

CODE OF CORPORATE GOVERNANCE



FINANCIAL SERVICES AUTHORITY

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INTERPRETATION

In this Code:

“Authority” means the Financial Services Authority.

“accountability” means the obligation and responsibility to give an explanation or justification for the company’s action and conduct. Such reflects the extent to which a company is transparent in its activities and responsive to the stakeholders it serves.

“accounting standards” means the written policy documents issued by the accounting governing bodies covering the aspects of recognition, measurement, treatment, presentation, and disclosure of accounting transactions in financial statements.

“accounting governing bodies” means the international setting bodies that have been delegated the responsibility for setting the Generally Accepted Accounting Principles (“GAAP”).

“board of directors” means the collective group of appointed directors having the power to act on behalf of the licensee.

“competence” means the ability of an individual to perform their role, in relation to the activity, with the required consideration being had to specific experience, academic or professional qualifications that are relevant for the role.

“director” means an individual that:

- (a) is appointed in relation to a company incorporated under the Companies Act, 1972;
- (b) is appointed in relation to a company incorporated under the International Business Companies Act 2016 for the purpose of the licensee in question.

“publicly disclosed” means the process of making the facts or information known which will ensure active and transparent communication that is complete, fair, accurate, timely, comprehensible and equally accessible by all stakeholders, including the shareholders, investors, employee and customers.

“independence” means to avoid being unduly influenced by a vested interest and to being free from any constraints that would prevent a correct course of action being taken. It is the ability to stand apart from influences and to be free of managerial capture, to be able to make the correct and unbiased decision on a given issue.

“integrity” means the soundness of moral character of the individual which establishes trust and thus provides the basis for reliance on their judgement. Integrity is demonstrated through an individual’s behavior and business conduct and evidence regarding their character.

“licensee” means a company or an individual holding a licence under the regulatory legislations under Schedule 1 of the FSA Act.

“regulated entities” means any entity regulated under the Financial Services Legislations under Schedule 1 of the FSA Act.

“shareholder” means any person, company, or other institution that owns at least one share in a company.

“stakeholder” means any group or individual who can affect or be affected by the achievement of an organization’s objectives.

1. INTRODUCTION

- 1.1 Corporate Governance refers to the procedures and processes according to which organisations are directed and controlled. The Corporate Governance structure specifies the distribution of rights and responsibilities among the different participants in an organisation, such as the board of directors, management, shareholders and other stakeholders, as well as lay down and rules and procedures to ensure appropriate and transparent decision-making.
- 1.2 It is primarily the legal responsibility of the Board of Directors of every company to provide strategic direction, exercise oversight over management and report to shareholders, whilst the role of the latter in the corporate governance system is to appoint the directors (and the auditors where required) and to satisfy themselves that an appropriate governance structure is in place.
- 1.3 In light of the above, as part of the Financial Services Authority's mandate to develop, formulate and enforce supervisory standards for the conduct of the non-bank financial services industry in Seychelles, the Code of Corporate Governance is being issued in order to provide a framework for regulated entities to apply international best practices of corporate governance, with the ultimate aim of encouraging all regulated entities to have in place credible and transparent corporate governance systems.

2. RATIONALE FOR A CODE OF CORPORATE GOVERNANCE

A good Corporate Governance system helps to build an environment of trust, transparency and accountability which is necessary for fostering long-term investment, financial stability and business integrity, thereby supporting long term corporate success and economic growth.

3. SCOPE AND APPLICATION

- 3.1. This Code is issued by the Financial Services Authority ("the Authority") in accordance with Section 33 of the Financial Services Authority Act.
- 3.2. This Code shall be applicable to licensees under the –
 - (a) International Corporate Service Providers Act;
 - (b) Securities Act, except for a representative of a securities dealer and representative of an investment advisor;

- (c) Mutual Fund and Hedge Fund Act, training and awareness sessions for relevant personnel and stakeholders on any new legislation or on any matters of mutual interest except for a legal person granted a fund licence;
- (d) Virtual Asset Services Providers Act;
- (e) Seychelles Gambling Act; and
- (f) Insurance Act.

