focus

- Monitoring and follow up of external and internal audit control findings, including IT, and ensuring appropriate mitigation and timeous close out;
- Review of unlisted and private equity investments including investments in associates and the overall valuations and recognition of revenue;
- Reviewing related party governance process and disclosures;
- Review of regulatory compliance reports and oversight over the compliance programme;
- Monitoring of Audit Quality, both internal and external;
- Review of Post Balance Sheet disclosure, if any.

Zarina BM Bassa
Chairperson audit committee

1 July 2020

Nomination and remuneration committee

The nomination and remuneration committee (NARC) comprises three members who are all non-executive directors, with the chief executive officer, the chief operating officer and the head of group HR being the invitees. The committee reviews the salaries and bonuses of senior employees and senior management based on key performance indicators.

The nomination and remuneration committee operates within the following mandate:

- recommend to the board candidates for board positions, including the chair of the board and chairs of the board committees;
- recommend criteria for the selection of board members and criteria for the evaluation of their performance;
- recommend for approval of the board the remuneration and compensation package for directors, senior managers, and other key personnel, considering the soundness of risk taking and risk outcomes as well as any relevant information available on industry norms;
- recommend to the board an incentive package, as necessary, to enhance staff performance, while ensuring that incentives embedded within remuneration structures do not incentivise staff to take excessive risk;
- recommend nominees for board committees; and
- comment on the contribution of individual directors to the achievement of corporate objectives as well as on the regularity of their attendance at the board and committee meetings.
- Consider and ensure an appropriate plan is in place for both executive and non-executive succussion.
- review succession for key leadership positions.

The committee met twice during the financial year.

Corporate governance committee

The corporate governance committee comprises three members with the chairperson being an independent non-executive director. The two other members are also directors on the parent company's board.

The role of the corporate governance committee is to ensure that the reporting requirement with regard to corporate governance, whether in this annual report or on an ongoing basis, is in accordance with the principles of the applicable regulatory requirements and the applicable codes of corporate governance.

The corporate governance committee carries out the following activities:

- advise the board on all aspects of corporate governance and recommend the adoption of best practices as appropriate;
- determine, agree and develop the bank's general policy on corporate governance in accordance with the Code of Corporate Governance for Mauritius and the Bank of Mauritius Guideline;
- approve the corporate governance report to be published in the bank's annual report; and
- ensure that all reporting requirements and disclosures made in the annual report are in compliance with the disclosure provisions in the Code of Corporate Governance and the Bank of Mauritius Guideline.

The committee met once during the financial year.

Conduct review committee

The conduct review committee comprises three members: the chairperson, being an external non-executive director, the chairperson of the board and one independent non-executive director. The committee monitors and reviews all related party transactions and ensures that market-based terms and conditions are applied to all related party transactions.

The responsibilities of the conduct review committee, as specified in the Guideline on related party transactions issued by the Bank of Mauritius, include the following:

- require the management of the bank to establish policies and procedures to comply with the requirements of the Guideline on related party transactions;
- review the policies and procedures periodically to ensure their continuing adequacy and enforcement, in the best interests of the bank;
- review and approve each credit exposure to related parties;
- ensure that market terms and conditions are applied to all related party transactions;
- review the practices of the bank to ensure that any transaction with related parties that may have a material effect on the stability and solvency of the financial institution is identified and dealt with in a timely manner; and
- report periodically and in any case not less frequently than on a quarterly basis to the board of directors on matters reviewed by it, including exceptions to policies, processes and limits.

The committee met four times and also considered and approved seven resolutions which were round-robin via emails during the financial year. The committee did not note any breach of the requirements of the Guideline on related party transactions issued by the Bank of Mauritius.

Refer to note 39 of the annual report for related party transactions.

Investment committee

The investment committee comprises the chief executive officer who is the chairperson of the committee, the chairperson of the board and one external non-executive director. The committee is responsible for the review and management of the bank's investment portfolio and the review of any new investment proposals.

The investment committee meets on an ad hoc basis as circumstances dictate in order to conduct its affairs with respect investment decisions. The credit committee reviews all new investment proposals and makes its recommendation to the Investment committee. The investment committee then reviews all the new investment proposals and makes its determination known to group investment committee. All investment proposals require the sanction of the group investment committee.

The committee met six times during the financial year.

Risk management committee

The risk management committee comprises three members. The chairperson of the committee is an external non-executive director and the other two members are the chairperson of the board and the chief executive officer.

The objectives of the committee are to:

- advise the board on the bank's overall current and future risk appetite;
- oversee senior management's implementation of the risk appetite framework; and
- report on the risk culture in the bank.

The Audit committee has the primary role in providing assurance to the board that adequate controls are in place to mitigate risks to an appropriate residual level. The Audit committee relies on the output of the Risk management committee to ensure the completeness of the Combined Assurance Model. As there are synergies between the risk management committee and Audit committee there is an overlap in membership. The chairperson of the Risk management committee is a member of the Audit Committee. The Chairperson of the Audit committee is a regular invitee to the Risk management committee.

At each board meeting, the Chairperson of the Risk management committee provides feedback on the key matters discussed at the committee with a focus on significant risks.

Four risk management committee meetings were held during the financial year.

Board and board committees' attendance

The board met four times during the financial year.

The chairman is responsible for setting the agenda for each meeting, in consultation with the chief executive officer and the company secretary. Comprehensive information packs on matters to be considered by the board are provided to the directors at least a week prior to the meeting.

There were also twenty eight written resolutions which were round-robin for consideration and adopted by the board of directors during the financial year.

Details of the attendance at the board and board committee meetings held during the financial year are shown in the table below:

	Meetings attendance							
Directors	Board	Audit committee	Board sub-committee**	Nomination and remuneration committee	Conduct review committee	Corporate governance committee	Investment committee	Risk management committee
David M Lawrence	4/4		***	2/2***	4/4	1/1	6/6	4/4
Craig C McKenzie	4/4						6/6***	4/4
Pierre de Chasteigner du Mée	4/4	4/4		2/2	4/4***		4/6	4/4***
Peter RS Thomas*	1/1	1/1						1/1
Zarina Bibi Mahomed Bassa	4/4	4/4***		2/2		1/1		4/4
Ramdeo Erriah	4/4	4/4			4/4	1/1***		4/4

* *Resigned on 18 June 2019*
** *During the year, seven resolutions were considered and approved via round-robin to the members of the committee.*
*** *Committee chairperson,*
Effective from 18 June 2019, ZBM Bassa assumed the chairmanship of the audit committee meeting.

