



BOARD CHARTER

1. Introduction

Gender appreciation

In this Charter, the word 'HE' also would mean to express 'SHE'.

Specificities of the STC

The STC is governed principally by the STC Act 1982 and its subsequent amendments, notably in 1988, 1991, 2016. STC has only one shareholder, that is the State thereby introducing specificities to its functioning and Board operations. The Shareholder nominates the Directors.

As a Public Interest Entity (PIE), the ultimate goals of the STC are not wholly commercial, being dictated by State interests as well.

1.1 Complementary to Law and Articles

These provisions are complementary to the requirements regarding the Board and Board members contained in Mauritius legislation and regulations, the Articles of Association of the Corporation and the provisions governing the relationship between the Committees and the Board as contained in the Charters of the Committees (which have been adopted by the Board).

1.2 Role of the Board

The main role of the Board is to define the values to which the STC adheres and the general procedures that would be required so as to perform the duties entrusted to it with integrity, fairness, transparency and in the interest of:

- the shareholder,
- the organisation,
- our stakeholders and clients
- and also the population

in line with the vision and policies of the Government.

1.3 Charter on Website

This Charter is a public document and is posted on the organisation's website.

In a spirit of openness and disclosure, the information on this website may be freely consulted and reproduced, However, all queries or comments should be addressed to Management through the General Manager of the Corporation.

This document is not exhaustive. Kindly note the Disclaimer at the end of this document.

2. Composition of the Board, Positions, Committees

2.1 Board Profile, Size, Expertise and Independence

a) Board Profile

The Board aims to have an appropriate balance of executive and non-executive directors under the firm and objective leadership of a chairperson to ensure satisfactory performance within a framework of Good Governance to serve the interests of the Shareholder (Government) and ultimately the population of Mauritius.

b) Number of Members

The size and composition of the Board for effective execution of its responsibilities as per STC Act is as follows:

- i) The Chairperson, appointed by the Minister with the approval of the Prime Minister ;
- ii) 1 Member from the Parent Ministry, Ministry of Industry, Commerce Consumer Protection;
- iii) 1 Member from Ministry of Finance & Economic Development;
- iv) 1 Member from Ministry of Agro-Industry & Food Security;
- v) 1 Member from Ministry of Energy and Public Utilities;
- vi) 1 Member from Mauritius Ports Authority;
- vii) 3 Director Members appointed by the Minister; one of whom to represent Consumer Interests.
- viii) The General Manager and Board Secretary of STC are in attendance at the Board meetings

All Members of the Board are Non-Executive Members.

The Minister may give directions of a general character to the Corporation, not inconsistent with the STC Act, as he considers to be necessary in public interest.

c) General Composition

The Board shall use its best efforts to ensure that:

- i) its members can act independently of one another;
- ii) each Board member can assess the broad outline of the organization's overall position;

- iii) the Board member matches the Board Profile;
 - iv) at least one Board member is a financial expert, meaning he/she has expertise in financial administration and accounting for companies similar to the organization in size and sophistication; and
 - v) it is essential that the Board has at least three independent directors.
- d) Quorum
The quorum necessary for the transaction of business shall be at least five members.
- e) Composition made public
The Board composition and changes shall be made public on the Corporation website and in the Annual Reports

2.2 Chairperson

- a) The Chairperson of the Board STC is appointed as per the provisions of the STC Act.
- b) Duties
The Chairperson of the Board is primarily responsible for the activities of the Board and its Committees. He/ She shall act as the spokesman of the Board. The General Manager and the Chairperson of the Board meet regularly to discuss matters pertaining to the Corporation.
- c) Responsibilities
The Chairperson ensures that:
- i) The Board satisfies its duties;
 - ii) Board members, when appointed, participate in an induction program and, as needed, in supplementary training programs;
 - iii) The agendas of the Board meetings are determined;
 - iv) The Board meeting are chaired in an effective manner;
 - v) The Board has sufficient time for consultation and decision-making;
 - vi) Minutes of the Board and Committee meetings are kept;
 - vii) The Committees function properly;
 - viii) The performance of the Board is evaluated every year;

- ix) Problems related to the performance of individual Board members are addressed effectively; and
- x) Internal disputes and conflicts of interest concerning individual Board members and the possible resignation of such members as a result thereof are addressed.