3.3. The principles and supporting provisions contained herein shall be applicable on an 'apply or explain an alternative' basis. The aim of this approach is to offer a degree of flexibility when applying the Code, taking into account that individual situations and circumstances may vary across different types of entities, as well as having consideration for simple and more complex structures. As such, regulated entities should as far as possible, endeavour to implement these principles where reasonably practicable, and where a feasibility issue arises, provide the necessary explanation and proposed alternative.

3.4. This Code is issued by the Authority in accordance with section 33(1) of the FSA Act. This Code has the force of law and must be adhered to by all licensees. Failure to comply constitutes the commission of an offence under section 33 (5) of the FSA Act. Therefore, where it deems it necessary, the Authority may take relevant enforcement action against licensees, its directors and/or officers for failure to comply with this Code.

4. CORPORATE GOVERNANCE PRINCIPLES

PRINCIPLE 1: BOARD ROLE AND RESPONSIBILITIES

The board should promote the long-term interests of the company by acting on an informed basis with good faith for the benefit of shareholders, while having regard to relevant stakeholders.

PRINCIPLE 2: INDEPENDENCE

Leadership requires clarity and balance between the board and the executive. Such would enhance the integrity and independent decision-making process to protect the interests of shareholders and relevant stakeholders in promoting the long-term success of the company.

PRINCIPLE 3: COMPOSITION AND APPOINTMENT

The board should comprise a sufficient mix of directors with relevant knowledge, independence, competence, industry experience and diversity of perspectives to generate effective challenges,

discussions and objective decision-making in alignment with the company's purpose, long-term strategy and relevant stakeholders.

PRINCIPLE 4: CORPORATE CULTURE

The board should instill and demonstrate a culture of high standards of business ethics and integrity aligned with the company's purpose and values at board level and throughout the workforce.

PRINCIPLE 5: REMUNERATION

Remuneration should be designed to equitably and effectively align the interests of the CEO, managers or heads of specific functions within the organisation, and officers with the company's strategy and purpose to help ensure long-term sustainable value preservation and creation. Aggregate remuneration should be appropriately balanced with the payment of dividends to shareholders and retention of capital for future investment and the level of quantum should be defensible relative to social considerations relating to inequality.

PRINCIPLE 6: RISK OVERSIGHT

The board should proactively oversee the assessment and disclosure of the company's key risks and approve the approach to risk management and internal controls regularly or with any significant business change and satisfy itself that the approach is functioning effectively.

PRINCIPLE 7: CORPORATE REPORTING

Boards should oversee timely and reliable company disclosures for shareholders and relevant stakeholders relating to the company's financial position, compliance framework, approach to sustainability, performance, business model, strategy, and long-term prospects.

PRINCIPLE 8: INTERNAL AND EXTERNAL AUDIT

The board should establish independent and effective internal and external audit procedures, to ensure the quality and integrity of corporate reporting.

PRINCIPLE 9: MANAGEMENT OF CONFLICT OF INTEREST

Companies should develop a conflict management system that prioritizes transparency, accountability, and investor protection, with the aim of promoting a competitive, well-regulated and safe industry.

5. GUIDANCE TO THE PRINCIPLES

PRINCIPLE 1: BOARD ROLE AND RESPONSIBILITIES

The board should promote the long-term best interests of the company by acting on an informed basis with good faith for the benefit of shareholders, while having regard to relevant stakeholders.

1.1 Responsibilities

The board is accountable to its shareholders and relevant stakeholders for preserving and enhancing sustainable value over the long-term, in alignment with a company's purpose and long-term strategy. In fulfilling their role effectively, board members are responsible for:

- (a) establishing a clear purpose to guide the management's approach to strategy, innovation and risk management;
- (b) engaging constructively with shareholders on governance and performance matters which should be aligned with the company's strategy;
- (c) instilling and demonstrating high standards of business ethics that echoes integrity throughout the company to engender a strong corporate culture and adhering to Seychelles laws and regulations;
- (d) accountability for the governance to ensure the integration of human capital (particularly the workforce) into the strategy of the company;
- (e) overseeing the company's risk management framework that affect sustainable value creation which its policies should be reviewed every 3 years, or with any significant business change;
- (f) identifying and managing conflicts of interest, such as those which may arise from the influence of significant shareholders and/or directors to ensure unbiased board decision-making;
- (g) overseeing the company's approach to capital allocation (particularly major capital expenditures, acquisitions and divestments) to demonstrate financial discipline around shareholder returns relative to cost of capital and long-term value creation;
- (h) overseeing the integrity of the company's disclosure and reporting systems, compliance with internationally accepted accounting standards, effectiveness of internal controls and internal audit, and the quality and independence of the external audit process;

