

CORPORATE GOVERNANCE REPORT

1. GOVERNANCE STRUCTURE

CIM Financial Services Ltd ('CFSL' or the 'Company') is classified as a public interest entity under the Financial Reporting Act and as a Listed Company; it is required to adopt good governance practices. The new National Code of Corporate Governance 2016 shall be applicable for CFSL as from the year ending 30 September 2018. This Corporate Governance Report is based on the provisions of the Code of Governance in 2003 (the "Code").

CFSL has set up a Corporate Governance Committee (CGC) to oversee all governance issues relating to the business activities of the Company and all its subsidiaries.

The Risk Management and Audit Committee (RMAC) oversees the risk and audit-related issues of the Company and its subsidiaries. However, due to the specificity of the credit management sectors, and in keeping with regulatory requirements, a dedicated risk management and audit committee was constituted at the level of Cim Finance.

The Board Investment Committee (BIC) assists the Board of CFSL in making investment and/or acquisition decisions within the mandate of the Committee.

When necessary, other committees are set up by the Board on an ad-hoc basis to consider specific matters.

2. SHAREHOLDERS

2.1. Holding structure and common directors

As at 30 September 2017, the ultimate holding structure of the Company was as follows:



The common directors at each level, as at 30 September 2017, were as follows:

	CFSL	CHL	ELGIN
CLARKE , Teresa Hillary	✓	-	-
DARGA , Amédée	✓	-	-
DESCROIZILLES , Marcel	✓	-	-
LEECH , Paul	✓	-	-
SOMEN , David	✓	-	-
TAYLOR , Colin	✓	✓	✓
TAYLOR , Matthew	✓	✓	✓
TAYLOR , Philip	✓	✓	✓
TAYLOR , Timothy	✓	✓	✓
TOWNLEY , Nathalie Sarah	-	-	✓
VALLET , Ann Charlotte	-	-	✓
VAUDIN , Dominique Jane	-	-	✓

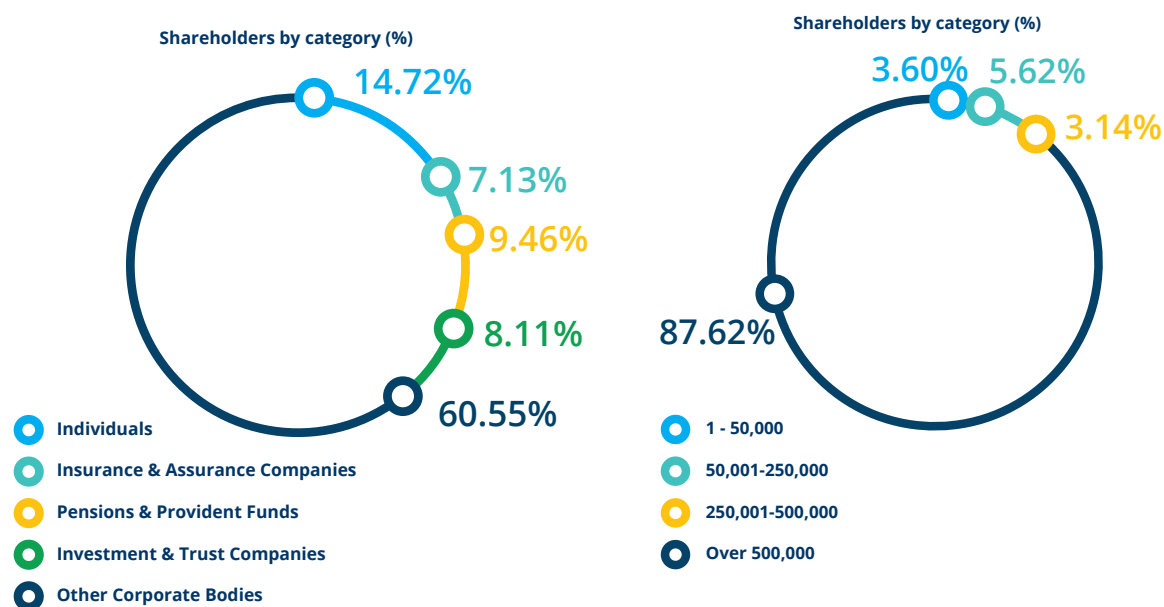
There is no shareholders' agreement at the level of the Company which affects its governance.

The Company adopted a constitution on 24 August 2012. The constitution provides that the shares of the Company are freely transferable.

2.2. Share ownership

As at 30 September 2017, the Company had 3,717 shareholders with CHL being the only substantial shareholder of the Company, holding 53% of the stated capital. CHL is wholly owned by Elgin.

A breakdown of the category of shareholders and share ownership is set out below.