Principle 3: Director Appointment procedures

Directors' appointment as per the constitution of the company

Appointment by notice

The directors shall be the persons appointed from time to time as directors by a notice in writing signed by the holders of the majority of the ordinary shares and who have not resigned or been removed or disqualified from office under the constitution of the bank.
A director shall hold office until his resignation, disqualification or removal in accordance with the constitution.

Appointment by resolution

A person may be appointed as a director of the bank by an ordinary resolution passed in a meeting of shareholders. A resolution to appoint two or more directors may be voted on one resolution without each appointment being voted individually.

Appointment to fill casual vacancy

The board of directors of the bank shall have power at any time and from time to time, to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors so that the total number of directors shall not at any time exceed the number fixed in accordance with the constitution.

A director holds office until the following annual meeting and is eligible for re-election. Each director is re-elected by a separate resolution.

Nomination and appointment process

- The responsibility of the NARC is to identify suitable candidates based on the requirements of the position and the skills and expertise required; whether the potential candidates are fit and proper and are not disqualified from being directors.
- The NARC carries out interviews of the potential candidates before short-listing those candidates who best meet the required criteria.
- The NARC then proposes the short-listed candidates with brief biographical details to the board for review and approval.
- Once the board has reviewed and is satisfied with the profile of the candidates, the board then shall:
  - Either appoint a director to fill a casual vacancy or as an addition to the existing directors until the next annual meeting of shareholder; or
  - Shall propose the election of the potential candidate(s) by way of an ordinary resolution(s) in a special meeting of shareholder with notice duly sent to the sole shareholder.
- Reappointment of a director at the end of his/her mandate shall be based on the recommendation of the NARC and subject to approval from the board of directors and to election by the shareholder in the annual meeting of shareholder.
- A letter of appointment stipulating the terms and conditions of the engagement is remitted to the new directors.
- A notice of appointment of a new director is delivered to the Registrar of Companies within 28 days of the appointment. Notices are also given to other relevant authorities.
- The new director undergoes an induction and orientation process which enables him/her to integrate into the organisation and make the maximum contribution as quickly as possible.

No new director was appointed during the financial year.

Director biographies

Biographies of the current directors are outlined below including their relevant skills and experience, other principal appointments.

David M Lawrence

Non-executive director

Age: 69

Qualifications: *BA(Econ) (Hons), MCom*

Relevant skills and experience

David's early career was spent as an Economist at the Chamber of Mines (South Africa), subsequently working for the office of the Economic Advisor to the Prime Minister. He joined CitiBank (South Africa) in 1977 eventually becoming chairperson and managing director. In 1987, First National Bank acquired CitiBank's business and it became FirstCorp Merchant Bank where David held the position of managing director. David joined Investec in 1996 as managing director, Corporate and Investment Banking.

Other principal appointments

Other directorships include Investec Bank Limited and a number of outside companies including JSE Limited.

Committees

David is also a member of the board sub-committee (chairperson), nomination and remuneration committee (chairperson), conduct review committee, corporate governance committee, investment committee and risk management committee of the bank.

Date of appointment

3 October 1997

Pierre de Chasteigner du Mée

Non-executive director

Age: 67

Qualifications: *ACEA, FBIM, FMAAT*

Relevant skills and experience

Pierre, a stockbroker on the Stock Exchange of Mauritius Ltd, a Sworn Broker and Company Secretary, is the director and secretary of MUA Stockbroking Ltd (formerly Associated Brokers Ltd). He was Finance Director of the Constance Group of Companies for 15 years, during which time he also occupied the position of Managing Director of the Constance Hotels in order to carry out the complete restructure of the Group's Hospitality Business. In January 1993, he was appointed Estate General Manager within the Constance Group, a position which he occupied for 20 years before relocating as Financial Consultant, Stockbroker and Company Director

Other principal appointments

Pierre is a director of the National Pensions Fund for Mauritius, National Pension/National Savings Fund's investment committee and vice-president of P.O.L.I.C.Y. Limited an investment company listed on the Stock Exchange of Mauritius, a director of Investec Wealth & Investment (Mauritius) Limited and of various public and private companies in Mauritius.

Committees

Pierre is a member of the board sub-committee, audit committee, nomination and remuneration committee, conduct review committee (chairman), investment committee and risk management committee (chairman) of the bank.

Date of appointment

4 June 1999

Craig C McKenzie

Executive director

Age: 59

Qualifications: *Bsc, Msc (Agric Economics), CFA*

Relevant skills and experience

Craig is the chief executive officer of the bank with 31 years of banking experience.

Other principal appointments

Craig is the chairman of the board of directors of Investec Wealth & Investment (Mauritius) Limited and a director of Dolphin Coast Marina Estate Ltd, La Balise Gym and Spa Ltd, Mauritius Bankers Association Ltd and other private companies.

Committees

He is also a member of board sub-committee, Investment committee (chairman) and risk management committee of the bank.

Date of appointment

25 February 2000

Zarina BM Bassa

Non-executive director
Age: 56
Qualifications: *BAcc, DipAcc, CA(SA)*

Relevant skills and experience
Zarina is a former partner of Ernst & Young Inc. She joined the Absa Group in 2002 and was an executive director of Absa Bank, a member of the group's executive committee, and Head of the Private Bank. She has previously chaired the South African Public Accountants' and Auditors' Board and the South African Auditing Standards Board and has been a board member of the Accounting Standards Board and a member of the JSE GAAP Monitoring Panel. Zarina has previously served as a non-executive director at several companies including the South African Institute of Chartered Accountants, Kumba Iron Ore Limited, Sun International Limited, Vodacom South Africa Proprietary Limited, Mercedes SA and the Financial Services Board. Zarina was appointed as the senior independent non-executive director of Investec plc and Investec Limited on 1 April 2018 and is also chairperson of the Investec Limited and Investec plc audit committees.