- (i) ensuring a formal, fair and transparent process for the nomination and election of directors to the board aligned with the company's policy on diversity and inclusion.
- (j) appointing and, if necessary, removing the Chief Executive Officer ("CEO") or any other person holding an equivalent executive leading position, developing and regularly reviewing their succession plan (as well as for managers or head of specific functions within the organisation) and ensuring their remuneration is measured against performance criteria aligned with the long-term interests of the company;
- (k) Undertake relevant training in terms of their legal and regulatory duties; as well as engaging in relevant Continuing Professional Development to ensure that they continue to act within the required competency standards that are expected of a person in the role of director and/or board member;
- (l) ensuring that a clear and sufficient senior management structure is in place which has been entrusted to undertake and perform their duties effectively. Such delegation does not absolve the Board from overall responsibility for the sound governance of the company.
- (m) having adequate resources to fulfil its responsibilities efficiently and effectively under Seychelles laws and regulations
- (n) ensuring its directors effectively discharge their collective duty to be conversant with applicable legislation, regulation, policy, rules, instructions, guidance and codes of practice to an appropriate level to enable them to discharge such responsibilities.

1.2 Director's duties

Directors have a legal duty to act on an informed basis, with good faith, care and loyalty, to promote the best long-term interests of the company, to preserve, enhance value creation and to operate in accordance with all relevant legislation. This includes the ultimate responsibility for compliance function through which it approves and reviews the compliance policy and manual annually or as and when required.

1.3 Director's duties in company groups and subsidiaries

In the case of business groups, boards of the parent company should recognise the independence of any subsidiary company's board composition, governance structure, audit and reporting processes. While taking into account the interest of the parent company or business group as a material stakeholder; directors serving on boards of subsidiary companies, ultimately, owe their legal duties to the subsidiary as a separate legal entity which by extension would encapsulate the shareholders of the subsidiary.

1.4 Dialogue

The board, particularly the individual appointed to act in the capacity of the chairperson, board members and committee members (as applicable), should constructively engage with shareholders and relevant stakeholders for meaningful dialogue. This infers two-way communication between companies, shareholders, stakeholders and not a unilateral presentation from just one party. Such dialogue should encompass all matters of material relevance to a company's governance, strategy, innovation, risk management and performance as well as environmental and social policies and practices.

1.5 Commitment

The board should meet at minimum two times in a calendar year to discharge its duties and directors should commit adequate time to board meeting preparation and attendance. There should be a formal induction for all new board directors to ensure they have a comprehensive understanding of the company's purpose, business model and strategy as soon as possible after their appointment. The same should include an understanding of the licence holder's business, the regulatory environment whilst understanding their legal duties and regulatory responsibility's. Board members should be confident and effective in holding management to account and in contributing to board discussions and decisions.

1.6 Directorships

The number of board appointments an individual director holds should be carefully considered and reviewed on a regular basis. Additionally, the extent to which each director is capable of managing multiple directorships should be transparently disclosed. This consideration should reflect the nature of existing board commitments, whereby an individual should not hold a greater number of directorships than he/she can competently undertake.

Consideration should be made as to the individual's capacity to perform such tasks and to meet the responsibilities of their role effectively. This may include having adequate time to effectively discharge their function. When making such a determination, matters such as the size and type of business, complexity, risk profile, organisation structure, target market etc. will not be the same in any two organisations. The individual must not allow for the conduct of concurrent responsibilities to impair their ability to discharge the duties of the relevant function.

1.7 Committees

The board should establish committees, and delegate accordingly, to deliberate on issues such as audit, risk, finance and remuneration. Where the board chooses not to establish such committees, the board should disclose this and the procedures it employs to discharge its responsibilities

effectively in an independent manner in respect of the functions which would otherwise be discharged by the respective committees.

