

# CORPORATE GOVERNANCE REPORT 2022

## CORPORATE GOVERNANCE REPORT

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## Statement on Corporate Governance

SBI (Mauritius) Ltd, (“SBIML” or “The Bank”), a public company incorporated in Mauritius on 12 October 1989, is fully committed to the observance and adoption of the highest standards and the best practices as far as good corporate governance is concerned, both in letter and spirit. In this regard, the Bank has complied with the provisions of the National Code of Corporate Governance for Mauritius (“The Code”), the Bank of Mauritius *Guideline on Corporate Governance* and the Mauritius Companies Act 2001.

The Bank believes that good governance enhances shareholder value, protects the interests of shareholders and other stakeholders including customers, employees and society at large. It promotes transparency, integrity in communication and accountability for performance. The Bank is a Public Interest Entity (“PIE”) as defined by the Financial Reporting Act 2004 and is required to comply with the Code. In that regard, it has applied all of the principles contained in the code.

As of 31 March 2022, 96.60% of the Bank’s shareholding is held by the State Bank of India (“SBI”).

### 1. PRINCIPLE ONE - GOVERNANCE STRUCTURE

The Bank has in place its Board Charter, job descriptions of key senior governance positions, the Code of Ethics and the statement of major accountabilities, which have been reviewed and approved by the appropriate authority. These documents are monitored and updated on a yearly interval or as and when required following changes in laws, regulatory changes or decisions taken by the appropriate Committee of the Board. The above-mentioned documents are available on the Bank’s website at <https://mu.stateBank>.

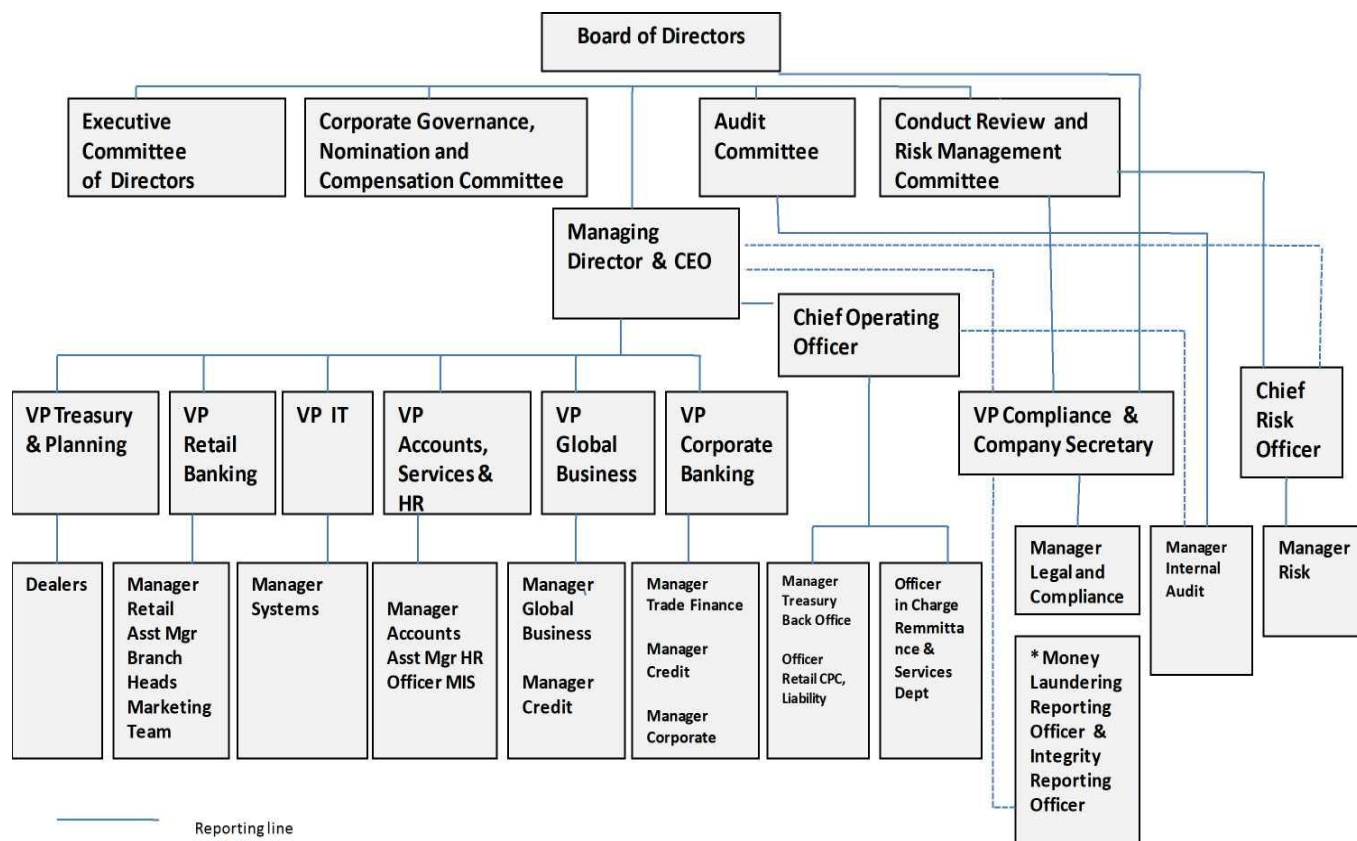
The Board exercises its powers and discharges its responsibilities by leading and controlling the Bank. Further, it ensures that the Bank has implemented effective systems and practices to achieve compliance with legal and regulatory requirements as well as guidelines issued by the Bank of Mauritius.

#### 1.1 Organisational Chart

The organisational chart is depicted below along with profile of Senior Management.

**1. PRINCIPLE ONE - GOVERNANCE STRUCTURE (CONTINUED)**

**1.1 Organisational Chart (continued)**



..... Administratively reporting to

\*Reporting to FIU

\*\*VP Compliance reports to Audit Committee & Company Secretary reports to Board

## 1. PRINCIPLE ONE - GOVERNANCE STRUCTURE (CONTINUED)

### 1.2 Profile of senior management

#### 1. Mr. Sudhir SHARMA

The profile of Mr. Sharma, Executive Director, is given under the profile of Directors in section 3.4 of this report. Mr. Sharma is the Bank's Managing Director and Chief Executive Officer ("MD&CEO").

#### 2. Mr. Bibhu Prasad MISHRA

Mr. Mishra, the Chief Operating Officer ("COO") of the Bank since 24<sup>th</sup> of September 2021, is responsible for the day-to-day operations of the Bank. The Treasury (Back Office), Remittances & Clearing Department, Retail Credit Processing Cell directly report to him. He is also responsible for coordinating with various Departments for smooth functioning of the Bank. He joined State Bank of India ("SBI") as Probationary Officer and occupied several positions during his tenure in India, last assignment being Regional Manager of a Region under SBI, Kolkata Circle before joining SBIML. He is a Postgraduate in Economics and is a Certified Associate of the Indian Institute of Bankers ("IIBF"). His experience in the banking sector expands over 19 years and covers Branch Management, Retail & Corporate Credit, Human Resources & Industrial Relations, Business Development & Marketing apart from the various operational aspects of banking.

#### 3. Mr. Mukesh ARYA

Mr. Arya Vice President (Corporate Banking) joined SBI as Probationary Officer and occupied several positions during his tenure in India, last being Regional Manager at SBI in Delhi Circle before joining SBIML. He holds an MBA (Finance) degree, a BCom (H) and is a Certified Associate of the "IIBF". His experience in the banking sector expands over 24 years and covers business development, marketing and communication, retail and corporate lending and the operational aspects of banking.

Mr. Arya was the former COO of the Bank since 03 August 2018 up to 11 November 2021. He was designated as the Vice President (Corporate Banking) with effect from 12 November 2021. He is responsible for business development, framing of credit policies and procedures, product development, business efficiencies for corporate credit, financing to Small and Medium Enterprises ("SMEs") and trade finance.

## 1. PRINCIPLE ONE - GOVERNANCE STRUCTURE (CONTINUED)

### 1.2 Profile of senior management (continued)

#### 4. Mr. Prakash Sithu VENKATRAMAN

Mr. Prakash, Vice President (Treasury & Planning), joined SBI in 2006 as a Probationary Officer. He has 15 years of banking experience in various aspects of banking which includes foreign exchange and treasury management, international banking, trade finance and branch management. He has experience of working in various geographies in India. He holds bachelor's degree in Physics, PG Diploma in Computer Applications, Diploma in Treasury Investment and Risk Management, Diploma in International Banking & Finance and is a Certified Associate of both the ACAMS and the IIBF.

Mr. Prakash was deputed to SBIML in September 2021 as Vice-President (Treasury & Planning), looking after the treasury business, investments, assets and liabilities management and planning for the Bank.

#### 5. Mr. Nikhil SINGH

Mr. Singh was deputed to SBIML on 11 February, 2021 as Vice President (Global Banking). He holds a Master of Commerce, Master of Business Administration and is a Certified Associate of the IIBF. He joined SBI in 2010 as Management Executive and has worked in various verticals during his career. His last assignment was as Chief Manager at SBI's Stressed Assets Resolution Group, Mumbai. Having more than 10 years of experience, he has exposure in Corporate Banking, Stressed Assets Management, General Banking and Agricultural Finance.

#### 6. Neelaksh BHARDWAJ

Mr. Bhardwaj is the Vice President (Retail Banking) of the Bank since November 2021. He is responsible for the operational and business efficiencies of all domestic branches of the Bank in Mauritius. He is also responsible for development and growth of the retail business of the Bank. He joined SBI in 2011 and has an overall banking experience of more than 16 years. During his career with SBI, he has worked in the areas of SME Credit, Retail Operations and Branch Management. He is a commerce graduate and an MBA (Finance & Marketing). He is also a Certified Associate of the IIBF.

## 1. PRINCIPLE ONE - GOVERNANCE STRUCTURE (CONTINUED)

### 1.2 Profile of senior management (continued)

#### 7. Mr. Umesh Chandra SAHU

Mr. Sahu, Vice President (IT) is an IT specialist with 28 years of experience in IT operations, IT security systems, application security and code review, software development, systems integration, Management Information Systems (“MIS”), IT audit and governance. He has served SBI in various positions before joining the Bank. Mr Sahu holds a Bachelor Degree in Physics, a Post Graduate Diploma in Systems Management, a Bachelor Degree in Journalism and Mass Communication. He is a Certified Associate of the IIBF, a Certified Information Security Banker, a Certified Big Data Science Analyst and a Certified Anti Money Laundering Specialist.

Mr. Sahu was deputed to SBIML on 30 August 2018. As Vice President (IT), he oversees all technology operations of the Bank and spearheads all IT initiatives. He is also responsible for enforcing best information security practices in the maintenance of IT Assets of SBIML.

#### 8. Mr. Kritanand RAMKHELAWON

Mr. Ramkhelawon is the Vice President (Accounts & Services) & Human Resources since 2008. He joined the Indian Ocean International Bank in 1980 and has held various positions with the Bank. He holds an MBA in Financial Management from the University of Mauritius. He has thorough knowledge in the local environment, legal and accounting related issues.

#### 9. Mr. Aboo Bakar MOSAHEB

Mr. Mosaheb, Vice President (Compliance) & Company Secretary, is an Associate Member of the Chartered Governance Institute of UK & Ireland and a member of the Mauritius Institute of Directors (“MloD”), which is a not-for-profit organisation that promotes the highest standards and best practices of corporate governance in Mauritius. He is also a Certified AML/CFT Compliance Professional. He has over 21 years of experience in the banking sector at senior management level; mainly in areas of internal audit, compliance, Anti Money Laundering & Combating Financing of Terrorism and Proliferation (“AML/CFT &P”), risk management including a two-year stint overseeing the human resource department among others. Before joining the banking sector, he worked for 5 years in an accountancy firm as well as in a private company, where he gained experience in areas of accountancy, audit and corporate secretarial practice. Mr. Mosaheb also has over 10 years of overseas experience in areas of IT, accounting, international recruitment, and bidding exercises for large complex projects.