Other principal appointments
Zarina is a director of Oceana Group Limited, YeboYethu Limited and Woolworths Holdings Limited and various Investec subsidiaries including Investec Bank Limited, Investec Bank plc and Investec Life Limited.

Committees
Zarina is the chairperson of the audit committee (and a member of), nomination and remuneration committee and corporate governance committee of the bank.

Date of appointment
21 February 2019

Ramdeo (Dev) Erriah

Independent non-executive director
Age: 61
Qualifications: *LLB, LLM, TEP, Barrister-at-Law (Gray's Inn)*

Relevant skills and experience
Ramdeo (Dev) Erriah, barrister at Law (Gray's Inn), head of Erriah Chambers, graduated in the UK and holds LLB, LLM, TEP in International Tax Law, Company Law, Law of International Finance and International Trusts Law from the prestigious University of London. He was the first Chairman of STEP Mauritius (Society of Trust and Estate Practitioners). He is also a member of the International Bar Association and forms part of Committees N (TAX) and E (Banking). Dev specialises in all aspect of offshore business laws namely Mergers & Acquisition Finance/Banking, Investment Management, Lease and Transportation Finance, Private Equity and Venture Capital, Structured Finance, Aircraft Finance and leasing; Project Finance, securities, capital markets practices, regulatory compliance, antitrust and competition, corporate law and corporate governance, setting up of offshore companies, offshore fund and Collective Investment Scheme, international banking and privatisation, International tax and trust structuring, implementation of international transactions, negotiation, drafting of transaction documents and review of all legal documentation inclusive of trusts deeds, corporate constitutive documents, credit facility documents etc, International Arbitration & Cross-Border litigation, International litigation such as international bankruptcy, enforcement of international creditor's claim, money laundering Mauritius and at international level. As regards banking he has been advising banks locally and internationally for the last 21 years.

Other principal appointments
Dev is a director of Tropical Ocean Corporate & Secretarial Services Ltd, SavSam Property Holding Ltd, Vanilla Cruise (Mauritius) Limited and Caspian Capital partners.

Committees
Dev is a member of the audit committee, corporate governance committee (chairman) and conduct review committee of the bank.

Date of appointment
21 February 2019

Company secretary

Prithiviraj Jeewooth, FCCA is the company secretary of Investec Bank (Mauritius) Limited. Prithiviraj is a professional qualified accountant and has experience gained over a number of years. The company secretary is evaluated by board members during the annual board evaluation process.

The company secretary is responsible for the flow of information to the board and its committees and for ensuring compliance with board procedures. All directors have access to the advice and services of the company secretary, whose appointment and removal are a board matter.

The board has considered and is satisfied that the company secretary is competent, and has the relevant qualifications and experience and maintains an arm's-length relationship with the board. In evaluating these qualities, the board has considered the prescribed role and duties pursuant to the requirements codified in the Companies Act and the listings and governance requirements as applicable.

Principle 4: Director Duties, Remuneration and Performance

Legal duties

The directors of the bank are aware of their legal duties and are required to act in good faith and in the best interests of the company. They must accordingly:

- exercise their powers in accordance with the Companies Act and the company's constitution;
- obtain the authorisation of a meeting of shareholders before doing any act for which such authorisation is required;
- exercise their powers honestly in good faith in the best interests of the company;
- exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- account to the company for any monetary gain obtained in their capacity as directors;
- unless authorised by the company, not make use of or disclose any confidential information acquired by way of their position as directors of the company, or compete with the company;
- disclose to the board of the company any transactions involving self-interest unless the transactions are in the ordinary course of business and on usual terms and conditions;
- not use any assets of the company for any illegal purpose;
- transfer immediately to the company all cash or assets acquired on its behalf;
- attend meetings of the directors of the company with reasonable regularity; and
- keep proper accounting records and make such records available for inspection.

A director shall, after becoming aware of the fact that he/she is interested in a transaction with the company, disclose to the board of the company the nature and monetary value of that interest or where the monetary value of the director's interest cannot be quantified, the nature and extent of that interest, unless the transaction is in the ordinary course of business and on usual terms and conditions and be recused from the company's consideration and decision on whether to approve the transaction.

Skills, knowledge, experience and attributes of directors

The board considers that the skills, knowledge, experience and attributes of the directors as a whole are appropriate for their responsibilities and the bank's activities. The directors bring a range of skills to the board including:

- International business and operational experience.
- Understanding of the economics of the sectors in which we operate
- Knowledge of the regulatory environments in which we operate
- Financial, accounting, legal and banking experience and knowledge

The skills and experience profile of the board and its committees are regularly reviewed to ensure an appropriate and relevant composition from a governance, succession and effectiveness perspective.

Board and board committee's evaluation

The board's performance is evaluated annually and covers areas of the board's processes and responsibilities according to leading practice. The board committees are evaluated every two years. The performance evaluation process takes place both informally, through personal observations and discussions, and/or in the form of evaluation questionnaires. The results are considered and discussed by the board. The chairperson meets with directors to discuss the results of the formal and informal evaluations and, in particular, to seek comments on strengths and developmental areas of the members, the chairperson and the board as a whole. Performance evaluation of the board as well as training and development of directors are matters that are often raised at the board.

Ongoing training and development

Board members receive formal presentations on regulatory and governance matters as well as on the business and support functions. The company secretary liaises with directors to source relevant seminars and conferences which directors could attend, funded by Investec.

Individual training and development needs are discussed with each board member and any requests for training are communicated to the company secretary for implementation. Directors are encouraged to request for specific training of interest in fulfilment of their duties as directors.

During the period under review, five training sessions for directors were organised.

Directors' interest and dealings in shares

All the shares of the bank are held by its sole shareholder namely, Investec Bank Limited.