For many companies, committees may also be relevant for risk oversight, sustainability, and technology. The duties and membership of such committees should be fully disclosed and documented through terms of reference.

Where functions are delegated to persons, and/or following subsequent establishment of specific committee, the board should ensure appropriate segregation of functions, in so far as is practicable and ensure that appropriate records are maintained (minutes or recorded) with an established mechanism in place for the effective reporting regarding action undertaken under delegated powers. There should be proper records of any and all delegated powers must be maintained.

The board must understand that regardless of the delegation or assignment of duties to committees established by itself, the Board should clearly and comprehensively record the functions delegated with ultimate responsibility remain with same.

PRINCIPLE 2: INDEPENDENCE

Leadership requires clarity and balance between the board and executive. Such would enhance the integrity and independent decision-making process to protect the interests of shareholders and relevant stakeholders in promoting the long-term success of the company.

2.1 Leadership

There should be a clear division of responsibilities between the role of the chair of the board and the CEO to avoid unfettered powers of decision-making being vested in any one individual. This is particularly relevant in companies when either the chair or CEO are significant shareholders. Should the role of the chair and CEO be combined, the board should explain the reasons why this is in the best interests of the company at a point in which the role of a chair and the CEO is combined and keep the structure under review, as well as provide for the mechanism which would allow for the segregation of the respective functions.

2.2 Role of the Chair

The chair should lead the board and ensure its effectiveness while inspiring a shared commitment among directors to the company's purpose and long-term strategy. This includes encouraging a culture of openness to allow a range of views to be expressed and adequate time for discussion of all agenda items. The chair should set the meeting agenda, ensuring that board members have sufficient and timely information to constructively challenge and debate managerial proposals.

2.3 Election or Nomination

Directors should be elected by a majority vote of shareholders or nominated by shareholders or the board directors.

PRINCIPLE 3: COMPOSITION AND APPOINTMENT

The board should comprise a sufficient mix of directors with relevant knowledge, independence, competence, industry experience and diversity of perspectives to generate effective challenges, discussions and objective decision-making in alignment with the company's purpose, long-term strategy and relevant stakeholders.

3.1 Diversity and inclusion

The board should comprise of a genuinely diverse group of individuals to ensure effective and inclusive decision-making in alignment with the company's purpose and taking into consideration the interests of relevant stakeholders. This includes individuals from different genders, age, ethnicities, nationalities, social and economic origins, professional skills and personal attributes. Ideally, but not limited from the financial services sector.

3.2 Evaluation

Board evaluation should be conducted every three years or at the end of the company's strategic plan period through a self-assessment mechanism to review its composition whether it is in alignment with the company's long-term strategy, succession planning and policy on diversity, equity and inclusion. The board should undertake a rigorous review of its performance (as a collective body), the company secretary (where such a position exists), the board secretary, and the board's committees.

3.3 Appointments

There should be a formal approach to the appointment of board directors based on relevant and objective selection criteria, to ensure appropriate board independence to align with the company's purpose, long-term strategy, succession planning and policy on diversity and inclusion.

3.4 Shareholder nominated directors

The board should ensure that shareholders are able to nominate candidates with relevant knowledge, independence, competence, industry experience for board appointments, subject to an appropriate threshold of share ownership.

PRINCIPLE 4: CORPORATE CULTURE

The board should instill and demonstrate a culture of high standards of business ethics and integrity aligned with the company's purpose and values at board level and throughout the workforce.

4.1 Anti-corruption

The board should ensure that management has implemented appropriately stringent policies and procedures to mitigate the risk of bribery and corruption or other malfeasance. In drafting the policies, the board should take into consideration global reform efforts in response to identified sources of system failures and inability to effectively mitigate the full spectrum of company risks associated with corruption.

4.2 Whistleblowing

The board should ensure that the company has in place an independent and confidential mechanism whereby an employee or shareholder can (without fear of retribution) raise issues of particular concern with regard to potential or suspected breaches of a company's code of ethics or Seychelles law.

4.3 Political lobbying

The board should have a policy on political engagement, covering lobbying and donations to political causes or candidates to the extent permitted by Seychelles law, and ensure that the benefits and risks of the approach taken are understood, monitored, recorded, transparent and regularly reviewed.