2.3 Board Secretary

a) Board Secretary

The Board Secretary assists the Board in its proper functioning and in respect of procedures.

The Board Secretary has free access to the Chairperson for purposes related to the Corporation.

The Board Secretary may also act as adviser to the Chairperson, Board Members and officers of the Corporation.

b) General Access

All Board members may consult the Board Secretary for advice or use his or her services.

c) Responsibilities

The Board Secretary sees to it that the Board follows correct procedures that the Board complies with its obligations under law. The Board Secretary shall assist the Chairperson of the Board in organizing the Board's activities (including searching for and providing information, preparing an agenda, reporting of meetings, evaluations and training programs).

2.4 Committees

a) Establishment of Committees

The Board may appoint Committees from among its members to perform specific tasks. The Board shall determine the members of any Committee. The Board shall establish an Audit & Risk Management Committee, a Staff & Remuneration Committee, a Finance & Investment Committee and a Corporate Governance Committee.

b) Board Responsibility for Committee Action

The Board remains collectively responsible for the decisions and actions taken by any Committee. A Committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board as a whole. Decisions that, by law, must be taken by the Board may not be delegated to a Committee.

c) Committee Reporting

Each Committee must promptly inform the Board of the actions it has taken and major developments of which it becomes aware. Each Board member has unrestricted access to all Committee meetings and records except in areas of conflict of interest. The Board

shall, as set forth in the Charter of the Committee concerned, receive a report from the Committee describing the Committee's actions and findings.

d) Committee Charters

The Board shall establish (and may amend) Charters for each Committee. The Charters shall indicate the role and responsibilities of the Committee, its composition and how it should perform its duties.

e) Website and public Disclosure

The Board Charter and the composition of the Committees shall be posted on the organisation's website and detailed in the Annual Report.

3. Duties and Powers

3.1 General Duties and Powers

a) General Responsibilities

The Board oversees the general business of the organisation. The entire Board is responsible for such supervision and oversight.

b) The Board Acts in the Interest of the Organisation

The Board shall act in the best interests of the organisation and its business.

c) Quality of Performance

The Board is responsible for the quality of its own performance.

d) Action in Concert

As much as they can, within their individual responsibilities as members of the Board, members shall act and speak in concert with respect to important affairs and matters of principle. Charters will be revised periodically.

e) Provision on Information

The General Manager and the Board Secretary shall see to it that Management, in a timely manner, provides Board and its Committees with the information they need to properly function.

f) Responsibility for Securing Information

The Board and its individual members each has responsibility for obtaining all information from Management and the internal and external auditors required to carry out their duties. If the Board thinks it is necessary, it may obtain information from officers and external advisers of the organisation. The Board may require certain officers and external advisers to attend its meetings. Persons external to the Board never ~~to~~ vote at its meetings.

g) Use of Experts

The Board may hire experts to assist or advise them. The cost of such experts shall be agreed to by the Board and shall be paid by the organisation. A Board member may rely upon the advice of a relevant expert so long as the member has no reason to question the expert's report or conclusion.

3.2 Duties Regarding the Supervision of Management

a) Nature of Supervision

In supervising the Management, the Board shall consider: the realisation of the Corporate Vision and Mission and of organisation's objectives;

- i) the strategy and risks in the organisation's activities;
- ii) the structure and operation of the internal risk Management, and audit and control systems;
- iii) the financial reporting process;
- iv) compliance with law and regulations; and
- v) any other matters the law requires the Board to consider.

b) Financial Reporting

The Board supervises the organisation's financial reporting.

c) Annual Risk Review

At least once a year, the Board shall discuss the organisation's strategy and business risks, the Management's assessment of the internal risk Management and control systems, and any significant changes to such systems.