Directors' emoluments

The executive and non-executive directors received emoluments amounting to US$919 657 for the year under review (2019: US$1 034 820).

The remuneration of directors has not been disclosed on an individual basis due to commercial sensitivity. The parent company, being the sole shareholder, has the detailed remuneration information and has consented to the disclosure on an aggregated basis.

Directors' service contracts and terms of employment

The chief executive officer, who is the only executive director of the bank, has a permanent contract of employment, terminable by either party giving the required written notice to the other. The chief executive officer is entitled to receive a basic salary and is also eligible for an annual bonus and participate in the group share incentive scheme, the amount of which is determined at the discretion of the nomination and remuneration committee.

The non-executive directors do not have service contracts, but letters of appointment confirming the terms and conditions of their service. The non-executive directors have not received any remuneration in the form of share option or bonuses associated with the bank's performance. Unless the non-executive directors resign earlier or are removed from their positions, they will remain as directors until the close of the next annual general meeting.

Directors' and officers' liability insurance

The bank arranges for the appropriate insurance cover in respect of any legal action against its directors and officers.

Related Party Transactions Policy

Refer to the section on related party transactions, policies and practices on page 20 and note 39 of the annual report.

Conflict of interest

Directors must, as far as possible, avoid conflicts and where a conflict or potential conflict arises, the same must be disclosed and all procedures for dealing with such cases must be strictly adhered to. Directors who are conflicted regarding a particular issue should not participate in the related discussions and decision-making.

A conflict of interest may occur when:

- A director's personal interest is adverse to or may seem to be adverse to the interests of the Company.
- (A director, or a member of his or her immediate family, receives improper personal benefits as a result of his/her position in the Company.

Some of the common conflicts directors should avoid are listed below:

- (Personal benefits received from a person/company seeking to do business with or to retain the services of the company.
- (Gifts which are not customary in normal business relationships should not be accepted nor given to any person/company seeking to do business with or to retain the services of the company.
- Engaging in any outside business, professional or other activities that would directly or indirectly adversely affect the company.

The bank has implemented a conflict of interest policy to adequately manage and mitigate conflict of interest. A copy of the policy is published on the bank's website.

Management and succession planning

Business unit heads are appointed by executive management and endorsed by the board, based on the skills and experience deemed necessary to perform the required function. Matters of succession are considered regularly. Decision-making is spread to encourage and develop an experienced pool of talent.

Executive management

The board has delegated the day-to-day running of the business and affairs of the bank to its executive management. Issues are debated and decisions in management forums are taken unanimously.

The executive management team of the bank is made up of the chief executive officer and chief operating officer.

Below is the profile of the management team.

Craig C McKenzie – chief executive officer

Craig C McKenzie joined Investec Bank (Mauritius) Limited in 2000 as chief executive officer. He has more than 31 years of banking experience and holds Bachelor and Master of Science degrees in agricultural economics from the University of Natal (South Africa).

He is also a chartered financial analyst (CFA).

Lara Ann Vaudin – chief operating officer

Lara Ann Vaudin qualified as an attorney-at-law in Johannesburg, South Africa in 1996. She holds a BA LLB from the University of the Witwatersrand and an LLM (corporate law) from the University of South Africa. She joined the bank in 2004 as the bank's legal adviser and is currently the chief operating officer of the bank.

Human resources and remuneration policy

The bank's philosophy is to employ high calibre individuals who are characterised by integrity and innovation and who adhere and subscribe to its culture, values and philosophies. The bank promotes entrepreneurship by providing a working environment which stimulates extraordinary performance.

The bank rewards its employees for their contribution through payment of a competitive annual package, a variable performance bonus and ownership in the form of share incentive scheme participation in Investec Limited. Other factors are also considered important such as the organisation's core values, work content and management style in the attraction, retention and motivation of employees.

Information, information technology and information security policies

The bank strives to:

- Implement strategic roadmaps that leverage new technologies to enhance capacity, scalability, security, resilience and robustness and reduce reliance on legacy IT systems
- Future-proof IT development and implementation in support of innovation and delivery at pace
- Drive automation to reduce human error whilst enhancing efficiency
- Continue to align IT architecture and standards across the bank, to reduce technical complexity and leverage common functions and services
- Enhance proactive monitoring of the IT environment, for continual oversight of effectiveness and performance
- Maintain and test IT resilience capabilities to withstand failure and minimise service disruption.

The board oversees information governance within the bank and ensures that information technology leads to business benefits and creates value.

The group-wide vision of Investec is to continuously deliver efficient and effective information technology that enables business and excellent client service, within acceptable risk tolerance.

Investec continues to invest in its digital and technology platforms in order to remain competitive and to deliver on its high-touch, high-tech value proposition to both corporate and private clients

The bank, through its board and its committees, ensures that all IT risks are identified in a timely manner and addressed through risk management, monitoring and assurance processes.

In this respect the bank has adopted a number of Investec group information technology policies. These policies are reviewed on an annual basis and are approved by the board. These policies are made available to all employees for consultation and compliance through the bank's intranet.

Principle 5: Risk Governance and Internal Control

The board is responsible for the governance of risk and for determining the nature and extent of the principal risks that the bank is willing to take in achieving its strategic objectives. The board through its various sub-committees has developed and implemented appropriate frameworks and effective processes for the sound management of risks.

Risk Management

Managing risk remains integral to generating sustainable shareholder and stakeholder value.

Refer to pages 16 to 61 of section 2 of the annual report for an overview of the key risks and controls.

Furthermore, the board is of the opinion that the bank's risk management processes and systems of internal control are effective.

Internal controls

Internal control is the process designed and implemented by the management of the bank and approved by the board to ensure the following:

- the effectiveness and efficiency of its operations
- that instructions and directional guidelines fixed by management are adhered to
- applicable laws and regulations are complied with
- appropriate controls are in place to safeguard its assets, and
- financial information is complete and reliable

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. The Investec group board risk and capital committee and the audit committee assist the board in this regard. The board recognises its responsibility for the overall risk and control framework and for reviewing its effectiveness.