4.4 Behaviour and conduct

The board should foster a corporate culture which ensures that management, the staff, and the board itself, act with integrity and understand their responsibility for appropriate behaviour and ethical conduct, duly facilitated through training.

4.5 Workforce safety

The board should ensure transparent reporting and disclosure of how a company identifies, prevents and mitigates workforce safety risks, particularly in terms of the risk assessment process, policies and procedures.

PRINCIPLE 5: REMUNERATION

Remuneration should be designed to equitably and effectively align the interests of the CEO, managers or head of specific functions within the organisation, and officers with the company's strategy and purpose to help ensure long-term sustainable value preservation and creation. Aggregate remuneration should be appropriately balanced with the payment of dividends to shareholders and retention of capital for future investment and the level of quantum should be defensible relative to social considerations relating to inequality.

5.1 Level

The board is responsible for ensuring that board remuneration is reasonable and equitable in both structure and quantum, and is determined within the context of the company's values, internal reward structures and competitive drivers while being sensitive to the expectations of shareholders and stakeholders.

5.2 Structure

Remuneration should be structured in a simple manner that is aligned with the company's purpose and long-term strategy. Salary levels should be balanced appropriately with the level of benefits such as bonuses. The awarding of benefits should be consistent across the company.

5.3 Performance measures

Performance measures in incentive-based plans should integrate risk considerations so that there are no rewards for taking inappropriate risks at the expense of the company. The system should be rigorous and measured over timescales, and with methodologies, which help ensure that performance pay is directly correlated with sustained value creation in line with the company's strategy.

5.4 Remuneration Committee

The board should establish a Remuneration Committee comprised wholly of its directors. The terms of reference of the Remuneration Committee should include:

- (a) determining and recommending to the board the company's remuneration policy which should take into account pay and employment conditions within the context of the company;
- (b) designing, implementing, monitoring and evaluating short-term and long-term share-based incentives and other benefits schemes including pension arrangements if applicable;

- (c) considering sustainable capital allocation in developing remuneration structures through the use of metrics which take account of shareholder and relevant stakeholder interests; and
- (d) maintaining appropriate communication with shareholders on the subject of remuneration either directly or via the board.

5.5 Annual remuneration

The Remuneration Committee should make careful judgement on the awarding of annual remuneration for the CEO, managers or head of specific functions within the organisation, and staff. Any significant changes should be explained to shareholders, accompanied by a compelling rationale.

In the absence of a Remuneration Committee, the licensee shall prepare and submit a report to the authority outlining any significant changes as explained above. This report should detail the responsibilities typically undertaken by a Remuneration Committee as described above.

PRINCIPLE 6: RISK OVERSIGHT

The board should proactively oversee the assessment and disclosure of the company's key risks and approve the approach to risk management and internal controls regularly or with any significant business change and satisfy itself that the approach is functioning effectively.

6.1 Proactive assessment

Strategy and risk are inseparable and should form part of all board discussions. The board should annually assess the company's key risks, the potential probability and impacts of such risks, and its mitigating actions and procedures. There should be robust and effective risk management and internal control systems which should address all key risks identified and foreseen.

6.2 Comprehensive approach

The board should comprehensively assess and monitor its risks from an enterprise-wide standpoint, inclusive of potential threats to the company's business model, cyber-security, performance, solvency, liquidity and reputation. Risk oversight should extend beyond financial and/or capital to include human capital and technology, compliance and regulatory and in particular, systemic risks identified in the United Nations Sustainable Development Goals, where these are relevant to the company's business model and strategy.

6.3 Risk culture

The board should lead by example and foster an effective risk culture that encourages openness and constructive challenge of judgements and assumptions. This entails recognising the nature of the wide spectrum of risks a company may face classified by frequency, severity (e.g., low, medium, high) and a recognition of the human element in risk. The company's culture regarding risk and the process by which issues are escalated and de-escalated within the company should be evaluated periodically.

6.4 Dynamic process

The board should ensure that risk is appropriately reflected in the company's strategy. Risk should be managed in a rational and forward-looking. This process of managing risks should be continual and include consideration of a range of plausible impacts.