## **1.PRINCIPLE ONE - GOVERNANCE STRUCTURE (CONTINUED)**

### **1.2 Profile of senior management (continued)**

As Vice President Compliance, he oversees the Compliance and Legal Department providing direction and oversight including on-going assessment and reporting of the Compliance and AML/CFT & P functions through the relevant governance Sub-Committees and the Board. As Corporate Secretary, he is responsible for the overall corporate secretarial and corporate governance matters.

#### **10. Mr. Jaspal SINGH**

Mr. Singh, Chief Risk Officer, is an experienced banker with over 23 years of experience in general banking, credit and treasury management. He has served SBI in various positions as Field Officer, Branch Manager, Foreign Exchange Dealer and Chief Dealer, before being deputed to SBI (Mauritius) Ltd. Mr. Singh holds a Master's degree in Financial Management, a Diploma in Treasury Investment and Risk Management and is a Certified Associate of the IIBF.

Mr.Singh was deputed to SBIML on 18 December 2019. As Chief Risk Officer, he oversees management, identification, evaluation and reporting of Bank's risks externally and internally.

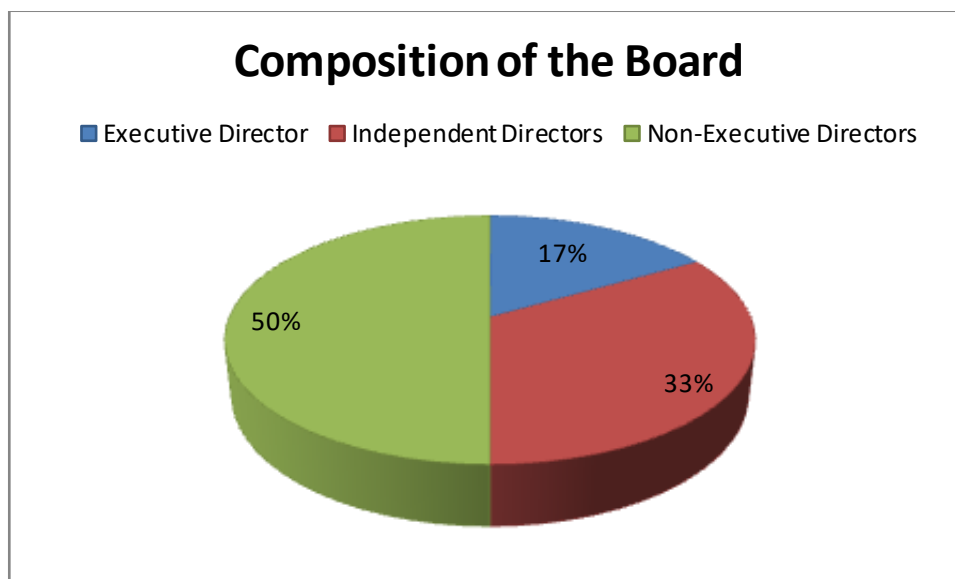


## 2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES

The Board of SBIML has a unitary structure and has been constituted in compliance with the Bank’s constitution, the National Code of Corporate Governance for Mauritius, the Bank of Mauritius *Guideline on Corporate Governance*, the Mauritius Banking Act 2004 and the Mauritius Companies Act 2001.

Keeping in view the Mauritius Banking Act 2004, the Bank’s constitution and the size of the Bank’s operations as of 31 March 2022, the membership of the Board comprised 6 Directors; 3 of whom are non-executive, 2 are independent and 1 is executive.

By virtue of Section 18(4) of the Mauritius Banking Act 2004, the Bank of Mauritius has approved the composition of the Board, being made up of at least 40% of non-executive directors. As part of gender diversity, a female Independent Director was inducted on the Board of SBIML during the financial year ended 31 March 2021.



### 2.1 Company Secretary

The Company Secretary, Mr. Aboo Bakar Mosaheb, ACG, MloD is also the Vice President (Compliance). His profile is given under Section 1.2 of this report.

### 2.2 Board of Directors

The Board of SBIML functions as an authoritative decision-making body and meets regularly as required and periodically monitors the performance of Management. All the Directors possess expertise and experience in relevant areas such as accountancy, Commerce, Economics and on overall aspect of banking. The Board collectively and the Directors individually are fully involved in the Bank’s affairs and adhere to the highest ethical standards. The Board acts independently from Management.

## **2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)**

The Directors are elected to hold Office until the next Annual Meeting of Shareholders and are eligible for re-election as provided by the Bank's constitution. The Chairperson of the Board is a Non-Executive Director.

### **2.3 Board Charter**

The Board exercises its powers and discharges its responsibilities as provided in the Board's Charter which covers the below matters among others:

- a) Review operational reports, financial results and cash flow projections;
- b) Review the reports and recommendations of the Audit Committee;
- c) Approve the quarterly announcement and quarterly financial statements to shareholders and the public;
- d) Approve capital expenditure, acquisitions and the disposal of the Bank's assets as per delegated powers;
- e) Review committee minutes and board circular resolutions for notation;
- f) Review changes in directorships and disclosure of interests;
- g) Review disclosure of dealings by directors and principle officers;
- h) Approve policies/manuals as recommended by its Sub Committees.
- i) Approve the Bank's corporate plan covering short term and long term business objectives, strategy together with appropriate policies to execute the strategy, including those relating to risk management, capital adequacy, liquidity, risk appetite, compliance, internal controls, communication policy, director selection, and orientation and evaluation;
- j) Require Management to review periodically the effectiveness of the established corporate plan and report results to the Board;
- k) Appoint and monitor senior management, question and scrutinise its performance in the achievement of corporate objectives;
- l) Question, scrutinise and monitor the performance of Board Sub-Committees, and individual directors;
- m) Ensure that policies and systems in place are effective to achieve a prudential balance between risks and returns to shareholders;
- n) Require management to review and assess periodically the efficiency and effectiveness of policies, systems and controls and report results to the Board; and
- o) Any other matters requiring its authority.

The Board Charter which is available on the Bank's website is reviewed by the Corporate Governance, Nomination and Compensation Committee ("CGNCC") on a yearly interval or earlier if so required.

## 2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

### 2.4 Responsibilities of the Board of Directors

The fundamental statutory responsibilities of the Board of Directors are to:

- a) Determine the overall policies regulating the various businesses/activities of the Bank.
- b) Supervise the management of the business and conduct of affairs by the Management.
- c) Monitor the performance of the Management to ensure satisfactory implementation of the policies it has laid down.
- d) Enunciate and oversee the Bank's strategic direction and to ensure that its organisational structure and capabilities are appropriate for implementing the chosen strategies.

On top of the responsibilities outlined in the Board Charter, and described in Section 2.3 of this report, the approval of the Board is specifically required for the below:

- Appointment of the MD & CEO and other senior officers including company secretary and board committee members, and assessing periodically their performance in the context of established corporate objectives and plans;
- The capital and operating budgets of the Bank including the internal capital adequacy assessment process ("ICAAP"), capital and liquidity plans;
- Significant business decision/matter requiring the convening of a general meeting of shareholders or any matter required by the laws;
- Interim and annual report including audited financial statements, corporate governance report and directors report;
- Changes to accounting policies and any other significant internal policies;
- Director's fee/remuneration in general including staff compensation policies;
- Capital expenditure/bad debts write-off/investment or divestment decisions;
- Granting of powers of attorney;
- Considering and, if deem appropriate, declare or recommend the payment of dividends;
- Reports and recommendations from the Audit Committee, Conduct Review and Risk Management Committee and Corporate Governance, Nomination and Compensation Committee.

The Board discharges the above responsibilities either directly or through its Sub-Committees for more in-depth analysis and review of various issues. The minutes of the Sub-Committees are placed before the Board for approval or information, as the case may be.

In line with the Banking Act 2004 and with the best practices of Corporate Governance, the Board of SBIML has set up four Sub-Committees of the Board of Directors namely:

## 2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

### 2.4 Responsibilities of the Board of Directors (continued)

- Executive Committee of Directors
- Audit Committee
- Conduct Review and Risk Management Committee and (“CRRMC”)
- Corporate Governance, Nomination & Compensation Committee

The Executive Management team (comprising the different Vice Presidents) is invited to the Board and Sub-Committee meetings as required. The Board remains directly accountable to the shareholders for the overall performance of the Bank.

The Board promotes openness, integrity, accountability to improve corporate behaviour, strengthens internal control systems and reviews senior management’s performance on a regular basis. To fulfill their responsibilities, Board members of SBIML have unhindered access to accurate, relevant and timely information.

The Board has further delegated the day to day running of the business and affairs of the Bank to the Executive Management but remains ultimately responsible and accountable. There is a Central Management Committee (“CENMAC”) and the Risk Management Committee (“RCOM”) comprising key management staff who are responsible for specific tasks within the limits of the authority determined and powers delegated.

Issues are debated and decisions in Management Committees are taken unanimously. All the main management committees such as Central Management Committee, Risk Management Committee and the Assets and Liabilities Committee are chaired by the MD & CEO.

In compliance with the Bank of Mauritius *Guideline on Corporate Governance*, there is a clear demarcation of responsibilities of the Board and Management in the interest of an effective accountability regime.

### 2.5 Board Composition

As of 31 March 2022, the Board of Directors comprised the following members:

## 2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

### 2.5 Board Composition (continued)

SN	Name of directors	Category	Resident / Non – Resident	Other directorships in listed companies	Date of appointment
1	Mr. Sanjay Dattatraya Naik	Non-Executive Director and Chairperson	Non-Resident	None	17 August 2021
2	Mr. Rajeev Arora	Non-Executive Director	Non-Resident	None	17 August 2021
3	Mr. Vinod Kumar	Non-Executive Director	Non-Resident	None	03 December 2021
4	Mr. Sudhir Sharma	Executive Director	Resident	None	27 November 2020
5	Mr. Dhiren Ponnusamy	Independent Director	Resident	None	06 November 2020
6	Mrs. Neeveditha Maraye	Independent Director	Resident	None	18 November 2020

The below directors resigned during the year ended 31 March 2022:

S N	Name of directors	Category	Resident / Non – Resident	Other directorships in listed companies	Date of resignation
1	Mr. Venkat Nageswar Chalasani	Non-Executive Director and Chairperson	Non-resident	None	30 April 2021
2	Mr. Rama Sundara Satyanarayana Brahmandam	Non-Executive Director	Non-resident	None	18 August 2021
3	Mr. Uday Laxman Bodas	Non-Executive Director	Non-resident	None	07 December 2021

The Non-Executive Directors are based in India.

## **2.PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)**

### **2.6 Board Evaluation**

The performance evaluation of the Board and its Sub-Committees and the Independent Directors is conducted every year. The evaluation exercise for the current financial year ended 31 March 2022 was conducted internally at the board meeting held on 24 November 2021 facilitated by the Company Secretary and the following process methodology was covered:

- Plan and collect preliminary information;
- Design and validate assessment questionnaire;
- Administer questionnaire; and
- Report on results

The methodology in more details is provided below:

- ✓ Circulate the self-assessment questionnaire to the members of the Board and its Sub-Committees;
- ✓ Interact with each member of the Board and Sub-Committees to discuss their responses to the questionnaire as may be required;
- ✓ Perform reviews of various documents (e.g. Board Charter, the terms of reference of the four Sub-Committees and any other documents such as minutes of Board and Sub-Committees meetings and policies) to understand and assess whether the Bank complies with the Code and Bank of Mauritius Guidelines;
- ✓ Interact with key management to understand how the Bank complies with the Code and Bank of Mauritius Guidelines; and
- ✓ Assess the extent to which the Bank complies with the Code and Bank of Mauritius Guidelines.

