THE MAURITIUS INVESTMENT CORPORATION LTD

INVESTMENT POLICY STATEMENT

A. Introduction

The Board of Directors ("the Board") of the Mauritius Investment Corporation Ltd ("MIC", the Company") issues this investment policy statement (the "IPS", "Policy"). The purpose of this IPS is to foster a clear understanding of the MIC's investment objectives, policies and guidelines. The assets governed by this statement comprise of the entire funds made available to the MIC to fulfill its investment objectives.

B. Overview of the Mauritius Investment Corporation Ltd

1. Overview

The Bank of Mauritius (the "Bank") has established a subsidiary known as Mauritius Investment Corporation Ltd. The primary objectives of the MIC are to support and accelerate the development of Mauritius and build a savings base for the citizens of Mauritius as well as assist systematically large, important and viable corporations or companies incorporated in Mauritius which are financially distressed as a result of the Covid-19 pandemic. In pursuing its objects, the MIC seeks to mitigate contagion of the ongoing economic downturn to the banking sector, thus limiting macro-economic and financial risks. Operating independently within the parameters of a strict governance structure, the MIC will provide support through a range of investment instruments in view of ensuring that domestic systemic economic operators are kept afloat during these challenging times and that jobs are preserved. The MIC also aims at securing and enhancing financial wealth for current and future Mauritian generations.

The MIC has been established by the Bank under Section 6(1)(y) of the Bank of Mauritius Act and is funded in terms of Section 46(5) thereof.

The MIC has been established with a solid governance structure with transparency, good governance and independence being the pillars thereof. The governance structure will ensure appropriate and effective oversight, decision making and operational responsibilities.

2. Governance Framework

The Board of Directors of the MIC (the "Board") is responsible for creation of, approval of, and updates to the Policy. The Chief Executive Officer/Office-in-Charge and his or her designated staff, in collaboration with the investment committee ("IC"), shall advise the Board on issues related to the Policy, including identifying the need for updates and monitoring the portfolios for compliance with the Policy.

The Board shall have oversight responsibility for investment decision making in relation to the assets of MIC. The Board will also establish sub-committees for the pursuance of its objectives, including an investment committee. The investment committee of the MIC, shall fulfill its duties in line with the Investment Committee Charter. The Board may set up additional sub-committees and/or retain outside consultants to assist in analysis of matters relevant to the Policy and to investment decisions and monitoring.

Responsibilities of the Chief Executive Officer/Office-in-Charge and his or her team shall include the monitoring and reporting on the investments made by the MIC and provide relevant reports with such reports to be reviewed by an external auditor, at least annually.

The MIC shall produce annual financial statements to be independently audited by a certified auditor.

The MIC shall provide a copy of this Policy to each firm retained to provide investment and/or advisory services to it (if any), and each such firm shall acknowledge in writing receipt of the document and acceptance of its content.

C. Investment Objectives

The investment objectives and parameters of the MIC are, amongst others, to –

1. Assist systemically large, important and viable corporations or companies incorporated in Mauritius (having a minimum annual turnover of Rs100 million) which are financially distressed as result of the Covid-19 pandemic;
2. Support and accelerate the economic development of Mauritius and build a savings base for the citizens of Mauritius, by inter alia-
    i. Investing in companies geared towards building self-sufficiency in key basic necessities;
    ii. Investing in companies enhancing Mauritius as an innovation-driven economy;
3. Invest the assets under its management to secure key basic necessities and support higher long-term growth.

In the pursuit of its investment objective, the MIC will initially establish three portfolios, namely:

a) A Portfolio to invest in systemically important corporations or companies in order to financially redress them;
b) A Future Generations Portfolio to invest in foreign assets; and
c) An Infrastructure Portfolio to invest in the development of critical infrastructure of the country.

D. Investment Criteria and Investment Performance Assessment

In accordance with its investment objectives, the selection criteria and performance assessment of the investments undertaken by the MIC shall include;

In relation to the Special Assistance Portfolio, the ability of the investment:

a) to ensure that domestic systemic economic operators are kept afloat and avoid systemic defaults;
b) to preserve a maximum of employment;
c) to preserve the capital deployed; and
d) lastly, to generate a positive, real rate of return on its investments.