6.5 Risk committee

While ultimate responsibility for a company's risk management approach rests with the board as a single unit, having a risk committee at board level can be an effective mechanism to bring the transparency, focus and independent judgement needed to oversee the company's approach to risk management and internal controls. The risk committee, compliance officer and the board, should generally be informed of the company's enterprise-wide internal control and risk management system.

6.6 Contingency planning

The Board should have in place properly constructed business continuity and contingency plans to safeguard against disruption of the company's operations and services, in order to mitigate any risks. It is recommended that the Board review these plans, at least, annually.

PRINCIPLE 7: CORPORATE REPORTING

Boards should oversee timely and reliable company disclosures for shareholders and relevant stakeholders relating to the company's financial position, approach to sustainability, performance, business model, strategy, and long-term prospects.

7.1 Materiality

The board should approve and disclose material information or other price sensitive information on a timely basis in the annual report or other public record as required by regulation for shareholders

and relevant stakeholders to assess the company's position, performance, business model, strategy, and long-term prospects.

7.2 Financial reports

The board should affirm that the company's annual report and accounts present a true and fair view of the company's position and long-term prospects. Taking account of statutory and regulatory obligations, the information provided in the annual report and accounts should at a minimum:

- (a) be relevant to investment decisions, enabling shareholders to evaluate risks, past and present performance, and to draw inferences regarding future performance;
- (b) enable shareholders to fulfil their fiduciary duties to preserve and enhance the value on the company's position, performance and long-term prospects;
- (c) be neutral and report activities in a fair and unbiased way. In cases of uncertainty the report should ensure that assets and income are not overstated, and liabilities and expenses are not understated. There should be substance over form;
- (d) be presented in a way that enables comparisons to be drawn of the entity's performance over time; and
- (e) as accounting standards evolve to include such update within the financial report and related audits.

7.3 Human capital management

Boards should oversee a company's approach to human capital management as part of a long-term strategy for value creation. This relates to talent management, succession planning, workforce retention and training in line with the company's diversity, equity and inclusion policy and complying with legal requirements, e.g. workforce health and safety and human rights.

PRINCIPLE 8: INTERNAL AND EXTERNAL AUDIT

The board should establish independent and effective internal and external audit procedures, to ensure the quality and integrity of corporate reporting.

8.1 Internal audit

The board should oversee the establishment and maintenance of an effective system of internal control to properly manage risk, assets and capital which should be measured against internationally

accepted standards of internal audit and tested annually for its adequacy. Companies should have a dedicated internal audit function with clearly defined oversight and reporting structures. Where such a function has not been established, full reasons for this should be disclosed to the regulator, as well as an explanation of how adequate assurance of the effectiveness of the system of internal audit controls are being implemented.

8.2 External audit

The board should establish formal procedures to ensure an effective and independent external audit of the company's financial statements to provide assurance to shareholders and relevant stakeholders around a company's financial position, performance and prospects. The external auditor's direct reporting relationship and accountability should be to the independent audit committee or in absence of same, the board as a collective.

Furthermore, auditors should be independent from companies and should be neutral in their audits rather than acting in the best interest of the companies. For instance, it is important to take into account third parties having control or interest in the company, although a small percentage, as a substantial amount of success or profit for the company, would mean a large gain for minimal shareholders. As such, independence and neutrality should be a priority when considering auditors as well as when procedures are being established.

8.3 Audit Committee

The board should establish an audit committee comprised entirely of its directors. At least one member of the audit committee should have recent and relevant financial expertise (as determined by the board in accordance with applicable rules) and all audit committee members should be financially literate, including a basic understanding of accounting. Audit committees should also have a clear understanding of how sustainability factors can impact the company's financial statements. The committee should understand the company's critical accounting policies and why they were chosen, what key judgments and estimates management made in preparing the financial statements, and how they affect the reported financial results. The committee should be satisfied that the financial statements and other disclosures prepared by management present the company's financial condition and results of operations accurately and are understandable. The roles of the committee shall be:

- (a) monitoring the integrity of the accounts, financial statements and any formal announcements relating to the company's financial performance, and reviewing significant financial reporting judgements contained in them;
- (b) maintaining oversight of key accounting policies and judgements in accordance with generally accepted international accounting standards, and disclosing such policies in the notes to the company's accounts;

