

PRINCIPLE FOUR – DIRECTORS’ DUTIES, REMUNERATION AND PERFORMANCE

LEGAL DUTIES

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

CODE OF ETHICS FOR THE BOARD

The Bank has a Code of Ethics for its Board of Directors, which is available on the Bank’s website: www.afrasiabank.com

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

BOARD APPRAISAL

The Board of Directors regularly undergoes a performance appraisal exercise, in accordance with the National Code on Corporate Governance for Mauritius and BOM Guidelines on Corporate Governance. The Directors are requested to evaluate the Board on the following main criteria:

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

The regular board appraisal exercise is performed internally through the Company Secretary, under the leadership of the Chairman. It is generally done via questionnaires and the results are presented to the Corporate Governance Committee and ultimately, to the Board once they are available. The remarks and recommendations received are shared with the Board to enable the Directors to take appropriate steps where necessary and possible. No Board appraisal exercise has been performed for the year under review due to recent changes in Directors. The exercise will be performed periodically and when changes are required in the Board composition.

The Board took note of the recommendation of the Code which encourages the use of an external consultant for future Board appraisal exercises.

DIRECTORS' REMUNERATION AND BENEFITS

The Executive Director who is in full time employment with the Bank is entitled to a fixed salary as per his contract of employment and he does not receive any additional remuneration for attending the Board meetings and Committees.

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

Category of Member	MUR'000	Fee details
Board Member	440	Fixed fee per annum
Committee Member	45	Per attendance
Additional fee to Credit Committee Member – Independent Only	540	Yearly
Additional fee to Credit Committee Member	15	Per attendance
Additional fee to Chairman of Committee	10	Per attendance
Risk Committee Member being also a Credit Committee Member	25	Per attendance

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

Total remuneration and benefits received, or due and receivable, by the Directors from the Bank and its subsidiaries for the year ended 30 June 2018 were as follows:

	YEAR ENDED 30 JUNE 2018		YEAR ENDED 30 JUNE 2017		YEAR ENDED 30 JUNE 2016	
	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors	Executive Director	Non-Executive Directors
	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000	MUR'000
The Bank						
AfrAsia Bank Limited	17,546	7,346	18,311	6,152	33,257	13,889
The Subsidiaries						
Stellar Advisers Pty Limited (disposed in December 2015)	-	-	-	-	17,010	-
AfrAsia Capital Management Limited	5,629	-	2,449	-	9,486	-
AfrAsia Corporate Finance (Pty) Limited (Under liquidation)	-	-	-	-	7,000	-

DIRECTORS' SERVICE CONTRACTS WITH THE BANK AND ITS SUBSIDIARIES

Sanjiv Bhasin, Executive Director of AfrAsia Bank Limited, has a service contract with the Bank for a period of five and a half years expiring on 30 June 2021 and thereafter renewable if agreed by both parties. The notice period for termination of the contract is six months.

Thierry Vallet, Director of AfrAsia Investments Limited, has a service contract with the Bank for a period of one year expiring on 30 June 2019 and thereafter renewable if agreed by both parties. The notice period for termination of the contract is six months.

DIRECTORS' SHARE INTEREST

The interests of the Directors in the securities of the Group and the Bank as at 30 June 2018 were:

	YEAR ENDED 30 JUNE 2018		YEAR ENDED 30 JUNE 2017		YEAR ENDED 30 JUNE 2016	
	Ordinary Shares held directly and indirectly	Ordinary Shares held directly and indirectly	Ordinary Shares held directly and indirectly	Ordinary Shares held directly and indirectly	Ordinary Shares held directly and indirectly	Ordinary Shares held directly and indirectly
	Number	%	Number	%	Number	%
Lim Sit Chen Lam Pak Ng (Chairman)	179,466	0.16	179,466	0.17	156,417	0.16
Sanjiv Bhasin (Chief Executive Officer)	-	-	-	-	-	-
Arvind Sethi	-	-	-	-	-	-
Boon Huat Lee (appointed on 30 January 2018)	-	-	-	-	-	-
Dipak Chummun (appointed on 30 April 2018)	-	-	-	-	-	-
Graeme Robertson (resigned on 16 August 2018)	11,436,406	10.12	10,701,848	10.03	10,095,394	10.41
Henri Calvet	-	-	-	-	-	-

	YEAR ENDED 30 JUNE 2018		YEAR ENDED 30 JUNE 2017		YEAR ENDED 30 JUNE 2016	
	Ordinary Shares held directly and indirectly	Ordinary Shares held directly and indirectly	Ordinary Shares held directly and indirectly	Ordinary Shares held directly and indirectly	Ordinary Shares held directly and indirectly	Ordinary Shares held directly and indirectly
	Number	%	Number	%	Number	%
Jean Claude Béga	-	-	-	-	-	-
Luc Paiement	-	-	-	-	-	-
Philippe Jewtoukoff	-	-	-	-	-	-
Yves Jacquot	-	-	-	-	-	-
Nicolas Weiss (resigned on 30 April 2018)	-	-	-	-	-	-

The Directors do not hold any shares in the subsidiaries of the Bank whether directly or indirectly.

CONFLICTS OF INTEREST

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

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

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

During the financial year, there has been a number of declarations of interests made by the Directors at meetings. The concerned Directors were excused from the meetings during discussions on the specific matter, preventing them from influencing the other Board members and were not allowed to vote.

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

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

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

Refer to the Risk Management Report set out on [pages 124 to 173](#) of the Annual Report for information governance.