3.3 Duties Regarding the Members and the Performance of the Board

a) Duties Regarding the Board

The duties of the Board (in consultation with the appropriate Board Committees) in relation to the members of the Board include:

- i) addressing any conflicts of interest issues between the organisation and members of the Board;
- ii) Determining the Corporation's purpose, strategy and values;
- iii) Exercising leadership, enterprise, intellectual honesty, integrity and judgment in directing STC so as to achieve sustainable prosperity;
- iv) Ensuring that procedures and practices are in place that protects STC's assets and reputation. Therefore, the Board should regularly review processes and procedures to ensure the effectiveness of STC's internal control systems;

- v) Considering the necessity and appropriateness of installing a mechanism by which breaches of the principles of Corporate Governance could be reported and addressed;
 - vi) Monitoring and evaluate the implementation of strategies, policies, Management performance criteria and business plans. In effect, the Board must provide guidance and maintain effective control over STC, and monitor Management in carrying out Board plans and strategies;
 - vii) Determining a policy for the frequency, purpose, conduct and duration of its meetings and those of its formally established Committees. The Board should meet at least once a month if not more frequently as circumstances require; and
 - viii) Ensure that there are efficient and timely methods for informing and briefing Board members prior to meetings. This should include an agreed procedure whereby directors may, if necessary, obtain independent professional advice at the STC's expense.
- b) Board Assessment
At least once a year, the Board shall evaluate its own activities and those of its individual members, the effectiveness of such activities, and the composition and competence of the Board and its Committees.

3.4 Certain Other Duties of the Board

- a) Duties Generally
The other duties of the Board include:
- i) duties regarding the external auditor as described in this Board Charter and the Charter of the Audit & R M Committee; and
 - ii) other duties imposed by law, the organisation's articles of association, this Charter and the Charter of a Committee.
 - iii) Duties / Requirements of Accounting Procedures and Policies in use or adopted by the STC.
- b) Annual Report and Accounts
The Board shall draw up a report describing its activities in the financial year, and containing the statements and information required by law and the organisation's articles of association.

As far as practicable, STC will embrace the latest and most recent Good Practices and Reporting Policies.

4. *Supervision of Financial Reporting*

a) General Supervision Responsibilities

The Board, in consultation with the Audit & R M Committee, supervises compliance with written procedures for the preparation and publication of the annual report and accounts, the quarterly (if any) and semi-annual financial reports and any other financial information. The Board, through the Audit & R M Committee, also supervises the internal control and audit.

b) Discussion of Financial Reports

The Audit & R M Committee shall regularly provide the Board with reports on the annual report and accounts, and the quarterly (if any) and semi-annual financial reports, which will then be discussed at a meeting of the Board.

The Annual Report and accounts for the year just ended shall be discussed in a meeting with the Board within four months of the year end. The semi-annual and quarterly (if any) financial reports of the organisation for the respective period just ended shall be discussed in a meeting with the Board within two months of the end of the period.

5. *Conflicts of Interest*

To ensure the independence of the Board, directors should disclose actual or perceived conflicts of interest so that the Board can function independently and objectively in the best interests of the population. It is recommended that, on appointment and on a continuous basis, all directors should, in good faith, disclose any business or other interest that is likely to create a potential conflict of interest. The other recommendations are as hereunder: -

- i) it is the duty and responsibility of all directors to act in the interest of STC irrespective of the party who appointed them;
- ii) the General Manager should inform the Board if he needs prior consultation in a matter before a decision is made.

Board will deliberate on perceived or actual conflict of interest in the absence of the concerned person.

6. *Board Meetings and Decision-Making*

6.1 *Frequency, Notice, Agenda and Venue of Meetings*

a) Frequency

The Board shall meet as often as necessary, but not less than twelve times in a year. Meetings shall be scheduled monthly after each Board meeting.

The Board shall meet earlier than scheduled if deemed necessary by the Chairperson of the Board.

- b) Notice and Agenda
Meetings of the Board are called by the Chairperson. Save in urgent cases, as determined by the Chairperson, the agenda for a meeting shall be sent to all Board members at least five calendar days before the meeting. For each item on the agenda, related documentation will be attached or sent by electronic means, wherever disclosure is possible. The Secretary shall consult with the Management and the General Manager on the contents of the agenda, then obtain approval of the Chairperson prior to convening the meeting.
- c) Venue
Board meetings are generally held at the offices of the organisation but may also take place elsewhere as may be designated.