Internal control is designed to prevent, detect and mitigate, not eliminate, significant risks faced by the bank. It is recognised that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss. This is achieved through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, and assurance and control functions such as risk management, internal audit and compliance. These ongoing processes were in place throughout the year under review and until the date of approval of the annual report and accounts.

Internal audit report control recommendations to senior management and the audit committee. Appropriate processes ensure that timely corrective action is taken on matters raised by internal audit.

Internal financial controls

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls, ensuring that personnel are suitably qualified, that appropriate segregation exists between duties, and that there is suitable independent review. These areas are monitored by the board through the audit committee and are independently assessed by internal audit, compliance and external audit.

Processes are in place to monitor internal control effectiveness; identify and report material breakdowns and ensure that timely and appropriate corrective action is taken.

Compliance

Compliance risk is the risk that the bank fails to comply with the letter and spirit of all statutes, regulations, supervisory requirements and industry codes of conduct which apply to the bank's business.

The bank seeks to adhere to the highest standard of compliance best practice. In keeping with its core values, the bank also endeavours to comply with the highest professional standards of integrity and behaviour which build trust.

The compliance function ensures that the bank complies with existing and emerging regulations impacting on its operations. The bank recognizes its responsibility to conduct business in accordance with the laws and regulations of the country and areas in which it operates. The compliance function is supported by group compliance and the compliance officer of the bank.

The bank is subject to extensive supervisory and regulatory governance. Significant business developments in any of its operations must be approved by both the Bank of Mauritius and the South African Reserve Bank.

The bank's head of compliance reports to the chief executive officer, as well as to the group head of compliance and the audit committee. The bank's head of compliance provides regular training to ensure that all employees are familiar with their regulatory obligations; provides advice on regulatory issues; and works closely with business and operational units to ensure consistent management of compliance risk.

Whistle blowing policy

One of Investec's values requires employees to "conduct all internal and external dealings with integrity, consistently and uncompromisingly displaying moral strength and behaviour which promotes trust". Integrity and confidence are critical to our reputation and sustainability.

The bank has adopted Investec's group whistle-blowing policy which forms part of its Financial Crime policy. The purpose of the policy is to encourage employees to raise concerns about workplace malpractice without fear of victimisation or reprisal. The policy sets out clear procedures and guidances for employees to follow with regard to whistle-blowing.

Principle 6: Reporting with Integrity

The board is responsible for the preparation of annual financial statements that fairly present the state of affairs of the bank and the results of its operations and that comply with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), the Companies Act, the Banking Act and the Financial Reporting Act. The board is also responsible for selecting appropriate accounting policies based on reasonable and prudent judgements.

Our culture, values and philosophy

Refer to page 3 to 4 of the Annual report for our culture, values and philosophy.

Financial reporting and going concern

The directors are required to confirm that they are satisfied that the bank has adequate resources to continue in business for the foreseeable future. The assumptions underlying the going concern statement are discussed at the time of the approval of the annual financial statements. The board also considers reports on the bank's budgets and forecasts, profitability, capital, liquidity and the impact of legal proceedings, if any in assessing the going concern concept.

In addition, the directors are responsible for monitoring and reviewing the preparation, integrity and reliability of the bank's financial statements, accounting policies and the information contained in the annual report. The bank's financial statements are prepared on a going concern basis. The board is of the opinion, based on its knowledge of the bank, key processes in operation and specific enquiries, that there are adequate resources to support the bank as a going concern for the foreseeable future

Occupational health and safety

The board of directors acknowledges its statutory and moral responsibility to employees and the public to comply with occupational health and safety standards. The board is responsible for ensuring the adequacy and effectiveness of the application of the overall health, safety and environmental policies of the bank. The bank strives to make available and maintain a safe working environment that is free from hazards and risk of injury to employees. The bank complies with the Occupational Safety and Health Act 2005 and other health and safety related legislations.

A Health and Safety working committee (HSWC) has been established by the bank and consists of representatives from Operational risk, Human Resource, Information technology, executive management (namely the COO) and the OHS officer.

An incident reporting process is put in place by the bank as recommended by the Occupational Safety and Health Act 2005.

No major incident was reported during the reporting period.

Annual report

The Annual report is published in full on the bank's website and is also available on request. A comprehensive report on risk management is presented under section 2 – Management discussion and analysis and is set on pages 11 to 82 of the Annual Report.

The financial statements are set out on pages 83 to 182 in section 3 of the Annual Report.

Principle 7: Audit

Directors' responsibilities

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, the Banking Act and the Financial Reporting Act, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

External Audit

As from April 2017, KPMG were appointed as the external auditors following the change in the Banking Act which requires banks to rotate audit firms every five years.

The independence of the external auditors is reviewed by the audit committee each year. The audit committee meets with the external auditors to review the scope of the external audit, budgets, the extent of non-audit services rendered and all other audit related matters.

The external auditors are invited to attend audit committee meetings and have access to the chairperson of the audit committee.

Internal audit

Internal audit is part of a groupwide function with a dedicated head for the IBM internal Audit (IA) is tasked with providing the board with an independent and objective opinion as to the bank's control environment in relation to the risks it faces. Internal audit recommends enhancements to risk management, control and governance processes where weaknesses are identified.

The dedicated head of IBM internal audit reports at each audit committee meeting and has a direct reporting line to the chairperson of the audit committee. He/she operates independently of executive management, but has access to the chief executive officer and the chairperson of the audit committee.

Annually, group internal audit conducts a formal risk assessment of the bank's business from which a comprehensive risk-based annual audit plan is derived. The assessment and programme are validated by executive management and approved by the audit committee.

Regulation and supervision

The bank is subject to regulation by its host regulator, Bank of Mauritius as well as the South African Reserve Bank. It seeks to achieve open and active dialogue with its regulators and supervisors in order to comply with the various regulatory and supervisory requirements. The bank reports to regulators and supervisory bodies regularly and is subject to an annual on-site inspection.

Principle 8: Relations with Shareholders and Other Key Stakeholders

Shareholding structure

Investec Bank (Mauritius) Limited is a wholly owned subsidiary of Investec Bank Limited which is 100% owned by Investec Limited, a company listed on the Johannesburg Stock exchange.