Number of Shares	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES OWNED	% OF TOTAL ISSUED SHARES
1 - 500	387	71,618	0.01
501 - 1,000	1,046	1,012,533	0.15
1,001 - 5,000	671	1,827,884	0.27
5,001 - 10,000	360	2,614,079	0.38
10,001 - 50,000	732	18,030,273	2.65
50,001 - 100,000	176	12,715,603	1.87
100,001 - 250,000	123	20,209,564	2.97
250,001 - 500,000	55	21,049,781	3.09
over 500,000	79	602,990,975	88.61
Total	3,629*	680,522,310	100.00

* The above number of shareholders is indicative only because of the consolidation of multiple portfolios for reporting purposes. The total number of active shareholders as at 30 September 2017 was 3,717.

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2.3. Shareholder publications and events

The Company communicates to its shareholders through its Annual Report, which is also accessible on its website (www.cim.mu), publication of unaudited quarterly results, dividend declarations and its Annual Meeting of shareholders.

The key events and shareholder publications are set out below.

December	Preliminary results and issue of Annual Report
February/March	Annual Meeting of Shareholders & 1st quarter results
March	Interim dividends (declared)
April	Interim dividends (paid)
May	2nd quarter results
August	3rd quarter results
September	Final dividends (declared)
October	Final dividends (paid)

2.4. Dividend Policy

Payment of dividends is subject to a solvency test under the Companies Act 2001 and to the profitability of the Company, cash flow, working capital, foreseeable investments and capital expenditure requirements.

For the year under review, the Company paid an interim dividend of MUR 0.13 per share and a final dividend of MUR 0.60 per share.

2.5. Share price information

The Company's share price as at 3 October 2016 was MUR 7.10 per share and MUR 9.16 per share as at 30 September 2017.

3. THE BOARD

3.1. Board membership

During the year under review, the Company was headed by a unitary board, comprised of nine members under the chairmanship of Mr. Colin Taylor, who was appointed as the new Chairman as from 16 January 2017, replacing Mr. Timothy Taylor. The Chairman does not have any executive responsibilities.

There was one executive director, namely Mr. Paul Leech (Group CEO), and eight non-executive directors, four of whom meet the criteria of the Code for

classification as independent directors. Mrs Audrey Lo Fong, Group Finance Manager, also attends the meetings when the Board considers accounting and finance-related issues.

The functions and responsibilities of the Chairman and the Group CEO are separate.

The Group CEO is contractually responsible for:

- developing and recommending the long-term vision and strategy of the Company;
- generating shareholder value;
- maintaining positive, reciprocal relations with relevant stakeholders;
- creating an appropriate HR framework to identify the right resources, training them, helping them excel in performance and maintaining positive team spirit;
- formulating and monitoring the Company's budgets and financial matters; and
- establishing an optimum internal control and risk management framework to safeguard the assets of the Company.

Mr Mark van Beuningen was appointed as Group CEO with effect as from 1 October 2017.

The current directors have a broad range of skills, expertise and experience ranging from accounting, commercial and financial to international business.

Nominations of candidates for appointment as directors of the Company are approved by the Company's Corporate Governance Committee, acting in its capacity as Nomination Committee, and recommended to the Board of the Company.

In accordance with the Code, each director is proposed for re-election at the Annual Meeting of Shareholders.

The names of the directors of the Company and their profiles, categories and directorships in other listed companies are set out on pages 13 to 17.

3.2. Board charter

The Board has not adopted a board charter as it is of the view that the responsibilities of the directors should not be confined to such a charter.

3.3. Board meetings and conduct

The Board promotes, encourages and expects open and frank discussions at meetings. Board meetings provide a forum for challenging and constructive debate.

The Chairman and the CEO, in collaboration with the Company Secretary, agree meeting agendas to ensure adequate coverage of key issues during the year. Board packs are usually sent to directors in advance. Directors are expected to attend each Board meeting and each meeting of the committees of which they are members, unless there are exceptional circumstances that prevent them from so doing.

For the year under review, the Board met six times and the table on page 34 shows the attendance of directors at meetings held between 1 October 2016 and 30 September 2017.

Board time during the year was mainly allocated to the following:

- a. Directors' recommendation for appointment and re-election at the Annual Meeting of Shareholders;
- b. Appointment of the new Chairman and key executives for the Group;

- c. Consideration and approval of the Company's Annual Report;
- d. Review of Company and strategic business units' performance against budgets;
- e. Approval of Group unaudited quarterly results for publication;
- f. Consideration and approval of an interim and a final dividend declaration;
- g. Receipt of quarterly reports from the chairmen of the RMAC and the CGC;
- h. Appointment of new auditors for the Group;
- i. Approval of the external audit fees recommended by the RMAC;
- j. Consideration and approval of investment and divestment proposals;
- k. Approval of the Group's Budget for 2016-17;
- l. Appointment of the new Group CEO.

3.4. Board access to information and advice

An induction pack, including an induction presentation of the Company's businesses, is provided to newly elected directors.