Several recommendations were made for implementation by the Board which are in the process of implementation over the next couple of years..

### **2.7 Shareholding Interest of Directors**

None of the directors has any direct or indirect shareholding in the Bank. The MD & CEO is on deputation from State Bank of India and the non-executive directors are Senior Executives from SBI.

### **2.8 Meetings of the Board and its sub-committees**

The Board and its sub-committees meet regularly as per the periodicity approved by the Board. The details of attendance by each director at the different meetings held during the year are as follows:

## 2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

### 2.8 Meetings of the Board and its sub-committees (continued)

	Board of Directors	Executive Committee Of Directors	Audit Committee	Conduct Review & Risk Management Committee	Corporate Governance Nomination & Compensation Committee
Directors Current directors as of 31 March 2022	Meeting Attended /Held	Meeting Attended/ Held	Meeting Attended / Held	Meeting Attended /Held	Meeting Attended/ Held
Mr. Sanjay Dattatraya Naik (appointed on 17.08.2021) (Chairperson of Board)	3/3	▲	▲	▲	▲
Mr. Rajeev Arora (appointed on 17.08.2021)	2/3	4/4	▲	▲	▲
Mr. Vinod Kumar (appointed on 03.12.2021)	2/2	2/2	1/1	1/1	1/1
Mr. Sudhir Sharma (appointed on 27.11.2020)	6/6	5/5	▲	4/4	4/4
Mr. Dhiren Ponnusamy (appointed on 06.11.2020)	6/6	4/5	4/4	4/4	3/4
Mrs. Neeveditah Maraye (appointed on 18.11.2020)	5/6	5/5	4/4	4/4	4/4
<b>Directors who resigned during the year</b>					
Mr. Venkat Nageswar Chalasani (resigned with effect from 30.04.2021)	1/1	▲	▲	▲	▲
Mr. Rama Sundara Satyanarayana Brahmandam (resigned with effect from 18.08.2021)	3/3	1/1	2/2	0/1	0/1
Mr Uday Laxman Bodas (resigned with effect from 07.12.2021)	4/4	3/3	3/3	3/3	3/3

**NOTE:** ▲ Not a member

## 2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

### 2.8 Sub-Committees of the Board

With the exception of the Executive Committee of Directors which is chaired by a Non-Executive Director, all the remaining Committees are chaired by an Independent Director.

Each Committee has its own charter, a summary of which is given below. The charters are available on the Bank's website and are reviewed by CGNCC every year or earlier if so required.

#### I. Executive Committee of Directors

The Executive Committee of Directors' ("ECOD") Charter provides that the Committee shall comprise a number of executive and non-executive directors as may be decided by the Board from time to time. As of 31 March 2022, the ECOD was made of the below five Directors:

- Mr. Rajeev Arora (Chairperson)
- Mr. Vinod Kumar
- Mr. Sudhir Sharma
- Mr. Dhiren Ponnusamy
- Mrs. Neeveditah Maraye

The ECOD acts as a sub-committee of the Board of Directors and meets frequently at short notice to dispose of credit proposals and operational matters as per the Delegation of Powers vested with it. Minutes of the ECOD are put up to the Board for Approval / information.

The mandate of the ECOD includes

- a) Review and approve of credit proposals within its power;
- b) Review and approve expenditure falling within its power;
- c) Review control reports for facilities sanctioned by Executive Credit Committee
- d) Review of decisions taken by the Procurement Committee;
- e) Review minutes of Central Management Committee (CENMAC) meetings;
- f) Review statement of expenditure for the Bank on a monthly basis;
- g) Review of Top 20 Non-Performing Assets ("NPAs") and NPA positions on a regular basis.
- h) Regularly review the performance of the Bank against the Board approved benchmarks.
- i) Deal with such other matters as are delegated by the Board to the Executive Committee from time to time.

The Executive Committee of Directors met five times during the period under review and considered matters relating to the above at each meeting.



## 2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

### 2.8 Sub-Committees of the Board (continued)

#### II. Audit Committee

The Audit Committee's Charter provides that the Committee shall consist of 3 directors with at least 1 independent director or such other composition as may be determined by the regulator and the Board. The Committee consists of 2 independent directors and 1 non-executive director, namely:

- Mrs. Neeveditah Maraye (Chairperson)
- Mr. Vinod Kumar
- Mr. Dhiren Ponnusamy

In compliance with the Bank of Mauritius Guidelines and the provisions contained in Section 54 of the Mauritius Banking Act 2004, the Audit Committee ("AC") oversees the financial stewardship of the Bank's management and also the performance of the external and internal audit functions. It maintains direct communications with the external auditor especially during periodical review of the Bank's accounts. The external auditor is invited to participate in the Audit Committee meetings at the time of the review and adoption of the Bank's quarterly and annual financial statements.

The mandate of the Audit Committee includes, inter alia:

- a) Examine the audited financial statements for adequacy of the Bank before they are approved by the Board;
- b) Require the Management of the Bank to implement and maintain appropriate accounting, internal control and financial disclosure procedures and review, evaluate and approve such procedures;
- c) Review such transactions as could adversely affect the sound financial condition of the Bank as the external auditor or any officers of the Bank may bring to the attention of the committee or as may otherwise come to its attention;
- d) Perform such additional duties as may be assigned to it by the Board of Directors;
- e) Evaluate the independence and effectiveness of the external auditor and consider any non-audit services rendered by such auditor as to whether this substantively impairs its independence;
- f) Evaluate the performance of the external auditor;
- g) Discuss and review, with the external auditor before the audit commences, the auditor's engagement letter, the terms, nature and scope of the audit function, procedure and engagement, the audit fees;

## **2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)**

### **2.8 Sub-Committees of the Board (continued)II. Audit Committee (continued)**

- h) Provide oversight of the Bank's internal and external auditor and prior endorsement for their appointment and removal;
- i) Establish and maintain policies and procedures for employees of the Bank to submit confidentially information with respect to accounting, internal control, compliance, audit and any other related matters of concern;
- j) Implement a process for ensuring that employees are aware of the policies covered under (i) above and for dealing with matters raised by employees with it, under these policies;
- k) Examine policies and escalate the findings to the Board for consideration and necessary action;
- l) Approve 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 the external and internal auditors is coordinated;
- m) Recommend to shareholders the appointment, removal, and remuneration of the external auditor;
- n) Approve the remuneration of the Head of Internal Audit;
- o) Assess periodically the skills, resources, and independence of the external audit firm and its practices for quality control;
- p) Assess whether the accounting practices of the Bank are appropriate and within the bounds of acceptable practice;
- q) Ensure that there is 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;
- r) Discuss with senior management and the external auditor the overall results of the audit, the quality of financial statements and any concerns raised by the external auditor. This should include:
  - Key areas of risk for misinformation in the financial statements, including critical accounting policies, accounting estimates and financial statement disclosures;
  - Changes in audit scope and 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.
- s) Review of any transactions brought to its attention by auditors or any officers of the institution, or that might otherwise come to its attention, which might adversely affect the financial condition of the Bank;
- t) 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
- u) Ensure that management is taking appropriate corrective action in response to deficiencies identified by the auditors, including internal control weaknesses and instances of non-compliance with laws.

## 2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

### 2.8 Sub-Committees of the Board (continued)

#### II. Audit Committee (continued)

##### Reporting Responsibilities for the Audit Committee

The Audit Committee Chairperson reports formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and also formally reports to the Board on how it has discharged its responsibilities. This report includes:

- The significant issues that it considered in relation to the financial statements and how these were addressed;
- Its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
- Any other issues on which the Board has requested the Committee's opinion.

The Audit Committee also makes recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

During the year under review, the Audit Committee met four times and the main issues discussed at the Audit Committees are as follows:

- Examining, reviewing and challenging the quality and integrity of the quarterly condensed financial information the annual financial statements of the Bank;
- Reviewing of the annual report including the directors' report, corporate governance report, management discussion & analysis and the audited financial statements for the year ended 31.03.2021;
- Reviewing the management letter, external auditor's report on the operating effectiveness of the Bank's controls over financial reporting in line with the Bank of Mauritius *Guideline on Maintenance of Accounting and Other Records and Internal Control Systems* for the year ended 31.03.2021;
- Reviewing the half yearly reports, interim reports and any other formal announcement relating to the Bank's financial performance;
- Overseeing appropriateness of the process, models and the assumptions made for IFRS 9 and assessing their impact on the Bank's financial statements;
- Reviewing the External Auditor's Report on Enterprise-Wide Risk Assessment (EWRA) / Institutional Risk Assessment (IRA) and related internal controls as at 31st March 2021;
- Approving the Annual Audit Plan of External Auditor, M/s Deloitte for the financial year ending 31.03.2022;
- Approving the Internal Audit Plan for the financial year ending 31.03.2023;

## **2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)**

### **2.8 Sub-Committees of the Board (continued)**

- Approving the Annual Compliance Audit Plan for the financial year ending 31.03.2022; and
- Approving the examination of the Institutional Risk Assessment and related Internal Control Systems in the areas of AML/CFT by Internal Audit.

The external auditor, M/s Deloitte, was invited to attend all of the Meetings convened to review the quarterly and yearly results.

## **2.PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)**

### **2.8 Sub-committees of the Board (continued)**

### **III. Corporate Governance, Nomination and Compensation Committee (“CGNCC”)**

Per its Terms of Reference, the CGNCC must be made of at least 3 members with a majority of non-executive directors or independent directors and the MD&CEO must be part of the Committee. The Committee presently consists of the four below members:

- Mrs. Neeveditah Maraye (Chairperson)
- Mr. Vinod Kumar
- Mr. Sudhir Sharma
- Mr. Dhiren Ponnusamy

The CGNCC ensures enforcement of good governance practices in line with the *Guideline on Corporate Governance* issued by the Bank of Mauritius and the National Code of Corporate Governance for Mauritius. Its mandate includes, among others, nomination and selection of “Fit and Proper Persons” as directors and senior executives of the Bank, determination of the Bank’s general policy on Directors’ fees, remuneration of executives and senior management and consideration of other important staff related matters.

The Committee aims to attract and retain qualified and experienced management personnel and executives necessary to meet the Bank’s objectives.

The Committee has regard to the size and composition of the Board to ensure that there is the appropriate mix of skills, experience and competencies for the Board to fulfill its responsibilities. The Committee also seeks that any recommended candidate for directorship has the right profile, resources and time commitment to contribute to the Board.

The minutes of the Committee are put up to the Board for Approval/information.

The mandate of CGNCC includes to:

- a) Consider, evaluate and recommend to the Board any new Board appointments;
- b) Recommend to the Board candidates for Board positions, including the Chairperson of the Board and Chairpersons of the Board’s Committees;
- c) Recommend the criteria for the selection of board members and the criteria for the evaluation of their performance;
- d) Evaluate on an annual basis, the effectiveness of the Board as a whole, the Board’s Committees and each director’s ability to contribute to the effectiveness of the Board and the relevant Board Committees;

## **2 PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)**

### **2.8 Sub-committees of the Board (continued)**

#### **III. Corporate Governance, Nomination and Compensation Committee (“CGNCC”) (continued)**

- (e) Ensure an appropriate framework and plan for Board and management succession in the Bank;
- (f) Provide adequate training and orientation to new directors as well as continuous training for all Directors during the year;
- (g) Review and ensure that the policy on directors’ fees for the company are reflective of the contribution of each individual director;
- (h) Prepare for approval of the Board the remuneration and compensation package for directors, senior managers, and other key personnel, taking into account the soundness of risk taking and risk outcomes as well as any relevant information available on industry norms;
- (i) Review management’s recommendation on appointment or promotion of senior management personnel;
- (j) Approve overall conditions of other employees of the Bank, taking into consideration proposals of trade union/s;
- (k) 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;
- (l) Determine the level of fees for directors to be recommended to the shareholders;
- (m) Review policies and recommend to the Board for approval; and
- (n) 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.