Dividend Policy

Although the bank does not have a formal dividend policy, dividends are paid to the sole shareholder subject to profitability and subject to the approval from the Bank of Mauritius after having satisfied the solvency test required under section 61(2) of the Companies Act 2001 of Mauritius.

During the year a dividend amounting to US$13.4 million was paid in December 2019 (2019: US$87.1 million; 2018: nil).

Donations

Any donations provided by the bank are made as part of the bank's corporate social and business responsibility.

Please refer to the Sustainability report on page 78 and 79 of the Annual report for more details on donations.

No political donations were made.

No donations were made to any related parties.

Communication and stakeholder engagement

Building trust and credibility among our stakeholders is vital to good business.

The board recognises that effective communication is integral in building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to the primary stakeholders. The purpose is to help these stakeholders make meaningful assessments and informed investment decisions.

Other statutory disclosures

In accordance with section 221(4) of the Companies Act 2001, the sole shareholder of the bank has, by way of written resolution, agreed that the annual report of the bank does not need to comply with paragraphs (a) and (d) to (i) of section 221(1) of the Companies Act 2001.

Sustainability

Investec Bank Mauritius (IBM) referred to as "The bank" believes in making a positive contribution to the society and the environment in which we operate. Our Corporate Social Investment (CSI) strategy is to focus on projects and initiatives in the following areas:

- Education
- Environment
- Sports development.
- Ad Hoc Donations

Corporate social responsibility (CSR) was legislated by the government of Mauritius in July 2009. In terms of the legislation, all Mauritian companies need to allocate 2% of their Segment A chargeable income to CSR-approved NGOs or projects.
The bank will remit 75% of its CSR Funds to the Mauritius Revenue Authority (MRA), in accordance with the Income Tax Act. Segment B profits pertaining to offshore income derived by banks is, however, exempt. Notwithstanding this the bank has chosen to contribute an additional 0.25% of the average previous three years Segment B chargeable income to Corporate Social Investment. In line with the government's focus on poverty alleviation, the bank's CSI projects are directed at communities or beneficiaries that are financially disadvantaged. Its approach is to ensure long-term sustainability. This means making multi-faceted interventions in selected communities and may include building operational skills and organisational capacity

The bank's criteria for assessing projects are:

- Ability to make a meaningful difference
- Capacity to deliver sustained benefits
- Measurability
- Potential to engage co-sponsors to increase leverage and provide an integrated solution
- Opportunity for staff involvement.

Projects supported by Investec Bank Mauritius:

Education

The bank believes that education is key to empower disadvantaged communities, enabling individuals to make a better life for themselves.

During the year the focus was to financially support a deserving candidate in financial need to fully develop their potential.
An amount of MUR647 603 has been approved by the CSR committee for the bursary on a basis of a three-year Banking and Finance degree at Curtin University. The bank provided MUR216 008 for the current year of study.

Environment

The bank believes that the natural heritage of Mauritius is a critical resource to the country and needs to be respected and protected.

The bank contributed an amount of MUR366 770 to Ecole Pere Henri Souchon and Animaterra for their Vegetable Farming Project. The project consists of teaching pupils basic crop cultivation skills in a sustainable manner using principals of biological farming and no chemical pesticides. The vocational school caters for pupils who are unable to continue in the mainstream of governmental education. This project provides pupils with skills that assist them in finding employment in the agricultural/ horticultural sector. The pupils were taught how to spray biological insecticides, compost works and carried out the general agricultural activities assigned to them.

Sports development

The bank believes that aside from the importance of physical exercise, sport also teaches discipline, perseverance, teamwork and develops self-esteem. An amount of MUR486 135 has been allocated to the sports development sector which includes the following sport development projects:

Tranquebar Dalton Football Club (TFC)

TFC consists of residents of the Port Louis area and serves to provide discipline for young underprivileged adults by focusing on a healthier lifestyle. The bank has been sponsoring the Tranquebar Dalton Football Club for the past five years. The team has reached the Finals in Mauritius.

Tranquebar Black Rangers Women's Volleyball Club (TVC)

The bank has been sponsoring TVC for the past ten years. The club consists of 45 members being all women. The team has been playing in numerous national tournaments during the year and was ranked first place. Consequently, they were qualified to play in an international competition, the "Coupe des Clubs Champion de l'Ocean Indien Zone 7" (CCZ7) and finished 5th out of 10 teams in the Indian Ocean tournament.

Tranquebar Boxing Club (TBC)

The bank has been sponsoring the Tranquebar Boxing Club for the past five years in renewing their equipment and supporting them with adequate training. The team competes at national and international level. Their hard work and dedication were highlighted during the year when two of their best boxers were selected to play in the Indian Ocean Island Games 2019 and finished first place in their respective age categories.

Total amount of MUR1 460 413 was contributed to CSI during the year.

Ad Hoc Donations

The bank remitted MUR391 500 towards the following Ad Hoc donations:

MUR300 000 was given to "Link to life" an NGO which supports cancer patients by providing psychological assistance, early detection screening and cancer awareness. During the year, the funds were used specifically to provide free transport services for cancer patients from low-income group from their home to the hospital for treatments provided by the Government. Approximately 600 cancer patients benefited from the funds last year.

MUR75 000 was donated to the woman's rugby team in support of the empowerment of woman in sport.

All staff are encouraged to contribute and participate in the bank's CSI programme. In December, the bank donated one box per staff member who would volunteer in the Christmas Box initiative 2019 to provide families in need with Christmas boxes.

Investec group sustainability considerations

Investec group ("the group") has a holistic approach to sustainability. Its commitment to sustainability recognises the interconnected nature of its business, the economy, the environment and society. The group plays an important role in funding (both lending and in investing) a sustainable economy that is cognisant of the world's limited natural resources and promotes carbon reduction. The group integrates environmental, social and governance (ESG) considerations into its day-to-day operations and decision-making to support a sustainable, long-term vision. The greatest socio-economic and environmental impact the group can have is to partner with its clients and stakeholders to accelerate a cleaner, more resilient and inclusive world.