- (c) reviewing the effectiveness of the company's risk management approach and system of internal controls, and the internal audit function;
- (d) agreeing the minimum scope of the audit as prescribed by applicable Seychelles law and any further assurance that the company needs;
- (e) annually assessing the quality and effectiveness of the audit (including the use of audit quality indicators) and ensuring independence of the external auditor including in relation to the provision of non-audit services and related fees;
- (f) recommending the appointment, reappointment and, if necessary, the removal of the external auditor, as well as the approving audit fees. Any non-audit fees should normally be less than the audit fee and, if not, there should be a clear explanation as to why it was necessary for the auditor to provide these services and how the independence and objectivity of the audit was assured;
- (g) approving the terms of reference for the audit engagement and ensuring that contracts do not contain specific limits to external auditor liability to the company for consequential damages or require the company to use alternative dispute resolution;
- (h) engaging with the external auditor without management present to discuss any risks or other concerns that were significant to the audit process, including any significant questions or disputes regarding accounting practices or internal controls;
- (i) overseeing the interaction between management and the external auditor, including reviewing the management letter provided by the external auditors and overseeing management's response; and
- (j) reporting on the committee work in the annual report and engaging with shareholders

8.4 Audit Committee report

The board should explain the work of the Audit Committee in the annual report and engage with shareholders either directly or via the board on any significant issues arising from the audit, relating to the financial statements and how they were addressed. This report should, more generally, inform shareholders of the effectiveness of the audit process including audit tender, auditor tenure, independence, fees, and the provision of any non-audit services.

8.5 External auditor report

The board should publish a summary of the findings from the external auditor in the annual report which should provide an independent and objective opinion whether the accounts give a true and fair view of the company's financial position and prospects.

8.6 Shareholder approval

The board should recommend the appointment, reappointment and remuneration of the external auditor to shareholders for annual approval.

8.7 Auditor resignation

If the auditor resigns, a notice of such resignation should be disclosed to the Authority following a board resolution formally accepting the resignation. The resolution should also indicate, where applicable, the appointment of a replacement auditor or disclose whether there is an intention to replace the auditor or leave the position vacant

PRINCIPLE 9: MANAGEMENT OF CONFLICT OF INTEREST

Board of companies should ensure that there is a conflict management system that prioritizes transparency, and accountability.

9.1 Clearly defined roles and segregation of duties

The board of companies should ensure that each individual's roles and responsibilities are clearly defined to minimize overlaps that could lead to conflicts. The scope of their responsibilities in the company should be structured through proper job descriptions or contract of employment to limit conflicts, such as focusing on different functions in each role in order to reduce bias and act in the company's best interest.

9.2 Regular audits and reviews

Companies should conduct regular audits and reviews of their conflict management practices. These should focus on identifying potential conflicts and evaluate the effectiveness of management strategies. Thus, should there be any updates to the conflict of interest policy of companies, same should be informed and provided to the FSA.

9.3 Mandatory disclosure requirements

Companies should introduce clear and simple disclosures of any potential conflicts that may arise in the business operations, inclusive of the internal structure as well as conflicts which may impact clients. Furthermore, companies should ensure that investors have sufficient information to evaluate the risks associated with the business activity.

9.4 Training

Companies should undertake continuous training on conflict of interest aspects in order to stay informed on regulatory expectations and remain compliant with ethical standards.

6. DISCLOSURE FORM

Attached with this code as annex 1, is a disclosure form which licensees are required to complete in order to be compliant with the principles of this Code.

The form should be submitted by 31st December every year.

7. EFFECTIVE DATE

The effective date of this code is 1st January 2026.

ANNEX 1

Instructions for Completing the Disclosure Form

- Licensees are advised to refer to the **Code of Corporate Governance** when completing the form.
- The form should be completed in English and the answers to **ALL** questions should be **TYPED** or written in **INK** and in **BLOCK LETTERS**. Any documents submitted in any other languages are required to have a certified English translation appended.
- No question should be left unanswered. Where the Licensee believes that a question does not apply, the Licensee should write “**Not Applicable**” or “**N/A**”.
- If there is insufficient space to answer a question, additional information may be provided on an attachment page and identify the continuation of an answer by stating the question number.
- Please ensure that full particulars requested are properly numbered and is relevant to the question asked.
- The declaration on this form must be signed by a duly authorised person.
- If there are any changes in the information furnished in the form prior to the completion of the review of this form, the Authority should be notified immediately.
- The Authority reserves the right to enquire further information or documentation from the applicant.