During the year under review, the CGNCC met four times and the main issues discussed at the said Committee are as follows:

- Reviewing the Bank’s HR related policies and the Corporate Governance Policy in accordance with the recommendations of the National Code of Corporate Governance;
- Reviewing Board appointments, recruitments, manpower budget and training requirements of the Board members, and
- Discussing and recommending the Annual Board assessment report to the Board for approval.
- Reviewing and Recommending the Bank’s Organisation Structure and Role & Responsibilities of Senior Management team to the Board for Approval.
- Reviewing the Code of Ethics for Directors in compliance with the National Code of Corporate Governance 2016.

## 2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

### 2.8 Sub-committees of the Board (continued)

#### IV. Conduct Review & Risk Management Committee (“CRRMC”)

The CRRMC was set up to advise the Board on the Bank’s overall current and future risk appetite, to oversee senior management’s implementation of the risk appetite framework and to report on the state of risk culture in the Bank. It also monitors and reviews related party transactions and the overall risk management of the Bank. Its mandate also includes, among others:

- a) Approving, reviewing or overseeing the process, framework, principles, operating procedures and systems developed by the management to identify, evaluate and oversee the appropriate management of principal risks;
- b) Maintaining an orientation, with continuing education as the risk in the market changes and/or standards for measuring risks are enhanced;
- c) Reviewing the policies and procedures periodically to ensure their continuing adequacy and enforcement, in the best interests of the Bank;
- d) Establishing risk management processes namely by facilitating and reviewing the development and implementation of improvements to simplify and enhance the effectiveness of the existing risk management system;
- e) Review minutes of the Risk Management Committee;
- f) Review the Bank’s Internal Capital Adequacy Assessment Process (“ICAAP”) with a view to address the risk management of the Bank;
- g) To provide prior endorsement for the appointment and removal of the Chief Risk Officer;
- h) Require management of the Bank to establish policies and procedures to comply with the requirements of the relevant guidelines issued by the Bank of Mauritius, namely the *Guideline on Credit Risk Management*, *Guideline on Related Party Transactions*, *Guideline on Maintenance of Accounting and Other Records and Internal Control Systems* and *Guideline on Corporate Governance*, amongst others;
- i) Review and approve each credit exposure to related parties;
- j) Ensure that market terms and conditions are applied to all related party transactions;
- k) Approves or ratify the Related Party Transactions;
- l) 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 Bank is identified and dealt with in a timely manner;
- m) Report periodically and in any case not less frequently than on a quarterly basis to the Board on matters reviewed by it, including exceptions to policies, processes and limits;
- n) Identification of principal risks, including those relating to credit, market, liquidity, operational, compliance, and reputation of the institution, and actions to mitigate the risks;
- o) Appointment of a Chief Risk Officer who, among other things, shall provide assurance that the oversight of risk management is independent from operational management and is adequately resourced with proper visibility and status in the Bank;

## 2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

### 2.8 Sub-committees of the Board (continued)

#### IV. Conduct Review & Risk Management Committee (“CRRMC”) (continued)

- p) Ensuring independence of the Chief Risk Officer from operational management without any requirement to generate revenues;
- q) Requirement of the Chief Risk Officer to provide regular reports to the Committee, Senior Management and the Board on his activities and findings relating to the institution’s risk appetite framework;
- r) Receive from senior officers periodic reports on risk exposures and activities to manage risks; and
- s) Formulate and make recommendations to the Board on risk management issues.

As of the reporting date, the Conduct Review and Risk Management Committee was composed of four Directors out of whom two are independent directors and one is a non-executive director. The members are:

- Mr. Dhiren Ponnusamy (Chairperson)
- Mr. Vinod Kumar
- Mr. Sudhir Sharma
- Mrs. Neeveditah Maraye

During the year under review, the CRRMC met four times and the main issues discussed at the said meeting are as follows:

- Quarterly reporting to the Board of Directors on policies and processes reviewed and approved by the Committee;
- Quarterly reviewing and ratifying the related party transactions of the Bank and ensuring the market terms and conditions are applied to all the related party transactions.
- Identifying, reviewing and assessing the principal risks, including but not limited to credit, market, liquidity, operational, technological, legal & compliance, reputational risks and the action taken to mitigate these risks, and
- Adequacy of impairment provisioning under IFRS 9 and in the wake of COVID-19
- Reviewing and approving of the Risk Appetite Parameters.
- Reviewing and approving the Permissible Global Limits (PGL).
- Reviewing and approving the Annual Risk Plan of the Bank.
- Reviewing and approving the various policies of the Bank.



## 2. PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS COMMITTEES (CONTINUED)

### 2.9 Management Team

Details of the management team are given below:

#### Senior Management

Mr Sudhir Sharma	-	Managing Director & CEO
Mr. Bibhu Prasad Mishra	-	Chief Operating Officer
Mr. J. Singh	-	Chief Risk Officer
Mr. U. C.Sahu	-	Vice President – Information Technology
Mr. M. Arya	-	Vice President - Corporate Banking
Mr. P.S.Venkatraman	-	Vice President - Treasury & Planning
Mr. K. Ramkhelawon	-	Vice President - Accounts & Services and HR
Mr. N. Singh	-	Vice President - Global Banking
Mr. N. Bhardwaj	-	Vice President - Retail Banking
Mr. A. B. Mosaheb	-	Vice President - Compliance and Company Secretary

The profile of the senior management team is given in section 1.2 of this report.

#### Managers

Mr. S. K. Saini	-	Manager, Credit of Global Business
Mr. R.Jha	-	Manager, Corporate Banking
Mr. R. K. Bhundhoo	-	Manager, Trade Finance
Mr H. K. Choony	-	Manager, Internal Audit
Mr. Y.R.Chineah	-	Manager, Legal & Compliance
Mr. A. Agarwal	-	Manager, Global Business
Mr. S. Ramlagan	-	Manager, Accounts
Mr. P. Gungah	-	Manager, Corporate
Mr. G. Vasvani	-	Manager, Treasury Operations
Ms. A. Awasthi	-	Manager, Risk
Ms. M. Abraham	-	Manager, Systems
Mr. A. Mishra	-	Manager, Main Branch
Mr. B. Mungur	-	Money Laundering Reporting Officer & Integrity Reporting Officer
Mr. P. Mishra	-	Dealer
Mr. V. Kumar	-	Dealer

### 3. PRINCIPLE 3 – DIRECTOR APPOINTMENT PROCEDURES

#### 3.1 Appointment and induction of new directors

The Board is responsible for appointment, induction and succession planning of directors.

The Board is empowered by virtue of its constitution, to approve proposal from the Corporate Governance, Nomination and Compensation Committee for the appointment of a director to fill a casual vacancy. The director, upon appointment stays in office until the next annual meeting of shareholders and is entitled for re-appointment.

Immediately after the appointment of a new director, the Bank provides a comprehensive, formal and tailored induction. The purpose of the orientation program is to help new directors assume their responsibilities quickly, maximising their potential contribution and the capacity of the Board as a whole. The Board aims to foster a culture that encourages new directors to participate fully and effectively in board activities as soon as possible.

All directors are required to sign off their letter of appointment as evidence of having read and acknowledged their roles and responsibilities.

During the Financial year the following Directors were inducted on the Board of SBIML:

- Mr. Sanjay Dattatraya Naik (Non-Executive Director)
- Mr. Rajeev Arora (Non-Executive Director)
- Mr. Vinod Kumar (Non-Executive Director)

As part of orientation programme, for new Directors information on the following information are shared with the directors:

- Corporate Governance Policy;
- Mauritius Companies Act 2001 and Data Protection Act 2017;
- National Code of Corporate Governance for Mauritius (2016);
- Mauritius Banking Act 2004;
- Constitution of SBIML;
- Financial Reporting Act 2004;
- The Financial Intelligence & Anti-Money Laundering Act (“FIAMLA”);
- Bank of Mauritius (“BoM”) Guidelines;
- Code of Ethics for directors of SBIML;
- The latest Annual Report of SBIML;
- A list of policies of SBIML;
- Role of the Company Secretary of SBIML;
- The minutes of the Board and all sub-committees of the Board for the preceding 12 months;
- Details of major litigations;

### 3. PRINCIPLE 3 – DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

#### 3.1 Appointment and induction of new directors (continued)

- The Bank's organisational chart;
- Brief Profile of SBIML including details such as the shareholding pattern, market share, financial highlights for the past 3 years, and details of dividend paid for the past 6 years among others;
- Details of key clients, contractors and stakeholders;
- Panel of barristers for the Bank;
- Latest Board Assessment Report;
- Legal duties of Directors; and
- Schedule of dates for upcoming Board and Sub Committee meetings.

#### 3.2 Succession planning

The Board has an effective succession planning policy in place for the orderly succession of appointments to the Board and to Senior Management positions in order to maintain an appropriate balance of knowledge, skills and experience within the Bank and on the Board, and to ensure progressive refreshing of the Board. The Corporate Governance, Nomination and Compensation Committee also ensure an appropriate framework and plan for Board and Management succession.

#### 3.3 Professional Development of Directors

In addition to the initial orientation program, the Board ensures that all directors maintain or improve their skills and that they continue to deepen their understanding of the Bank's services and the environment in which it functions.

In that regard, the Board hired the services of PwC to provide professional training to the Directors on emerging topics such as AML/ CFT& P, sanctions, managing risk of fraud, bribery and corruption and on Corporate Governance Practices during the financial year. Training was also imparted to the Directors on areas such as Credit Risk, Operational Risk and Operational Resilience and on Market Risk during the Financial year.

#### 3.4 Profile of directors

The profile of the current directors is given below:

##### 1. Mr. Sanjay Dattatraya NAIK

Mr. Naik joined State Bank of India as a Probationary Officer in 1987 and has held various important assignments in the Bank. He is a Graduate in Science and holds an MBA.

Mr. Naik has assumed charge of Deputy Managing Director (International Banking), State Bank of India in May 2021. The International Banking Group comprises international operations of the Bank which are spread across 229 offices in 31 countries with a business portfolio of more than USD 60 bn and a staff complement exceeding 3000. As a vertical Head, Mr. Naik is responsible for group strategy, business development, operational efficiency, and other functional areas of the Group.

### 3. PRINCIPLE 3 – DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

#### 3.4 Profile of directors (continued)

A career banker with experience of over 34 years, Mr. Naik has held various positions across a wide range of domains including International Banking, Corporate Banking, Retail Banking, Trade Finance, Risk and Compliance. Prior to assuming his current responsibilities, he was Chief General Manager (International Banking) and in charge of business of foreign offices & operations of overseas banking subsidiaries and Joint ventures in Europe and America.

He has extensive experience in credit delivery and client servicing.

#### 2. Mr. Rajeev ARORA

Mr. Arora joined State Bank of India as a Probationary Officer in 1990 and has held various important assignments in the Bank. He is a Graduate in Science.

Mr. Arora has assumed charge of Chief General Manager (International Banking), State Bank of India in May 2021. The International Banking Group comprises international operations of the Bank which are spread across 229 offices in 31 countries with a business portfolio of more than USD 60 bn and a staff complement exceeding 3000. As a vertical Head, Mr. Arora is responsible for group strategy, business development, operational efficiency, and other functional areas of the Group.

Mr. Arora has held various positions across wide range of domains viz. Retail Banking, Corporate Banking, International Banking, etc. Notably he has worked with very large Corporates both on the Rupee and Forex lending and syndications side. He has also handled senior responsibilities in the Retail & Digital Banking verticals of the Bank, heading operations in Meghalaya, Manipur, and major business operations in Punjab. He has also led two overseas assignments in USA & London operations of the Bank. In London he headed the investment business of the branch.

Before taking over as Chief General Manager- International Banking, Mr. Arora was heading the domestic Private Equity portfolio of the Bank.

