



BOARD CHARTER

20 April 2023

v.8

ABC Banking Corporation Ltd— WEAL House, Duke of Edinburg Avenue, Place D'Armes, Port Louis 11328, Mauritius

Executive Summary

The Board of Directors Charter (the “Charter”) sets out the objectives, roles and responsibilities, and composition of the Board of directors (the “Board”) of ABC Banking Corporation Ltd (the “bank”). The Charter has been prepared in line with the provisions of the Companies Act 2001, the Banking Act 2004, the Guidelines issued by the Bank of Mauritius (the “BOM”), the National Code of Corporate Governance (the “Code”), the bank’s Constitution and such other applicable legislations and regulations of Mauritius. Therefore, the Charter must be read in conjunction with the above documents.

This Charter is posted on the Bank’s website.

CONTENTS

Executive Summary	2
1.0 Objectives	5
2.0 Board Composition	5
Composition	5
Qualifications	5
Appointment and Tenure	5
Leadership	6
3.0 Role and Responsibilities of the Board	7
4.0 Board Committees	9
5.0 Board Governance	10
Leadership and Senior Governance Positions	10
Board Performance, Review & Evaluation	10
6.0 Conflict of interest	12
7.0 Other Provisions	13
Annex A – Director’s Appointment Process	14
Annex B – Terms of Reference of the Board Credit Committee	15
Annex C – Terms of Reference of the Business Strategy Committee	16
Annex D – Terms of Reference of the Audit Committee	17
Annex E – Terms of Reference of the Risk Management Committee	21
Annex F – Terms of Reference of the Conduct Review Committee	24

Annex G – Terms of Reference of the Corporate Governance Committee	26
Annex H – Terms of Reference of the Nomination and Remuneration Committee	27

1.0 Objectives

The objective of the Board includes responsibilities for entrepreneurial leadership, risk management, strategy, and securing the necessary financial and human resources. The board is also expected to set the company's values and standards, and ensure it meets its obligations to shareholders and others.

2.0 Board Composition

Composition

The Board of the bank shall, in accordance with its Constitution, be composed of at least 6 members and should not exceed 10 members. The Board shall also be a unitary Board and shall comprise of a right mix of executive and non-executive directors, with a majority of independent non-executive directors.

Qualifications

The Board Members must be fully qualified and experienced individuals in their respective fields, who, collectively, shall bring to the Board the necessary balance of expertise, skills, and adequate knowledge of its business, including the structure and strengths of the banking industry, as well as the legal requirements impinging on the industry.

The Board Members shall also share the values of the bank, namely those of Respect and Integrity, Creativity and Innovation, Customer Care and Passion.

Appointment and Tenure

Directors will be nominated subject to them meeting the criteria set by the bank, in accordance with provisions of the Bank of Mauritius guidelines and the Code.

The nomination process is set out as per Annex A of the Charter.

As per the BOM Guideline on Corporate Governance, the tenure of any one director, except executive directors, shall be limited to a maximum of 6 years. An outgoing director may, with the prior approval of the BOM, be reappointed as director of the bank after having observed a cooling period of two years. However, the BOM may, where it deems it fit, approve the reappointment of those directors who have not observed the cooling period.

Pursuant to the Companies Act 2001, no person shall be appointed or hold the office as director of the bank if he/she:

1. Is under 18 years of age;
2. Subject to Section 138(4) to (7) of The Companies Act 2001, (i.e., subject to annual re-election at the Annual Meeting of Shareholders) is over 70 years of age;

3. Is an undischarged bankrupt;
4. Is, but for the repeal of Section 117 of the Companies Act 1984, prohibited from being a director or promoter of, or being concerned or taking part in the management of a company within the meaning of that Act;
5. Is prohibited from being a director or promoter of or being concerned or taking part in the management of a company under Section 337 or 338 of The Companies Act 2001, which are in relation to persons prohibited from managing company and those disqualified as a director by the Court, respectively;
6. Is not a natural person;
7. Has been adjudged to be of unsound mind; and
8. By virtue of the Constitution, does not comply with any qualifications for directors.

Leadership

The Board shall be headed by a Chairperson who shall be a non-executive director.

The functions of the Chief Executive Officer as mentioned in the Banking Act 2004 and other applicable BOM Guidelines shall be carried out by the Managing Director, who shall be a member of the Board.

Under no circumstances shall the Managing Director also act as Chairperson of the Board.

3.0 Role and Responsibilities of the Board

As appointed agents of the shareholders, the Board shall have the primary responsibility of managing the affairs of the bank whilst upholding the interests of the former. In doing so, the Board shall foster a culture of Corporate Governance excellence and provide leadership and strategic guidance to enable the bank to attain its strategic objectives.