The group is committed to respecting human rights and support internationally recognised principles, guidelines and voluntary standards dealing with ESG aspects. The following are some that are specific to climate:

- 2030 Agenda and the UN Sustainable Development Goals
- UN Global Compact
- International Finance Corporation (IFC) to assess high and medium risk industries
- OECD Guidelines for Multinational Enterprises and export credits
- CDP (Carbon Disclosure Project)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Bankers Association of South Africa (BASA) guidelines for social and environmental risk
- United for Wildlife Financial Taskforce

The group fully applies the key provisions of the Equator Principles (EP). All transactions in non-designated countries are EP monitored and compliant. The group reports on these in its sustainability and ESG supplementary report on its website.

A number of group policies also guide decision-making from a sustainability perspective and the group made its fossil fuel policy public on 31 March 2020. A variety of ESG considerations are considered by the credit committee or investment committee when making lending or investment decisions. There is also oversight by the DLC SEC on social and environmental issues including climate related risks and opportunities.

Subsequent event COVID-19 Donation

Investec Bank (Mauritius) Limited donated an amount of MUR2 600 000 in April 2020 towards a dedicated fund to be used by Government towards the purchase of testing kits for Mauritius which are crucial in the fight against the virus.

Statement of compliance

(Section 75(3) of the Financial Reporting Act 2004)

The Code of Corporate Governance

We, the directors of Investec Bank (Mauritius) Limited confirm that to the best of our knowledge the bank has complied with all of its obligations and requirements under the National Code of Corporate Governance.

David M Lawrence
Chairman, board of directors

Ramdeo (Dev) Erriah
Chairman, Corporate Governance Committee

1 July 2020

Shareholder diary

Financial year:	31 March
Unaudited quarterly report:	Within 45 days from the quarters ending June, September and December
Audited financial statements:	Within three months of 31 March 2020 (extension granted by Bank of Mauritius up to 20 July 2020)
Annual meeting of shareholders	July 2020

The shareholder will be provided with notice of meeting and proxy form.

Signed on behalf of the board

David M Lawrence
Chairman

Pierre de Chasteigner du Mée
Director

Craig C McKenzie
Chief executive officer

1 July 2020

The board is of the opinion that, based on the practices disclosed throughout this report, which were in operation throughout the year under review, the bank has applied the King IV principles laid out below.

King IV Principles

Leadership, Ethics and Corporate Citizen

Principle 1 – The governing body should lead ethically and effectively

The board is the governing body of the bank and committed to the good corporate governance principles as set out in King IV, the JSE Listings Requirements, the Companies Act 2001, the Banking Act 2004 and the National Code on Corporate Governance (the Code). Investec's values of commitment, integrity, responsibility and innovation guide the behaviour of the bank and the fulfilment of its daily responsibilities and duties. The chairman oversees this process on an ongoing basis.

The board members possess the necessary skills and competence and are collectively and individually accountable for their ethical and effective leadership. They are required to conduct themselves in accordance with their legal duties as company directors under the Companies Acts.

The board charter which is reviewed and approved by the board annually, sets out the objectives, roles and responsibilities and composition of the board of directors of the bank.

A copy of the board charter is posted on the bank's website.

Principle 2 – The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture

The board sets the tone from the top in the way it conducts itself and oversees the governance framework and structures. Investec operates under a dual listed company (DLC) structure and therefore considers the corporate governance principles and regulations of both the United Kingdom and South Africa alongside other jurisdictions in which it operates and through its subsidiaries adopting the appropriate standard for the jurisdiction and the group.

The board exercises ongoing oversight over setting and of reporting on ethical values, principles of conducting ethical business practice, human and environmental rights consideration.

Investec's code of ethics and business conduct guides the ethical behaviour of all Investec employees and directors. The code of ethic is published on the Investec website, and incorporated by reference in employee contracts, employee induction and training programmes.

Principle 3 – The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen

The corporate social investment committee has been tasked with the responsibility for monitoring the overall responsible corporate citizenship performance of the bank under the guidance and supervision of the board.

The board approves the strategy and priorities of the bank in accordance with its role of overseeing Investec's conduct as a responsible corporate citizen. The board oversees and monitors how the operations and activities of the bank affect its status as a responsible corporate citizen and ensures that the bank is not only a responsible corporate citizen but is also seen as a responsible corporate citizen.

Strategy, Performance and Reporting

Principle 4 – The governing body should appreciate that the organisations core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process

The board delegates to management through the management committee the detailed formulation and implementation of the board's approved strategy and the realisation of the expected returns.

Every year, the bank's management presents its strategy to the board and Investec group whereby the board and Investec group management in turn challenge and interrogate before reaching agreement and approval.

The board provides ongoing oversight and monitoring with the support of its committees to ensure that management implements and executes the strategy. A report on performance against strategic objective is included in the board pack for review and discussion at each board meeting. Performance against strategic objective is also monitored constantly by management.

The directors are satisfied that the bank has adequate resources to continue in business for the foreseeable future and that it is adequately capitalised and is supported by a strong liquidity position.

More details on the liquidity risk management (pages 48 to 51) and capital management (pages 56 to 61) are provided in the annual report.

Principle 5 – The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisations performance and its short-, medium- and long-term prospects

The board ensures that there are necessary processes and controls put in place to verify and safeguard the integrity of the annual report and any other disclosures. The board also ensures that complete, timely, relevant, accurate and accessible risk disclosures are made to the stakeholders. The board monitors communication with all stakeholders and disclosures made to ensure transparent and effective communication.

The board, assisted by the audit committee, ensures that the annual report taken as a whole is fair, balanced, and comprehensive and provides the information necessary for the shareholder and the other key stakeholders to assess the bank's position, performance and outlook.

The bank publishes its full annual report on its website and printed copies are also available on request.