All directors have access to the Company Secretary to discuss issues or to obtain information on specific areas or items to be considered at Board meetings or any other area they consider appropriate.

Furthermore, directors have access to the Company's records and the right to request independent professional advice at the Company's expense.

The Board and/or its Committees also have the authority to secure the attendance at meetings of third parties with relevant experience and expertise as and when required.

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	ATTENDANCE				INTERESTS		REMUNERATION
	Board meetings	CGC	RMAC	BIC	Direct	Indirect	MUR
TAYLOR, Timothy ¹	6/6	4/4	n/a	4/4	0.4108	9.74	810,000
CLARKE, Teresa Hillary	6/6	5/5	n/a	n/a	nil	nil	620,000
DARGA, Amédée	6/6	n/a	6/6	4/4	0.0013	nil	730,000
DESCROIZILLES, Marcel	6/6	n/a	6/6	n/a	0.0286	nil	890,000
LEECH, Paul	6/6	5/5	n/a	4/4	0.0316	nil	51,940,463
LIM KONG, Jean Pierre ²	1/1	n/a	n/a	n/a	0.0001	nil	4,882,000
SOMEN, David	6/6	5/5	n/a	n/a	nil	nil	969,500
TAYLOR, Colin ³	6/6	1/1	n/a	3/4	0.0147	2.99	870,000
TAYLOR, Matthew ⁴	6/6	1/1	3/3	n/a	0.0059	1.19	660,000
TAYLOR, Philip ⁵	6/6	2/4	1/2	n/a	nil	2.99	640,000

¹ Mr Timothy Taylor was appointed as member of the Corporate Governance Committee on 16 January 2017.

² Mr Jean Pierre Lim Kong resigned from the Board of directors and as member of the Board Investment Committee on 9 December 2016.

³ Mr Colin Taylor was replaced as member of the Corporate Governance Committee on 16 January 2017.

⁴ Mr Matthew Taylor was replaced as member of the Corporate Governance Committee on 16 January 2017 and was appointed as member of the Risk Management and Audit Committee on 16 January 2017.

⁵ Mr Philip Taylor was replaced as member of the Risk Management and Audit Committee and was appointed as member of the Corporate Governance Committee on 16 January 2017.

3.5. Board performance review

A peer review of the Board directors and a review of the performance of the Board and its committees were carried out and the results were used to improve the contribution of the directors to board deliberations.

3.6. Interests of directors

All directors, including the Chairman, declare their direct and indirect interests in the shares of the Company. They also follow the Model Code for Securities Transactions as detailed in Appendix 6 of the Stock Exchange of Mauritius Listing Rules whenever they deal in the shares of the Company.

For the year under review, the following director dealt in the shares of the Company:

Name of directors	NUMBER OF SHARES ACQUIRED
Colin Taylor	100,000

3.7. Indemnities and insurance

The Company subscribes to a directors' and officers' liability insurance policy. The policy provides cover for the risks arising out of acts or omissions of the directors and officers of the Company. The cover does not provide insurance against fraudulent, malicious or wilful acts or omissions.

4. BOARD COMMITTEES

4.1. Corporate Governance Committee (CGC)

Chairman – David Somen

Members – Teresa Clarke, Paul Leech, Timothy Taylor and Philip Taylor

The CGC is comprised of two independent directors, two non-executive directors and one executive director namely the Group CEO. It also serves as the Remuneration and Nomination Committee.

The CGC met five times during the year under review and the table on page 34 sets out the attendance of members at such meetings.

The CGC's terms of reference have been reviewed and are aligned with the Code.

The main responsibilities of the CGC as per its terms of reference include:

- a. making recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective and complies with prevailing corporate governance principles and practices;
- b. ensuring that the disclosure requirements with regard to corporate governance, whether in the annual or other reports, are in accordance with the principles of the applicable Code of Corporate Governance;
- c. making recommendations to the Board on all new Board appointments;
- d. formally reviewing the balance and effectiveness of the Board;
- e. developing a policy on executive remuneration and fixing the remuneration and benefit packages of individual directors within agreed terms of reference and, at the same time, avoiding potential conflicts of interest;
- f. in relation to the remuneration of non-executive directors, to avoid any perception of self-interest, making recommendations to the full Board for its consideration; and

- g. reviewing and recommending to the Board the Remuneration policy of the Cim Group.

4.2. Risk Management and Audit Committee (RMAC)

Chairman – Marcel Descroizilles

Members – Matthew Taylor and Amédée Darga

In attendance – Sheila Ujoodha (Chief Audit Executive) and Audrey Lo Fong (Group Finance Manager)

The RMAC is composed of two independent directors and one non-executive director.

The RMAC's terms of reference are in accordance with provisions of the Code and were approved by the Board on 12 February 2013.