#### 3. Mr Vinod KUMAR

Mr. Kumar joined State Bank of India in 1986 and has held various important assignments in the Bank. He is a Graduate in Science and a Certified Associate of Indian Institute of Bankers.

Mr. Kumar has assumed charge of General Manager (Credit), State Bank of India in July 2021. The International Banking Group comprises international operations of the Bank which are spread across 229 offices in 31 countries with a business portfolio of more than USD 60 bn and a staff complement exceeding 3000. As a Head of Credit department, Mr. Kumar is responsible for business strategy, business development, operational efficiency and other functional areas of the credit business of all the foreign offices of State Bank of India.

### **3. PRINCIPLE 3 – DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)**

#### **3.4 Profile of directors (continued)**

A career banker with experience of over 35 years, Mr. Kumar has held various positions across a wide range of domains including International Banking, Corporate Clients Group, Retail Banking. Prior to assuming his current responsibilities, He was heading Corporate Clients Group Business of North India Region

#### **4. Mr Sudhir SHARMA**

Mr. Sharma, Managing Director & CEO of SBIML joined the Bank on 27 November 2020. He joined SBI as a Probationary officer in 1988. He was promoted as Assistant General Manager in 2005. He worked as Regional Manager and was responsible for 40 Branches located in semi-urban and rural areas engaged in agriculture, personal lending, auto loans, home loans, SME business. Subsequently, he worked as VP & COO at SBI New York during 2008-2012. He occupied several positions during his tenure in India, with the last assignment being the General Manager (Network), overseeing the business operations of 326 Branches in Assam and Arunachal Pradesh through 2 zonal offices and 8 regional business offices. He holds a degree and a master degree in Commerce from University of Rajasthan. He is also a Certified Associate of the IIBF as well as a Certified Associate of ACAMS.

#### **5. Mr. Dhiren PONNUSAMY**

Mr. Ponnusamy is a holder of a BSc (Hons) in Economics from the London School of Economics and Political Science (“LSE”) and a Chartered Financial Analyst (“CFA”) charterholder. He is currently the Group Chief Executive Officer of the Medine Group in Mauritius. In this role, he holds multiple directorships within the entities of the Medine Group, including Middlesex University Mauritius, Casela Limited, Cascavelle Shopping Mall Limited, amongst others. He also sits on the Listing Committee of the Stock Exchange of Mauritius and on the Board of the Mauritius Sugar Syndicate.

Prior to this, he was a Managing Director (“MD”) with Standard Chartered Group in London with a global remit and was responsible for driving the financial performance and strategic agenda of the Bank. His extensive international career with Standard Chartered also included a number of senior CFO roles in South Korea, Singapore, Africa and the Philippines where he spearheaded a number of M&A projects, regulatory advisory and restructuring initiatives. He has extensive exposure to post-crisis banking reforms, global stress testing regulations as well as balance sheet optimisation.

He is presently an Independent Director on the Board of SBI (Mauritius) Ltd.

### 3. PRINCIPLE 3 – DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

#### 3.4 Profile of directors (continued)

##### 6. Mrs. Neeveditah MARAYE

Mrs. Maraye holds a Post Graduate Diploma from the University of Edinburgh, an MSc in International Money, Finance & Investment from the Brunel University, UK and a BSc Accounting (Hons) from the University of Mauritius (“UoM”). She is also an Associate Member of the Association of Chartered Certified Accountants (“ACCA”) and is currently a full-time Senior lecturer in Accounting and Finance at the Faculty of Law & Management at UoM since 2004. Her main research and teaching interests lie in the areas of Corporate Social Responsibility (“CSR”) and Sustainable Development. She is also currently a board member on the United Nations Global Compact Mauritius and the Indian Ocean where she actively pursues her academic interests in promoting the Sustainable Development Goals (SDGs).

She is presently an Independent Director on the Board of SBI (Mauritius) Ltd.

Below are the profiles of the directors who resigned during the year:

##### 1. Mr. Venkat Nageswar CHALASANI

Mr Chalasani, Deputy Managing Director, was in charge of the International Banking Group of SBI until 30th April 2021 when he retired from SBI. He was a Non-executive Director and Chairperson on the Board of SBI (Mauritius) Ltd and resigned with effect from 30th April 2021.

A career banker with experience of over 36 years, Mr. Chalasani has held various positions across a wide range of domains including corporate and retail banking, treasury, trade finance, risk and compliance. As a permanent invitee to the SBI’s Board Meetings, Mr. Chalasani was involved in various deliberations concerning the SBI’s overall operations. He was also a member of SBI’s Apex Credit Committee, Audit Committee and other committees responsible for governance of SBI. Mr. Chalasani was a director on the boards of several companies and industry associations. He was a part of various committees with the Reserve Bank of India (“RBI”) and the Securities and Exchange Board of India (“SEBI”) amongst others, with the latest being the Sunil Mehta Committee on the resolution of stressed assets.

Mr. Chalasani holds a Bachelor of Science in Botany and is a Certified Associate of the IIBF.

### 3. PRINCIPLE 3 – DIRECTOR APPOINTMENT PROCEDURES (CONTINUED)

#### 3.4 Profile of directors (continued)

##### 2. Mr. Rama Sundara Satyanarayana BRAHMANDAM

Mr. Brahmandam joined SBI as a Probationary Officer in 1988 and has held various important assignments in the Bank. He is a Graduate in Science.

Mr. Brahmandam has assumed charge of Chief General Manager (International Banking-II), State Bank of India in April 2019. He managed SBI network in Asia, Africa and Australia. As the Head of International Banking-II, he was responsible for driving SBI's business which includes institutional sales, loans and advances, liability products, trade finance and payment products in the allocated geographies.

A career banker with experience of over 33 years, Mr. Brahmandam has held various positions across a wide range of domains including international banking, corporate banking, retail banking, treasury and global Markets.

He was a Non-Executive Director on the Board of SBI (Mauritius) Ltd and resigned with effect from 18 August 2021. Mr Brahmandam is presently posted as President & COO, SBI Capital Markets Ltd.

##### 3. Mr. Uday Laxman Bodas

Mr. Bodas holds a Masters in Commerce and is a Certified Associate of the IIBF. He joined SBI in 1990 and has worked in various verticals during his career. Having over 32 years of banking experience in SBI, he has served as General Manager (Credit), International Banking Group and was responsible to oversee the credit business of foreign offices.

He was a Non-Executive Director on the Board of SBI (Mauritius) Ltd and has resigned with effect from 7th December 2021. Mr Bodas is presently posted as General Manager (CRT), Corporate Client Group.

## **4. PRINCIPLE 4 – DIRECTOR DUTIES, SENIOR EXECUTIVE REMUNERATION AND PERFORMANCE**

### **4.1 Legal Duties of Directors**

All directors of the Bank are fully apprised of their fiduciary duties as provided in the Mauritius Companies Act 2001 and they have confirmed to abide by the terms set out in their contract for services.

### **4.2 Code of Ethics**

The Bank has a policy in place on 'Code of Ethics and Conduct' for its Directors which is promulgated by the Board of Directors of the Bank to promote honest and ethical conduct and compliance with applicable rules and regulations. The Bank has also a Code of Ethics and Conduct for its employees in place. Both these policies are designed to assist in defining appropriate conduct, to provide guidance in the identification and resolution of ethical issues, and to help all personnel to maintain the Bank's longstanding culture of honesty, integrity and accountability. Compliance with same is addressed periodically.

### **4.3 Directors' and Senior Officers' Interests and Dealings in Shares**

The directors of the Bank do not hold any relationship with the Bank, other than the three non-executive directors and one executive director who are salaried employees of the parent bank, State Bank of India. A formal register of interests which include details of all directorships and other relevant interests declared by Board Members and Senior Officers is maintained by the Company Secretary. The interest register is available to shareholders upon written request to the Company Secretary.

The Bank has also maintained a register of related parties of Directors and Senior Offices which include name of their spouse, child / children, parent or ascendent or descendent, their immediate / close family members.

### **4.4 Conflicts of Interest**

In compliance with section 48 of the Mauritius Banking Act 2004 with respect to the disclosure of interest, the Board has implemented policies and procedures to identify situations of conflict of interest and steps to address such situations.

The Board of Directors has established a policy on Related Party Transactions in line with the Bank of Mauritius *Guideline on Related Party Transactions* and has put in place suitable procedures to ensure that any board member with identified conflict of interest is excluded from the approval process of related party transactions. The Board has also put in place a robust system of checks and balances to monitor compliance with the regulatory limits and to prevent any credit activity which overrides established credit approval policies and procedures when granting credit facilities to related parties.



#### **4. PRINCIPLE 4 – DIRECTOR DUTIES, SENIOR EXECUTIVE REMUNERATION AND PERFORMANCE (CONTINUED)**

Besides, the Board of Directors has established the CRRMC to review and approve related party transactions. Please refer to section 2.8 (IV) for more details on the CRRMC.

All related-party transactions have been conducted in compliance with relevant policies and the Bank's Code of Ethics.

#### **4.5 Information Governance, Information Security and Information Technology**

The Bank has a comprehensive Information Security Policy and Standards as well as an Information Security Procedures and Guidelines. This policy contains a set of global IT and IS standards, procedures, guidelines and prescriptions that are used for mitigating all the IT risks associated with respective domains. The policy is approved by the Board and is reviewed on a yearly basis. The policy was last approved by the Board in 2021. The Information Governance is a part of the above said policy. The policy, besides addressing all IT & IS related areas, has strict guidelines for physical and logical controls to access the information assets.

With a view to have the Board oversight of Bank's IT initiatives, the Bank has a well-defined Information Technology Steering Committee ("ITSC") in place with the following charter.

- Ensure that IT projects are implemented/ reviewed in a time bound manner and necessary risks are understood and properly managed.
- Ensure the development of an IT strategic plan aligned with the Bank's business strategy
- Promote optimization of resources, enhance IT value delivery and enable effective measurement of performance.

The ITSC also focuses on:

- ✓ IT Strategic Planning;
- ✓ Alignment of all IT initiatives across the Bank;
- ✓ Prioritize and approve projects;
- ✓ Review existing projects;
- ✓ Formulate recommendations on major IT investments; and
- ✓ IT Security

The Committee, Chaired by MD & CEO, meets at monthly intervals and reports to the Conduct Review & Risk Management Committee (CRRMC) of the Board, thereby facilitating the Board oversight of the information governance. All the major IT expenditures are monitored, evaluated and approved by the Bank's Executive Committee of Directors. The Board also ensures deployment of IT resources to support business objectives and plays a major role in aligning the IT objectives with the Bank's Vision-Mission-Value Statement.

#### **4. PRINCIPLE 4 – DIRECTOR DUTIES, SENIOR EXECUTIVE REMUNERATION AND PERFORMANCE (CONTINUED)**

##### **4.6 Board Evaluation**

In line with the requirements of the National Code of Corporate Governance and the Bank of Mauritius *Guideline on Corporate Governance*, the Board evaluates its own activities, those of its sub-committees and of its individual members based on various aspects of their performance and effectiveness.

The last evaluation of the effectiveness of the Board of SBIML, its Committees and its Individual Directors was conducted on 24 November 2021 by the Chairperson supported by the Company Secretary. The evaluation was conducted by the use of a questionnaire circulated to the Directors for self-assessment followed by review of documents and procedures in place, etc. Several recommendations were given based on the evaluation exercise for implementation in the next couple of years and same is at various stage of implementation.

The Board at its meeting held on 24 November 2021 advised that going forward the Board evaluation, Sub-Committee's evaluation, Directors' self-evaluation and that of Chairperson's evaluation be outsourced to an external facilitator. The Bank will accordingly appoint a consultant to carry out the board evaluation exercise.