In relation to the Future Generations Portfolio, the ability of the investment:

a) to build a savings base for the citizens of Mauritius;
b) to enhance Mauritius as an innovation-driven economy;
c) to grow the capital deployed; and
d) lastly, to generate a positive, real rate of return on its investments.

In relation to the Infrastructure Portfolio, the ability of the investment:

a) to support and accelerate the economic development of Mauritius;
b) to be geared towards building self-sufficiency in key necessities;
c) to grow the capital deployed; and
d) lastly, to generate a positive, real rate of return on its investments.

For each investment opportunity that MIC engages, the developmental impact must be clear and evidenced. MIC's input must be beyond what is available, or that is otherwise absent from the market. MIC's development impact may be achieved through one or more of the following:

a) financing that it not provided by the market;
b) risk mitigation and/or risk sharing;
c) better development outcomes; and
d) environmental, social and governance standards.

The development impact of its investments is an important aspect of determining MIC's value-added in a private sector operation and MIC should always seek to provide financial and/or non-financial development impact.

E. Eligible investment instruments

In the pursuit of its investment objectives, MIC should have a range of financial instruments at its disposal. The instruments in which MIC may directly or indirectly participate will include the following:

a) equity and quasi-equity instruments (including partnership interests, ordinary shares, preference shares, debentures, income notes, redeemable preference shares, listed or unlisted securities, underwriting of share issues by public or privately owned enterprises, subordinated loan notes and financing the transfer of shares in existing enterprises);
b) debt instruments (including senior, subordinated, mezzanine, secured, unsecured, convertible, bonds and debentures); and
c) such other instruments as to enable MIC to achieve its objectives as set out in this Investment Policy.

The terms and conditions of any investment will be subject to MIC's assessment of the risks, the prospective returns associated with, and the financial and ownership structure of, the relevant investment and will be discussed and agreed with the relevant counterparty.

It is further acknowledged that when MIC commits its capital to investments, the terms and conditions of investments in investee businesses will be subject to assessment, discussion and agreement by the Board, upon consultation with the IC, the Chief Executive Officer/Office-in-Charge and his or her team and the external advisors, if any.

F. Investment Constraints

In line with its investment objectives, MIC has a long-term investment horizon. Accordingly, short-term investment performance shortfalls are not necessarily of critical interest unless they suggest failures in strategy execution not in line with the MIC investment policy.

Without prejudice to such liquidity policy as shall be in force from time to time, MIC will not be restricted as to the proportion of its assets which may be retained in cash, cash equivalents or in other short-term financial instruments in circumstances where MIC considers this to be in its best interests.

G. Risk Management

In managing its portfolios, the MIC shall ensure that its portfolios remain appropriately diversified against risk and will drive the management of environmental and social risks, corporate governance and integrity in its investments.

Post investment, the appropriate monitoring and due diligence will be carried out by the Chief Executive Officer/Office-in-Charge and his or her team and report back to the Board, on a regular basis.

H. Responsible Investing

MIC believes it should invest in a responsible manner, considering environmental and social ("E&S") and governance (including business integrity) ("ESG") matters. Effective management of these matters reduces risks to workers, the environment, local communities and other stakeholders, and implementation of good ESG practices is increasingly associated with a wide range of business benefits including access to markets, reduced staff turnover, cost efficiencies in production and enhanced stakeholder relations.

I. Review of and changes to the Investment Policy Statement

The Board shall undertake a review of the IPS in light of prevailing circumstances as and when such circumstances dictate, but no less than once a year. Opportunity should be given to propose changes or consider changes proposed by the Investment Committee and/or the Chief Executive Officer/Office-in-Charge and his or her team.

Except as otherwise provided herein, this Investment Policy will not be altered, modified or replaced without the prior approval of the Board. Save to the extent expressly provided to the contrary in this Investment Policy, this Investment Policy will supersede and replace all prior investment policies of MIC with effect from the date it is approved by the Board.

J. Board Approval

This Policy has been approved by the Board on 6 August 2020.