Section 1: Company Information		
Company Name		
Company Address		
Contact Person		
Designation		
Telephone Number		
Email Address		
Section 2: Compliance with Governance Requirements		
Requirements	Compliant	Explain Alternative (if non-compliant)
Principle 1: Board Responsibilities		
<i>1.7 Committees:</i> The board should establish committees, and delegate accordingly, to deliberate on issues such as audit, risk, finance and remuneration.	Yes ☐ No ☐	
Principle 2: Independence		
<i>2.1 Leadership</i> Should the role of the chair and CEO be combined, the board should explain the reasons why this is in the best interests of the company in the annual report and keep the structure under review, as well as provide for the mechanism which would allow for the segregation of the respective functions. The information can be included in the compliance annual report.	Yes ☐ No ☐	

Principle 3: Composition and Appointment		
3.2 Evaluation The review should be conducted every three years or at the end of the company's strategic plan period and submitted to the Authority. It can be covered under the annual compliance officer report.	Yes ☐ No ☐	
Principle 5: Remuneration		
5.4 Remuneration Committee The board should establish a Remuneration Committee comprised wholly of its directors.	Yes ☐ No ☐	
Principle 6: Risk Oversight		
6.1 Proactive Assessment The board should annually assess the company's key risks, the potential probability and impacts of such risks, and its mitigating actions and procedures. The board should submit the above annually to the Authority as part of the Institutional Risk Assessment.	Yes ☐ No ☐	
6.5 Risk Committee A risk committee should be established at board level.	Yes ☐ No ☐	
6.6 Contingency Planning The board should have in place properly constructed business continuity and contingency plans to safeguard against disruption of the company's operations and	Yes ☐ No ☐	

services, in order to mitigate any risks.		
Principle 7: Corporate Reporting		
7.2 Financial reports The board should affirm that the company's annual report and accounts present a true and fair view of the company's position and long-term prospects.	Yes ☐ No ☐	
Principle 8: Internal and External Audit		
8.1 Internal Audit The board should oversee the establishment and maintenance of an effective system of internal control. Companies should have a dedicated internal audit function with clearly defined oversight and reporting structures.	Yes ☐ No ☐	
8.2 External Audit The board should establish formal procedures to ensure an effective and independent external audit of the company's financial statements to provide assurance to shareholders and relevant stakeholders around a company's financial position, performance and prospects.	Yes ☐ No ☐	
8.3 Audit Committee The board should establish an audit committee comprised entirely of its directors.	Yes ☐ No ☐	
8.4 Audit Committee Report The board should explain the work of the Audit Committee in the annual report and engage with shareholders either directly or via the board on any significant issues arising from the audit relating to the financial statements and how they were addressed.	Yes ☐ No ☐	

<i>8.5 External Auditor Report</i> The board should publish a summary of the findings from the external auditor in the annual report.	Yes ☐ No ☐	
Principle 9: Management of conflict of interest		
<i>9.1 Proactive assessment and reviews</i> The board should annually assess the company's current and/or potential conflict of interests, the potential probability of same, the impacts of such conflicts and its mitigating actions and procedures. The board should review any manuals and procedures and submit any updates to the Authority as part of its ongoing monitoring of conflict of interest.	Yes ☐ No ☐	

DECLARATION

I have been duly authorised by the licensee to fill this form on its behalf.

I declare that the information contained in this form is true, complete and accurate to the best of my knowledge, information and belief and that, if any of the information contained in or appended to this application is discovered to be false, I may be liable to prosecution.

The licensee agrees:

- to furnish any further information that the Authority may require when reviewing this form,
- to notify the Authority immediately of any material changes in the information provided in this application within 7 days, and
- that any person named within this form is authorised to release any information requested by the Authority.

Dated this _____ day of _____

Signature: _____

Name: _____