##### **4.7 Statement of remuneration philosophy**

###### **A: Board of Directors**

The Non-Executive independent local directors ("NEID") are paid a fixed base fee as consideration for their Board duties. In addition to a fixed sitting fee, NEID are paid a separate sitting fee which reflects the complexity and responsibility to shoulder for their work on the Executive Committee of Directors as established by the Board of Directors from time to time.

The remuneration of the NEID is determined on the basis of standards in the market and reflects their competencies, skills, scope of work and the number of Board and Committee Meetings.

The Executive Director is on deputation from SBI for a maximum period of four years only after which the incumbent returns to SBI to continue his terms of service and a replacement is provided. The remuneration for the Executive Director is governed by the service conditions of the Parent Bank State Bank of India, as applied to all public sector entities.

The authority to recommend to the Board of Directors the remuneration to be paid to NEID is delegated to the CGNCC which ensures that adequate remuneration is paid to NEID taking into consideration the Bank's financial performance and market condition. The CGNCC ensures that the remuneration paid to NEID is fair and reasonable, especially in a competitive market for skills, knowledge and experience.

#### 4. PRINCIPLE 4 – DIRECTOR DUTIES, SENIOR EXECUTIVE REMUNERATION AND PERFORMANCE (CONTINUED)

##### 4.7 Statement of remuneration philosophy (continued)

The non-executive directors have not received remuneration in the form of share options or bonuses associated with the performance of SBIML.

During the period 01 April 2021 to March 2022, the Non-Executive independent local directors received fees and emoluments amounted to USD 25, 620. As indicated below:

Non-Executive Independent Local Directors	USD
Mr. D. Ponnusamy	12,720
Mrs. N. Maraye	12,900

Mr Sudhir Sharma, Executive Director, currently on deputation from SBI Group was paid USD 60,014.50 during the financial year ended 31st March 2022 as salary and allowances.

The executive and non-executive directors are not paid any separate sitting fees individually.

However, an aggregate amount of USD 253,230.73 was paid to SBI as Management Fees for the current financial year. There is no contractual agreement with SBI pertaining to management fees.

SBIML does not have any link between executive remuneration and the Bank's performance nor does the Bank provide long-term incentive plans.

### **B: Management**

In line with the provisions in section 18(5) of the Mauritius Banking Act 2004, remuneration is not linked to the income of the Bank or to the level of activities on customers' accounts.

The CGNCC makes recommendation to the Board for approval of the remuneration policy and determines the remuneration package for each member of Executive Management which must be fair and reasonable. The CGNCC ensures that adequate remuneration is paid to Executive Management taking into consideration:

#### **4. PRINCIPLE 4 – DIRECTOR DUTIES, SENIOR EXECUTIVE REMUNERATION AND PERFORMANCE (CONTINUED)**

##### **4.7B: Management (continued)**

- Qualifications, skills, knowledge and experience;
- Trend within market including scarcity for position within the labour market;
- Duties and responsibilities of the Executives; and
- Financial performance of the Bank.

The remuneration strategy is designed to attract, retain and motivate competent and experienced executive positions.

The guiding principles that underpin the remuneration strategy include:

- Supporting the achievement of business goals;
- Being competitive within the market in which the Bank operates;
- Being sufficiently flexible to meet the needs of the executives; and
- Recognising the differences in roles.

The remuneration package is reviewed at periodic intervals and approved by the CGNCC. Any change in remuneration is recommended by the CGNCC to the Board for approval.

## 5. PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL

### 5.1 Risk Management

The Board of SBIML is responsible for the overall risk management framework and internal control systems of the Bank. Oversight of the Bank's risk management process and internal control systems is delegated to the Conduct Review and Risk Management Committee ("CRRMC") of the Board and the Audit Committee ("AC") respectively. Risk Management refers to the process of identification, measurement, monitoring and mitigating the various risks the Bank is exposed to.

The Bank has adopted an Internal Capital Adequacy Assessment Process ("ICAAP") policy with a view to address its risk management. Risk and internal control reports are presented to CRRMC and AC on a quarterly basis or earlier if so required and the Board is informed of same on a quarterly basis as well. The Management has set up a Risk Management Committee ("RCOM") which meets on a monthly basis where all risk issues are discussed and appropriate actions are initiated as required and the minutes are placed before the CRRMC for review/ information on a quarterly basis. There is an Operational Risk Management Committee to discuss the operational risks and its minutes are placed before the monthly RCOM.

The Risk Management process is monitored through the Conduct Review and Risk Management Committee of the Board. The minutes of which are placed before the Board for approval/information.

Details of the risk management framework, policies and controls are described in more details in the *Management Discussion and Analysis* part of this Annual Report.

The top emerging risks of the Bank are as follows:

(i) *Credit outlook and macro-economic environment:*

The Bank continues to closely monitor the impact of COVID 19 on the credit quality of its portfolio and the wider implications on its operations. At the same time, the Bank is closely monitoring its liquidity levels and other key metrics under different stress test scenarios.

(ii) *Cyber security risk:*

As the Bank launches new online customer applications, it continues to strengthen its cyber control framework and implements initiatives to enhance its resilience and cyber security capabilities.

(iii) *Changing priorities of the regulators:*

The Bank has placed emphasis around consumer protection, and on AML-CFT regulatory provisions including identification of beneficial ownership.

## 5. PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL

### 5.2 Internal controls

The Internal Audit department provides assurance to the Board through the Audit Committee regarding the adequacy and effectiveness of the internal control systems. The Manager Internal Audit (“MIA”) has unhindered access to the Chairperson of the Audit Committee and reports to the AC directly. Internal Audit reports along with significant issues are put up to the AC and Board along with the actions taken to address the observations. The AC meets the MIA without the presence of management on a quarterly basis. The statutory auditors also meet with the members of the AC without the presence of management on a quarterly basis.

Systems and processes are in place for implementing, maintaining and monitoring the Bank’s internal controls. The Bank’s internal control systems are reviewed in line with the requirements of the respective Bank of Mauritius guidelines and by conducting risk assessment that covers the adequacy and effectiveness of the Bank’s internal controls. The Board derives assurance that the internal control systems are effective through the measures below:

- The Audit Committee of the Board approves an annual internal audit plan covering key risks for the Bank. The Internal Audit Department carries out audits, inspections and reviews during the financial year in accordance with the plan.
- Synopsis of the Internal Audit reports is presented to the Board without any undue filtering of findings by Management;
- A consolidated report on the Bank’s internal control systems is prepared by the Internal Audit department that also covers the adequacy and effectiveness of the Bank’s compliance function and governance processes. It is observed that in general, the internal controls are designed and implemented effectively. Senior Management also provides representation on the effectiveness of the Bank’s internal control systems annually taking into account the requirements of the Bank of Mauritius *Guideline on Maintenance of Accounting and Other Records and Internal Control Systems* and report to the Board of Directors and the regulator accordingly; and
- Review of the Bank’s internal control systems by External Auditor as part of statutory audits.

The Internal Controls cover all significant areas to mitigate key risks for the Bank. If any deficiency are noted, the system of internal controls is strengthened further as and when needed. The five components of the COSO framework below are applied to significant areas to ensure adequate coverage of the Bank’s internal controls:

- Control environment;
- Risk assessment;
- Control activities;
- Accounting, information and communication; and
- Self-assessment and monitoring

## **5. PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL**

### **5.3 Whistleblowing**

The Bank has a whistleblowing policy which uncovers any malpractice/ misconduct committed by its employees that could potentially affect the smooth running of the Bank. Such a policy aims to reduce significantly the risks associated with non-disclosure of malpractice/ misconduct to go unnoticed by management and the Board.

The policy is applicable throughout the Bank and every employee is required to be guided by its contents and to enforce it without fail. The Board and the Management of SBIML are committed to monitoring the highest standards of honesty, openness, accountability, good governance and recognise that all employees have an important role to play in achieving this goal. The policy is reviewed on an annual basis and the Conduct Review and Risk Management Committee is the authority to review the functioning of the whistleblowing scheme at the Bank.

The policy provides for undesirable conduct to be reported to Vice President (Compliance) (“VPC”) and reporting may be made anonymously, using a dedicated telephone number or by e-mail. In case of whistleblowing against the designated official VPC, Chief Operating Officer shall be the official contact.

The report/ information/ emails are required to be forwarded/ communicated to the VPC for appropriate action and investigation. If any person is aggrieved by any action on the ground that he is being victimized due to the fact that he had filed a complaint or disclosure, the MD & CEO shall take appropriate action as may be deemed necessary. The VPC ensures that the identity of the whistleblower is not disclosed. Anonymous complaints are also investigated based on the information disclosed. A written report on the findings is prepared by the VPC and submitted to MD & CEO.

Whistleblowing cases, if any, are reported at the CRRMC at a quarterly interval, regardless of whether the complaints were justified or not.

## 6. PRINCIPLE 6 – REPORTING WITH INTEGRITY

### 6.1 Statement of management’s responsibility

The Board is responsible for the preparation and fair presentation of the financial statements of the Bank, in accordance with International Financial Reporting Standards (“IFRS”) and in compliance with the requirements of the Mauritius Companies Act 2001, the Mauritius Banking Act 2004 and the regulations and guidelines of the Bank of Mauritius.

### 6.2 Website

The annual report is fully published on the Bank’s website: <https://mu.stateBank>.

### 6.3 Performance and outlook

Please refer to the *Management Discussion and Analysis* section of this Annual report.

### 6.4 Related Party transactions

Related party transactions of the Bank were conducted in line with relevant internal policies and guidelines. For related party transactions please refer to note 37 of the financial statements.

### 6.5 (i) Health and Safety Practice

The Bank is fully committed to bring about a health and safety culture. The Bank maintains a very conducive working environment within its premises for higher productivity and the general wellbeing of its employees and customers. The Bank’s objectives are to identify, remove, reduce or control material risks relating to fires and accidents or injuries to employees and visitors. The Bank has a Health and Safety Officer to help achieve these objectives. SBIML has a ‘Health and Safety Policy’ in place through which shows its commitment towards the safety, health and welfare of its employees and visitors; it binds all employees and visitors and also supports all those who endeavour to implement it.

The Bank also values the health and safety of its employees by abiding by the Health and Safety policy, as approved by the Board.

#### (i) Measures taken in the context of COVID 19

Appropriate social distancing and sanitary measures are being enforced in line with guidelines issued by the authorities.

#### (ii) Work from Home

The Bank’s HR Policy makes provision for staff to work from home. Employees may, with advance notice where necessary, be required to work from home in the following circumstances:



## **6. PRINCIPLE 6 – REPORTING WITH INTEGRITY**

### **6.5 (ii) Work from Home (continued)**

- Pandemic situation
- Bad weather
- Other situations as may be decided by Management from time to time.

During the COVID-19 pandemic, the Bank had encouraged staff to work from home.

### **6.6 Environmental Practices**

SBIML fully subscribes to and actively supports a Clean Environment Policy. To the extent possible, unnecessary printing is avoided and information and instructions are conveyed through secure electronic channels.

### **6.7 Corporate Social Responsibility (“CSR”)**

Given that the Bank has no chargeable income against which provision for CSR is made, the Bank has not disbursed any fund towards CSR during the year under audit.

### **6.8 Other Activities:**

SBIML has been involved in various activities to raise awareness on different causes and to promote social welfare.

#### **(i) World Cancer Day**

World Cancer Day is an international day marked on 4 February to raise awareness of cancer and to encourage its prevention, detection, and treatment. SBIML has partnered with a private radio namely Radio Plus (“Defi Media Group”) to raise awareness on Cancer which is a leading cause of death worldwide. SBIML has been one of the main sponsors of the Défi Media Group virtual event in collaboration with Défi Santé and Téléplus. The main objective of this virtual event was to remind people of how thousands of lives can be saved, namely with proper prevention, early detection, access to proper treatment and care. Videos of those who have been affected and who wanted to share their stories have been posted on social media platform to highlight on misinformation, reduce stigma and to show support to World Cancer Day.