6.2 Attendance of and Admittance to Meetings

- a) Attendance by General Manager
The General Manager shall be in attendance at Board meetings.
- b) Undue Absence
The Chairperson shall inform the Parent Ministry of undue and prolonged absences of any Board Member.

6.3 Chairperson of the Meeting

Board meetings are presided over by the Chairperson of the Board. In the absence of the Chairperson, may consult among the Members and designate a Chairperson for the proceedings.

6.4 Decision-Making within the Board

- a) Preference for Unanimity
The Board members shall try to unanimously adopt resolutions. However, Board members are encouraged to voice their opinions and these may be recorded in the Minutes.
- b) Individual Vote
Each Board member has the right to cast one vote. The Chairperson shall have a casting vote in case of deadlock.
- c) Majority Vote, Quorum
Where unanimity cannot be reached, Resolutions of the Board are adopted by a majority of the votes cast.
- d) Adoption at Meeting
Resolutions of the Board are as far as practicable, adopted at a Board meeting.

e) Written Consent

Board resolutions may also be adopted in writing, provided the proposal concerned is submitted to all Board members and none of them objects to this form of adoption. Adoption of resolutions in writing shall be effected by statements in writing from all the Board members. A statement from a Board member who wishes to abstain from voting on a particular resolution which is adopted in writing must reflect the fact that he/she does not object to this form of adoption.

f) Minutes

Minutes must be drawn up by the Board Secretary and certified for every Board meeting.

The Minutes are to be signed by the Chairperson of the Board and the General Manager and then added to the organisation's records.

Each member of the Board may demand a note explaining how he/she voted or that a formal declaration by him be included in the Minutes. Urgent resolutions may be drawn up and adopted immediately in the relevant meeting.

7. Other Provisions

7.1 Conflicts of Interest of Board Members

a) Duty to Disclose

A Board member shall immediately report to the Chairperson of the Board any conflict of interest or potential conflict of interest and concerning his person or any other person on the Board and shall provide all relevant information, including information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Board member or concerned party shall not take part in the assessment or deliberations by the Board of whether a conflict of interest exists.

b) Abstention by Conflicted Party

A Board member shall not take part in any discussion or decision-making regarding any subject or transaction in which he/she has a conflict of interest.

7.2 Confidentiality

a) Duty to Keep Information Confidential

Unless required to do so by law, no Board member shall, during his or her membership on the Board or afterwards, disclose any information of a confidential nature regarding the business of the organisation and/or any companies in which it holds a stake, that came to his or her knowledge in the capacity of his or her work for the organisation and which he/she knows or should know to be of a confidential nature. A Board member shall not use such confidential information for his or her personal benefit.

b) Return of Confidential Information

At the end of each Board member's term of office, he/she shall return all confidential documents or other material in electronic or other form in his or her possession to the organisation or guarantee their disposal in a manner that ensures confidentiality is preserved (This includes any other equipment, communication and data storage equipment including IT equipment).

c) Notice of Disclosure

A Board member may not disclose to a third party confidential information related to the STC.

7.3 Miscellaneous

a) Acceptance by Board Members

Anyone who is appointed as a Board member must, upon assuming office, declare in writing to the organisation that he/she accepts and agrees to comply with the provisions of this Charter. A corresponding reference to this extent will be annexed to the Board member's appointment letter.

b) Occasional Non-Compliance

If permitted by law, the Board may occasionally decide (by unanimous decision) at its sole discretion not to comply with the provisions of this Charter and state the reason of its decision.

c) Amendment

This Charter may be amended by the Board at its sole discretion without prior notification.

d) Interpretation

In case of uncertainty or difference of opinion on how a provision of this Charter should be interpreted, the opinion of the Chairperson of the Board shall be decisive. The Chairperson may take advice, as required, before coming to a decision.

e) Partial Invalidity

If one or more provisions of this Charter are (or become) invalid, this shall not affect the validity of the remaining provisions. The Board may replace the invalid provisions by provisions which are valid.

Disclaimer:

The State Trading Corporation does not accept any liability to any party for any loss, damage or costs howsoever arising, whether directly or indirectly, whether in contract, tort or otherwise from any action or decision taken (or not taken) as a result of any person relying on or otherwise using this document or arising from any omission from it.