The Committee met six times during the year under review. The table on page 34 sets out the attendance of members at such meetings.

The main responsibilities of the RMAC as per its terms of reference include:

- a. Ensuring that:
 - all risks pertaining to business operations and activities are reviewed and managed to an acceptable level;
 - all internal accounting, administrative and risk control procedures are designed to provide assurance that assets are safeguarded;
 - transactions are executed and recorded in accordance with Company policy.
- b. Reviewing:
 - important accounting issues;
 - changes in legislation that will give rise to changes in practice;
 - compliance with regard to specific disclosures in the financial statements; and
 - quarterly, preliminary and annual and any other financial reports.

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4.3. Board Investment Committee (BIC)

Chairman – Colin Taylor

Members – Timothy Taylor, Amédée Darga and Paul Leech

The BIC is comprised of one independent director, two non-executive directors and one executive director namely the Group CEO.

The BIC's terms of reference were approved by the Board on 21 May 2015.

The Committee met four times during the year under review. The table on page 34 sets out the attendance of members at such meetings.

The main responsibility of the BIC is to review and approve any investment decision as well as any related transaction documents with regards to any project within the territory of the Republic of Mauritius that has received the prior in-principle approval of the Board and which falls within set thresholds.

5. STATEMENT OF REMUNERATION PHILOSOPHY

Executive directors are not remunerated for serving on the Board of the Company or its committees. Their remuneration packages as employees of the Company, including performance bonuses, are in accordance with market rates.

The remuneration of the non-executive and independent directors consists of a mix of attendance and retainer fees.

The remuneration paid to executive and non-executive directors and/or committee members is set out in the table to be found on page 34.

6. INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT

The Group's internal control and risk management framework and the key risks as well as the steps taken to manage these risks are detailed on pages 47 to 53.

7. HUMAN RESOURCES

The human resource initiatives of the Group are set out on pages 39 to 42.

8. PROFILES OF SENIOR EXECUTIVE TEAM

The profiles of the senior executive team can be found on pages 18 to 19.

9. STATEMENTS OF INTEREST OF THE SENIOR EXECUTIVE TEAM (EXCLUDING DIRECTORS)

The table below sets out the direct and indirect interests of senior officers (excluding directors) as at 30 September 2017, as required by the Securities Act 2005.

Surname	NAMES	DIRECT %	INDIRECT %
Alfs	Susanne	nil	nil
Ashton	Adrian Kevin	nil	nil
Audit	Renu	0.0001	nil
Bhoodnah	Anusha	0.0001	nil
Boland	Christopher	nil	nil
Chuckowree	Ounishka Devi	nil	nil
Dina	Rubeena	nil	nil
Fokeera	Abder	nil	nil
Gujadhur	Budheswar	0.004	nil
How Poo	Vee Fong	0.0001	nil
Koowaroo	Nemraj	nil	nil
Li Yuk Lo	Li Chin Siong	0.0001	nil
Liong Kee	Lim Tat Voon	0.0051	nil
Lo Fong	Marie Lyselle Audrey	0.0001	nil
Low Kwan Sang	Soo Him	0.0001	nil
Maharahaje	Tioumitra Panday Woogra	0.0022	nil
Marion	Edwin	nil	nil
Nababsing-Jetshan	Diya Melina	nil	nil
Racoute	Corine Marie Francoise	nil	nil
Rambaccussing	Sheilesh Kumarsingh	nil	nil
Sathan	Shanti Nirmala Ananti	nil	nil
Sceales	Anthony Patrick Niven	nil	nil
Soorajee	Melinda	0.0001	nil
Stephen	Luc Clement	nil	nil
Takoordyal	Caleyvarny	nil	nil
Ujoodha	Sheila	0.0001	nil
Van Beuningen	Mark John	nil	nil
Vaudin	Marie Joseph Nicolas	nil	nil

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10. OTHER MATTERS

10.1. Related party transactions

Please refer to page 143 of the Annual Report.

10.2. Management agreements

The Company has management contracts with Lochiel Ltd for the management of the Company's immovable properties.

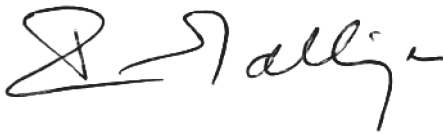
10.3. Donations

The Company did not make any political donations during the year in review.

10.4. Corporate Social Responsibility (CSR)

Cim CSR Fund Ltd was set up on 12 April 2016 under the laws of Mauritius pursuant to the Companies Act 2001. The company receives annual statutory contributions from all entities within the Group for the purposes of corporate social responsibility ("CSR").

The Group's CSR activities, which reflect its commitment to creating sustainable value for the social, environmental and economic well-being of society, are set out on pages 43 to 46.



Tioumitra Maharahaje
For Cim Administrators Ltd
Company Secretary

12 December 2017