## 6. PRINCIPLE 6 – REPORTING WITH INTEGRITY

### 6.8 Other Activities (Continued)

#### (ii) SOS Children's Village Bambous

For the past years, SBIML has been supporting SOS Children's Village Bambous through financial donations. These funds were used to meet expenses of SOS Family House as well as to cater for the school expenditure of the children. For the Financial year ended 31st March 2022 SBIML donated chairs to accommodate children in their classroom for online classes due to the Covid-19 pandemic.

#### (iii) International Women's Day

International Women's Day is a time to celebrate the achievements of women throughout history and to acknowledge the gender injustices that still exist. The theme for International Women's Day, 2022 is, "**Gender equality today for a sustainable tomorrow**", recognizing the contribution of women and girls around the world, who are leading the charge on climate change adaptation, mitigation, and response to build a more sustainable future for all.

Every year, SBIML regroups its staff on the 08th of March as it is an opportunity to reflect on progress made, to call for change and to celebrate acts of courage and determination by women.

#### (iv) Blood Donation Activity

Every year, SBIML regroups its staff on the 08th of March as it is an opportunity to reflect on progress made, to call for change and to celebrate acts of courage and determination by women. During the Financial year, the Bank had participated in Blood Donation Activity which was organized by the Bank of Mauritius in collaboration with the Blood Bank and it was a successful "life saving" campaign with approximately 110 pints of blood collected.

### 6.9 Initiatives

As part of green initiatives, the instructions for e-statement are already in place and the front-line staff members have also sensitised for on-boarding the customers for e-statement. In addition, the Bank is also promoting INB registration, where the option of e-statement is available. Also, our initiatives to send the soft copy of the SWIFT message and also Credit Advise through registered e-mail IDs has led to the customer delight. LED lights or low energy consumption bulbs are being used in the Bank's main office and branches as well. The Bank is gradually moving ahead with other green initiatives wherever feasible.

## 6. PRINCIPLE 6 – REPORTING WITH INTEGRITY

### 6.10 Other IT-related activities

During the year, the following major IT initiatives were undertaken:

- **Installation of ATM at Metro Project workers campus at Richelieu**

In order to provide the metro workers a door step 24x7 cash facility, we had installed an ATM at their campus at Richelieu on 1<sup>st</sup> May 2021 i.e., International Labor Day. Besides meeting the cash requirements, the Indian workers are now able to send money to their families in India through the INR Remittance functionality in the ATM. It was one of our commitments to be a part of a project of national importance.

- **Installation of ATM at Phoenix Mall**

For the convenience of our customers, we have installed another ATM at Phoenix Mall, which is one of the busiest Malls in Mauritius.

- **Launching of YONO Retail Internet Banking Portal**

The Bank had implemented YONO SBI Mauritius App in 2020. This was very well appreciated and accepted by our customers. We could able to register more than 35% of our active customers in the YONO App and are making efforts to onboard all the eligible retail customers.

Going by the UI/UX of the YONO App and variety of functionalities provided, we have redesigned our Internet Banking application and launched the YONO Retail Internet Banking website with the same look-and-feel and functionalities to provide a better user experience.

- **MauCAS**

We are well connected to the Bank of Mauritius IPS through My.T Money Application and could able to provide our customers a platform for the utility bill payments and small tickets payments through My.T Money and My.T Bill Pay Apps. Going forward we are working with our regulator to integrate YONO App with the IPS to provide our customers a 24x7x365 platform for instant funds transfer within Mauritius.

In continuation to our endeavour to become a part of the cashless banking ecosystem, we have also become a participant to the POP Mobile Banking Application i.e., the only universal digital payment solution in Mauritius.

- **Back Office Automation**

We have initiated various measures to bring efficiency and productivity to our back office functions. The Document Management Systems for digitization of the documents and also Audit Management System for managing our Audits through IT systems are some of the notable initiatives which are under development.

## 6. PRINCIPLE 6 – REPORTING WITH INTEGRITY

### 6.10 Other IT-related activities (Continued)

- **Information Security**

We have made significant efforts to improve the IT Security Posture of the Bank. All our systems are connected to a 24x7 Security Operations Centre which monitors the security risks and provide alerts. Also, we have well controlled systems for Anti-Virus updation, windows patch management, access management. We have partnered with CERT-MU, working under the aegis of the National Computer Board of Government of Mauritius, for enforcing the best practices in Information Security.

- **BDT Remittance through ATMs**

In order to help our Bangladeshi customers to send the BDT remittances, we have launched the 24x7 remittance facility through 8 NCR ATMs. This will help the Bangladeshi workers to send the money at their convenience on working day as well as holidays using the formal banking channel.

## 7. PRINCIPLE 7 – AUDIT

### 7.1 Internal audit

The Bank has an Internal Audit department reporting to the Audit Committee. The Internal Audit department is an independent and objective assurance function that is guided by a philosophy of promoting a sound and effective internal control environment while adding value to improve the operations of the Bank. It assists the Bank in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and enhance the effectiveness of the Bank's risk management, internal controls and governance processes. The Manager Internal Audit reports functionally to the Audit Committee and administratively to the Chief Operating Officer.

The mandate of the Internal Audit Department is established by the Board of Directors in compliance with the section 54 of the Mauritius Banking Act and the *Guideline on Corporate Governance* issued by the Bank of Mauritius. The Internal Audit department is governed by an Internal Audit Charter approved by the Audit Committee which sets out its core role, responsibilities, authority and structure. An Internal Audit policy, which is also approved by the Audit Committee and communicated to all staff through SBIML's Intranet, contains the principles, criteria, guidelines and audit reporting requirements to ensure that Internal Audit's objectives are aligned to the Bank and that the objectives are met.

#### Independence and objectivity

As per its mandate, the Internal Audit Department is free from interference for matters of audit selection, scope, procedures, frequency, timing and report content. The Bank's internal auditors have no direct operational responsibility or authority over any of the activities audited and the Manager Internal Audit is not responsible for any other function in the Bank. Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the controls, activities and processes being examined. The Bank's internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments. If independence or objectivity of the Internal Audit department is impaired in fact or appearance, the details of such impairment must be disclosed to Senior Management and the Audit Committee.

Internal Auditors have full access to all documents, records, files, management information systems, minutes of Board, Sub-Committees and management committees, as well as physical properties of the Bank for the effective completion of their work. Details of the Internal Audit function of SBIML is available on the Bank's website: <https://mu.stateBank>

## 7. PRINCIPLE 7 – AUDIT

### 7.1 Internal audit (continued)

#### Audit planning and fieldwork

Annually, the Manager Internal Audit submits to the Audit Committee an internal audit plan for the following financial year for approval. Any significant deviation from the approved internal audit plan is communicated to Senior Management and the Audit Committee. A risk-based approach is applied to the work performed by the Internal Audit department which takes into consideration the Bank's policies, operating guidelines, standard operating procedures and risk management framework (e.g. risk profiling, risk appetite, enterprise/operational risk management policies) amongst others. Audit notes are issued to management during the audit to ensure timely communication and rectification of any irregularities identified.

In accordance with the plan, full audits and cash verification are completed at all branches during the year. Retail Branches are rated using a risk scoring model and can be audited more frequently depending on their score. Regular concurrent audits are also performed at our Main Branch, Global Business Branch, Treasury function and Remittance & Services Department to cover significant transactions and high-risk areas. In addition, monthly and quarterly audits are carried out at centralised processing cells to verify account opening of customers and retail credit respectively. The plan also includes full audits for all Head Office departments, business units and functions (e.g. Corporate Banking, Trade Finance, IT, Procurement, Marketing), and the preparation of a consolidated report on the Internal Controls System for the Bank in accordance with Bank of Mauritius Guidelines. Through the plan, internal audit aims to cover the key risks for the Bank including operational risk, AML/CFT & P, credit risk, compliance risk, liquidity risk, market risk, fraud risk and information technology risk.

Apart from the audits, inspections and verifications in the internal audit plan, the Internal Audit Department can also conduct reviews, assessments, special audits/assignments and investigations as instructed by the Board or Audit Committee, at the request of Senior Management or depending on any significant risk or requirement identified by the Internal Auditor during the course of the financial year.

#### Internal Audit Reports

Full audit reports and synopsis are submitted to Senior Management after completion of audits and inspections. The branches/departments provide responses and actions which have been taken for rectification and timelines for resolution of any residual issues. The audit reports are then put up for closure after the irregularities and observations made during the audits have been adequately addressed.

A synopsis of internal audit reports and irregularities identified during audits and inspections is presented to the Audit Committee and to the Board of Directors on a quarterly basis. The synopsis also includes a timeframe within which corrective action must be taken for any residual issue.

## 7. PRINCIPLE 7 – AUDIT

### 7.1 Internal audit (continued)

#### Qualifications and experience

As at 31<sup>st</sup> March 2022, Heetesh Kumar Choony, Manager Internal Audit was in charge of the Internal Audit Department. Mr. Choony is a Chartered Accountant (Australia & New Zealand), member of the Mauritius Institute of Professional Accountants (MIPA) and member of the Institute of Internal Auditors (IIA). He has a BCom (Accounting and Finance) and obtained certifications in risk, controls and auditing from the Information Systems Audit and Control Association (ISACA). Prior to joining the Bank, Mr. Choony was a Manager in the Risk Assurance division of PwC Mauritius, where he specialised in IT/ IS audits, risk management and internal controls for major financial institutions and conglomerates. He previously worked as a Senior Consultant with PwC Australia in the Risk and Controls division for 4 years and as a Senior Auditor (Risk, Assurance and Technology) with HLB Mann Judd (Melbourne) for 3 years. Mr Choony is supported in his role by a team of experienced staff.

### 7.2 External audit

The external auditor is appointed by the shareholders at the Annual Meeting of shareholders. The Board nominates an Audit firm to Annual Meeting of shareholders for re-appointment or appointment after rotation which is based on an open, transparent and competitive selection process, and may also recommend replacement of the external auditor subject to regulatory approval. A tender for selection of audit firm was last conducted in 2022. The Audit Committee advises the Board on such matters.

As at 31 March 2022, the Bank's auditor is Deloitte Mauritius, who was first appointed for the statutory and interim audits for the financial year ended 31 March 2017.

Re-appointment of External Auditor is subject to recommendation of the Audit Committee, the Board, approval from Bank of Mauritius and approval of Shareholders, subject to regulatory approval.

Members of the Audit Committee have a solid financial experience in both banking and financial services. Please refer to section 3.4 for the profile of the directors sitting in the Audit Committee.

The Audit Committee reviews the effectiveness and efficiency of the external auditor and assesses the external audit firm annually. To facilitate the review, the MD & CEO, COO and Manager Internal Audit put up an annual performance feedback based on the following assessment criteria, amongst others, on which the external auditor is rated as 'Good', 'satisfactory' or 'Unsatisfactory'.

## 7. PRINCIPLE 7 – AUDIT

### 7.2 External audit (continued)

- Credentials of External Audit firm;
- Quality processes;
- Commitment to timelines;
- Value delivery for money;
- Identification of opportunities and risks;
- Responsive and communicative in demonstrating integrity and objectivity;
- Quality, timeliness, skills of the team;
- Delivery of quality services;
- Technical competence;
- Meet agreed upon performance criteria as reflected in engagement letter and audit plan;
- Adequate key team member succession plans; and
- Involvement of engagement partner/ other senior personnel.

The review provides the Audit Committee with a structured approach to assess the external auditor's performance in delivering the services agreed as part of the engagement with the external auditor to meet the Bank's assurance needs.

The external audit firm is considered for rotation every 5 years. As per 39(5A) of the Banking Act, the Bank of Mauritius may, upon a request from the Bank and on just and reasonable grounds shown, grant an approval in writing for the extension of the appointment of its firm of auditors for an additional period of not more than 2 years.