Governing Structures and Delegation

Principle 6 – The governing body should serve as the focal point and custodian of corporate governance in the organisation

The board approved charter, the constitution and the governance framework detail the governance responsibilities, role, matters specifically reserved for the board, delegation to the CEO, membership requirements and procedural conduct at board meetings, amongst other.

Through its committees, the board oversees and ensures the implementation of good governance practices throughout the bank. The board and the committees met regularly during the reporting period and the board is satisfied that it fulfilled its primary role in accordance with its charter, constitution and governance framework.

Details on the number of meetings and attendance at the board and board committee meetings held during the financial year are shown on page 70 of the annual report.

Principle 7 – The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

The board comprises five members: the bank's chief executive officer, one independent non-executive director and three non-executive directors. Out of the three non-executive directors, two directors are also members of the parent company's board. Three directors are residents of Mauritius and the other two directors reside in South Africa. Twenty percent of the board of directors are female.

The board is of the opinion, given the size of the business, that there is an appropriate balance of skills, experience and knowledge of the organization to enable the directors to discharge their respective duties and responsibilities objectively and effectively.

The chief executive officer is a member of the board. A majority of the board members are non-executive directors.

Directors are required to disclose any actual or potential conflict for consideration.

The nomination and remuneration committee makes recommendations to the board in discharging the process of nominating, electing and appointing members of the board and succession planning in respect of the board, its committees and senior management.

Details on the nomination and appointment process of directors and the board approved mandate of the nomination and remuneration committee are provided on page 69 of the annual report.

Principle 8 – The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties

The board has retained specific matters for decision-making, as per the bank's charter, constitution and governance framework. To achieve its objectives, the board, in terms of defined terms of reference, has delegated certain of its duties and functions to board committees, group forums and the CEO.

Details on the structure of the board and its subcommittees are provided on pages 64 to 70 and on page 184 of the annual report.

Principle 9 – The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness

The board continues to be committed to regularly evaluate its own effectiveness and that of its committees. The board undertakes an evaluation of its performance every year and that of its committees and directors, every two years.

The board considers the competence, qualification and experience of the company secretary annually and is satisfied that he is competent and has the appropriate qualifications and experience to serve as company secretary. The company secretary has a direct channel of communication with the board chairperson while maintaining an arm's length relationship with the other directors as far as it is reasonably possible.

Details on the company secretary are provided on page 73 of the annual report.

Principle 10 – The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities

The board appoints the CEO who has the necessary powers and mandate to manage the bank and conduct the affairs of the bank in his discretion and as he deems fit, save for matters specifically reserved for the board, as per the constitution or agreed by the board from time to time, dealt with and provided for in the formally adopted terms of reference of a board committee or other recognised forum.

The board ensures that key management functions are led by competent and appropriately authorised individuals and are adequately resourced.

The CEO is a regular invitee at the nomination and remuneration committee. Any senior officer positions are discussed with the Chairman and at the nomination and remuneration committee.

Governance Functional Areas

Principle 11 – The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives

The board is cognisant of the importance of risk management as it is linked to the strategy, performance and sustainability of the bank. Risk management is embedded into day-to-day operations and culture. The board ensures that all decisions of the board on risk management policies and procedures are implemented and monitored. The Risk management committee advises and assists the board in overseeing risk governance, including how risk should be approached and addressed.

Independent risk management, compliance and financial control functions, supplemented by internal audit which reports independently to the audit committee, also ensures the management of risk.

Details on the key risks and how they are managed and/or mitigated are provided under the risk management section of the annual report.

Principle 12 – The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

The board is aware of the importance of technology and information in the achievement of the bank's strategy. The board has delegated the responsibility to management and it exercises oversight and monitors progress. The board ensures that the opportunities derived from the use of the latest technology and information are maximised.

The bank has adopted a set of Investec group information, information technology and information security policies. These policies are reviewed on an annual basis and are approved by the board. These policies are made available to all employees for consultation and compliance through the bank's intranet

Both internal and external auditors perform assessments as part of their audit of technology and information management and governance. All significant technology and information-related audit findings are reported to the risk management committee and the audit committee, which ensure that they are addressed accordingly.

Principle 13 – The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen

The board ensures that the bank complies with applicable laws, non-binding rules, codes and standards.

The board has delegated the responsibility for implementing compliance to management. Systems and procedures are in place to formally assess the bank's compliance with applicable law and adopted non-binding rules, codes and standards through the application of compliance risk management methodology, compliance management policy and framework.

There were no regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations imposed on the bank.

Principle 14 – The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium- and long-term

The nomination and remuneration committee assumes responsibility for the governance of remuneration and sets the direction regarding how remuneration should be approached. The bank's overarching remuneration philosophy remains focused on employing and retaining the highest calibre individuals through the payment of industry competitive packages and long-term share awards, which ensure alignment with key stakeholders in our business.

Refer to page 75 of the annual report for more detail on human resources and remuneration policy.

Principle 15 – The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and integrity of the organisation's external reports

Representation from external audit, internal audit, compliance and operational risk at the audit committee enables an effective internal control environment to support the integrity of information used for internal decision-making and support the integrity of external reports. A combined assurance framework includes both coverage of significant risks and reporting of any issues raised relating to these risks.

An internal audit plan, which is agreed between internal audit, external audit and management on an annual basis, is presented to the audit committee for approval. The internal audit charter is reviewed every year. This charter defines the role and associated responsibilities and authority of internal audit, including addressing its role within combined assurance and the internal audit standards to be adopted.

Refer to page 77 of the annual report for more details on external and internal audit.

Stakeholders Relations

Principle 16 – In its execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time

The board monitors and has oversight over the governance of stakeholder relationships. The bank continually seeks to achieve an appropriate balance between risk and reward in its business, taking cognisance of all stakeholder needs, interests and expectations.

The board, together with management, understands and responds to the needs of the various stakeholder groups which include the shareholder, employees, regulators, government, clients, suppliers and the community in which the bank operates.

The bank publishes its full annual report and its interim financial results on its website to ensure effective communication, encourage transparency and trust and to enable the various stakeholders to make informed risk decisions.

Refer to page 78 for more details on relations with shareholders and other key stakeholders.