The Bank may engage the firm responsible for its external audit to provide non-audit services. This is done with prior approval of the Audit Committee which will ensure that the non-audit work does not entail any conflict with the audit work. Furthermore, the firm's partner responsible for non-audit work bears no responsibility for the audit of the Bank and the remuneration for non-audit work is based on the complexity and duration of work.

The external auditor reports to the Audit Committee on the interim review of condensed interim financial information at quarterly intervals and on a yearly basis on the annual audited financials of the Bank. The Manager Internal Audit and the Audit Partner of Deloitte meet with the Audit Committee without the presence of management every quarter during Audit Committee meetings. Audited financials and quarterly financials are also considered and the following areas are given due consideration, amongst others:

- IFRS 9 Model;
- Impact of changes in tax regulations on the Bank's financial results;
- Evaluate the appropriateness of accounting policies of the Bank;
- Implications of key non performing assets on the Bank's financial results;



## 7. PRINCIPLE 7 – AUDIT

### 7.2 External audit (continued)

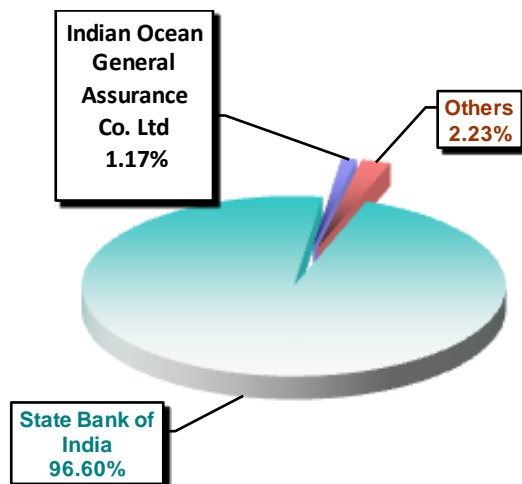
The external auditor also evaluates overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The total fees payable to M/s Deloitte Mauritius for quarterly interim audits and annual audit for the financial year ended 31 March 2022 amounted to MUR 2 Mio exclusive of VAT for external audit services. The services of M/s Deloitte Mauritius were not retained to provide for non-audit services during the reporting period.

## 8. PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

### 8.1 Shareholding

By virtue of section 3(2) of the Mauritius Companies Act 2001, the Bank continues as a subsidiary of the State Bank of India (“SBI”). SBI, incorporated in the Republic of India is the holding company of SBIML. The following shareholders hold more than 1% of the equity Share Capital in SBIML as on 31 March 2022:



The shareholding of other 394 minority shareholders stands at 2.23%.

The shares of SBIML are not quoted on the Stock Exchange of Mauritius. In line with section 86 of the Mauritius Securities Act 2005, SBIML is considered as a Reporting Issuer and therefore requires stringent compliance with on-going disclosure obligations based on requirements for reporting issuers under the Mauritius Securities Act 2005. The Board is complying with all the requirements of the Mauritius Securities Act 2005.

#### Analysis of Shareholding as on 31.03.2022

Defined Brackets	Number of Shareholders	No. of Shares	Percent (%)
1 - 500	389	12,444	1.61
501 - 1,000	2	1,482	0.19
1,001 - 5,000	3	3,363	0.43
5,001 - 10,000	1	9,134	1.17
Over 10,001	1	751,612	96.60
<b>TOTAL</b>	<b>396</b>	<b>778,035</b>	<b>100</b>

## 8. PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

### 8.1 Shareholding (continued)

#### Shareholder Category as on 31.03.2022:

	No. of Shareholders	Shares	Percent (%)
Individual	371	12,844	1.65
Insurance & Assurance Co.	8	9,345	1.20
Investment & Trust Co	1	1,147	0.15
Other Corporate Bodies	16	754,699	97
<b>TOTAL</b>	<b>396</b>	<b>778,035</b>	<b>100</b>

**Address for Correspondence:** The Company Secretary  
 SBI (Mauritius) Ltd  
 6<sup>th</sup> Floor, SBI Tower Mindspace  
 45, EbeneCybercity 72201  
 Mauritius

Telephone: 404 4900  
 404 4951 (Direct Line)  
 Fax: 454 6890  
 E-mail: info@sbimauritius.com or  
 vpc@sbimauritius.com

### 8.2 Shareholders' Rights under Bank's Constitution

On October 14, 2008, SBIML adopted a new constitution which complies with the provisions of the Mauritius Companies' Act 2001. The constitution provides that:

- There shall be no restrictions on the transfer of fully paid up Shares.
- The quorum for holding a Special Meeting of Shareholders is where shareholders holding at least ten per cent (10%) of the shares of the Company are present or represented.
- A special meeting of shareholders may be called at any time by the Board on the written request of shareholders holding shares carrying together not less than 5% of the voting rights entitled to be exercised on the issue.
- The Board shall consist of no less than five (5) or more than eleven (11) Directors. On 31<sup>st</sup> March 2022, the Board comprised 6 Directors.
- Notwithstanding Section 55 of the Mauritius Companies Act 2001 and unless the terms of issue of any class of shares specifically provide otherwise, the Board may, if authorised by the shareholders by ordinary resolution, issue shares that rank (as to voting, distribution or otherwise) equally with or in priority to, or in subordination to, the existing shares without any requirement that the shares be first offered to existing shareholders.

## **8. PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)**

### **8.3 Shareholders' Rights under Bank's Constitution (continued)**

The Annual Meeting of Shareholders of SBIML was held on 24 September 2021 at the Registered Office, 7<sup>th</sup> Floor, SBI Tower Mindspace, 45, Ebène Cybercity, Mauritius.

The Annual Meeting of Shareholders of SBIML will be held latest by September 2022 at a suitable time and date after issuing appropriate notice to the shareholders as provided by the Mauritius Companies Act 2001. Shareholders present at the Annual Meeting are given opportunities by the directors to ask questions. The full annual report is shared with the shareholders prior to the Annual Meeting of Shareholders.

### **8.4 Shareholders' Agreement**

There are no third-party agreements with any of its shareholders affecting the governance of SBIML by the Board.

### **8.5 Significant Contracts**

There is no significant third-party management agreement entered by the Bank as at date.

### **8.6 Donations**

No donation was made during the period under review

### **8.7 Political contributions**

No political contribution was made during the year under review.

### **8.8 Dividend**

Dividend is proposed to the Board to be paid in line with the provisions of the Mauritius Banking Act 2004 and the *Guideline on Payment of Dividend* issued in September 2020, the Mauritius Companies Act 2001, the Bank's constitution, the Bank's Dividend Policy and after regulatory approval is obtained. The Board also takes into account the need to conserve resources for further growth of the Bank.

## 8. PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

### 8.9 Our Key Stakeholders

An overview of the key stakeholders of the Bank is provided below:

#### **A: Regulators**

The primary regulator of the Bank is the Bank of Mauritius (“BoM”) which provides the enabling regulatory framework, and issues guidelines, instructions and other regulatory pronouncement. Senior Management and Officers of the Bank regularly meet with the Regulator at various forums. Bank of Mauritius Officials also come for onsite and carry out offsite supervision at SBIML. The Trilateral meeting between the Bank’s, external auditors and Bank of Mauritius is held on a yearly basis to discuss the Bank’s progress and state of affairs.

The Bank of Mauritius carried out an on-site examination of the operations and financial affairs of SBIML under section 42 of the Banking Act 2004 during the financial year ended 31 March 2022. SBIML provided full assistance and co-operation to the BoM examiners during the on-site inspection. The report was issued on 19th October 2021 and did not reveal any area of concern. The Bank is also accountable to the Financial Services Commission (“FSC”) and is strictly required to comply with the rules and regulations, and disclosure obligations. SBIML maintains an open channel of communication with all its regulators to whom co-operation is always ensured.

#### **B: Employees**

As an equal opportunity employer, SBIML adopts and applies an Equal Opportunity Policy whereby the employees make full use of their talents, skills, experience and competence. The employees also feel respected and valued regardless of their status that is, their age, caste, colour, etc. at the workplace. The Bank further undertakes that selection for employment, promotion, transfer, training and access to benefits, facilities and services is fair and equitable and based solely on merit.

Meetings with the Bank’s staff and the staff union are held at periodic interval to discuss union and staff related matters.

## **8. PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)**

### **B: Employees (Continued)**

During the Financial year the Bank had also provided sanitary facilities at the workplace like supplying of masks, gloves, hand sanitizers, clearing materials and desk separators for the smooth running of the operations during the COVID 19 pandemic.

### **C: Customers**

The Bank recognises the huge importance of its customers since without them, there would be no business. Management and staff always try their level best to achieve customer satisfaction. Periodic meetings are held with key customers at branches to obtain their suggestion and feedback. Customers are free to report any grievances to the Bank's complaint desk and the matter is escalated through the appropriate channel for corrective action.

The Bank has also adopted the Ombudsperson Guidelines for Complaints Handling policy and procedures applicable and came up with a Complaints Policy and Procedure which has been approved by the Board. Same is available on the Bank's website.

### **D: Shareholders**

The Bank believes that good governance enhances shareholder value, protects the interests of shareholders. It promotes transparency, integrity in communication and accountability for performance. Communication with Shareholders is given priority. Information about our activities are provided to Shareholders in the Annual Report and Accounts, Annual Review and the Interim Report which are available at <https://mu.stateBank>. Enquiries from shareholders are dealt with in an informative and timely manner. The Company Secretary ensures that there is an open line of communication with the Shareholders and their queries and complaints are disposed of within a reasonable period of time.

The Board remains directly accountable to the shareholders for the overall performance of the Bank. Interaction is held with shareholders at least at Annual Meeting of Shareholders. Shareholders are kept informed through the media of dates and agenda of the Annual Meeting of Shareholders and also payment of dividend.

The Board is responsible for ensuring that appropriate communications take place between SBI (Mauritius) Ltd and its key stakeholders and also commitments with the stakeholders are well managed. The interests of its stakeholders within the context of its fundamental purpose are respected. In addition, material information with regard to

## PRINCIPLE 8: RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS (CONTINUED)

### D: Shareholders (Continued)

the views, meetings and discussions of stakeholders in light of Bank's decisions are timely communicated through the media as required. The opinions of the stakeholders are apprised in whatever ways that are most practical and efficient.

#### 8.10 Calendar of events

The following is the forthcoming calendar of events:

Important dates	Events
July 2022	Release of first quarter results as of 30 June 2022
August 2022	Payment of Dividend, subject to regulatory approval
Latest by September 2022	Annual Meeting of Shareholders
October 2022	Release of half-yearly results as of 30 September 2022
January 2023	Release of results for the 9-month period as of 31 December 2022
May 2023	Release of full year results as of 31 March 2022

.....  
**Sudhir Sharma**  
 Managing Director & CEO

.....  
**Neevedith Maraye**  
 Director

.....  
**A. B. Mosaheb**  
 Company Secretary

**SBI (MAURITIUS) LTD**  
**(“the Company”)**

**FILE NO. 8318**

**CERTIFICATE FROM THE COMPANY SECRETARY**

In terms of section 166(d) of the Mauritius Companies Act 2001, I certify that to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns as are required of the Company in terms of the Mauritius Companies Act 2001 during the financial year ended 31 March 2022.

.....  
**A. B. Mosaheb, ACG, M. MloD**  
**Company Secretary**

Date: .....



**STATEMENT OF COMPLIANCE****(Section 75 (3) of the Financial Reporting Act)****Name of Public Interest Entity (PIE):** SBI (Mauritius) Ltd**Reporting Period:** 31<sup>st</sup> March 2022

We, the Directors of SBI (Mauritius) Ltd (“PIE”), confirm that to the best of our knowledge that the PIE has complied with all its obligations and requirements under the Code of Corporate Governance.

.....  
**Sanjay Dattatraya Naik**  
**Chairperson**

.....  
**Sudhir Sharma**  
**Managing Director & CEO**

Date: .....