In line with the provisions of the BOM Guideline on Corporate Governance, the Board shall have the following roles and responsibilities:

Strategic

- a) To establish the bank's vision, mission and values
- b) To approve the institution's corporate plan covering short term and long-term business objectives, strategy together with appropriate policies to execute the strategy, including those relating to risk management, capital adequacy, liquidity, risk appetite, compliance, internal controls, communication policy, director selection, and orientation and evaluation;
- c) To require management to review periodically the effectiveness of the established corporate plan and report results to the Board;
- d) To appoint and monitor senior management, question and scrutinise its performance in the achievement of corporate objectives;
- e) To question, scrutinise and monitor the performance of Board sub-committees, and individual directors; and
- f) To ensure that its members participate in induction programs and have access to ongoing training on relevant issues, which may involve internal or external resources.

Risk Management and Internal Control

- a) To ensure that policies and systems in place are effective to achieve a prudential balance between risks and returns to shareholders;
- b) To ensure that the institution has implemented effective systems and practices to achieve compliance with legal requirements, including regulations and guidelines issued by the Bank of Mauritius; and
- c) To require management to review and assess periodically the efficiency and effectiveness of policies, systems and controls and report to the Board.

To ensure implementation of appropriate policies and frameworks so that the bank complies with the provisions of the BOM Guideline on Climate-related and Environmental Financial Risk Management

Supervision of Management

- a) Be responsible for the appointment of the Managing Director, the Executive Director and other senior officers, and assessing periodically their performance in the context of established corporate objectives and plans;
- b) To approve the organisation structure of the institution, and its staff compensation policies;
- c) To ensure that there is a clear demarcation of duties and responsibilities between the Board and management in order to implement an effective accountability regime. The Board should be independent of management, holding periodically Board meetings where management officials are not present.
- d) To set out the criteria for measuring the Managing Director's performance in achieving the approved corporate objectives. Such performance review shall be conducted annually. The Managing Director is responsible for implementing a performance and accountability regime for senior management personnel. The Board shall periodically assess the Managing Director's effectiveness in achieving approved corporate objectives and risk appetite framework;
- e) To implement a remuneration and incentive system to stimulate staff motivation to achieve the corporate objectives; and
- f) To ensure that there is an adequate succession plan in place for senior management and other key positions.

Financial Management

- a) To approve the capital and operating budgets of the institution, capital adequacy assessment process, capital and liquidity plans; and
- b) To ensure the efficient use of capital.

Related Party Transactions

- a) To review and approve the Policy on Related Party Transactions periodically at intervals not exceeding one year.
- b) To require the senior management to establish policies, systems and procedures to among others comply with the policy on related party transactions and requirements of the Guideline on Related Party Transactions.

Conflicts of interest

- a) To protect the interests of the bank, and to ensure that the decisions of the controlling shareholders are not detrimental to the sound and prudent management of the financial institution, its financial health and the legal interests of its stakeholders.
- b) To implement policies and procedures to identify conflict of interest situations and steps to redress such situations.

- c) To ensure that a suitable framework is in place to avoid any actual or perceived conflict of interest by board members and the staff approving/monitoring the related party transactions. The framework shall encompass a clearly defined approval process and a policy on conduct, ethics and gifts/entertainment among others.

4.0 Board Committees

Given the extensive duties and responsibilities of the Board required by the relevant legislations and regulations, the Board shall establish such committees as may be required at Board and Management levels as a mechanism for assisting the Board and its directors in the effective and efficient discharge of their duties through a more comprehensive evaluation of specific issues, followed by well-considered recommendations to the Board. However, the delegation of authority to Board committees or management does not in any way absolve the Board of its duties and responsibilities. Board committees should be transparent to the Board and practice full disclosure but avoid wasting the Board's time by repeating committee deliberations.

The Board has established the following committees to which it has delegated some of its duties:

- a) Board Credit Committee (Annex B)
- b) Business Strategy Committee (Annex C)
- c) Audit Committee (Annex D)
- d) Risk Management Committee (Annex E)
- e) Conduct Review Committee (Annex F)
- f) Corporate Governance Committee (Annex G)
- g) Nomination & Remuneration Committee (Annex H)

The terms of reference and composition of each committee of the Board is regularly reviewed by the Corporate Governance Committee. The Chairperson of the Board shall not be the Chairperson of any Board Committee and the Managing Director shall chair only the Executive Committee.

The proceedings of committees shall be recorded by the Company Secretary and shall be reported to the Board on a quarterly basis for information and/or discussion by the full Board.

The terms of reference of the Committees are annexed to this Charter and are posted on the Bank's website.

5.0 Board Governance

Leadership and Senior Governance Positions

As mentioned above, the Board shall be led by a Chairperson who shall be appointed by the Board members after each Annual Meeting of the Shareholders, or at such other time as may be required. The Chairperson of the Board shall be primarily responsible for providing leadership, instilling impartiality and upholding the highest standards of governance and integrity at the Board.

The Board shall also appoint at least 2 executive directors, of which, a Managing Director who shall be entrusted with such powers as the Board deem fit to lead the Management Team in implementing the Board's strategic plans and managing the operations of the bank.

The Board shall also appoint chairpersons for each committee to lead the latter and ensuring that it covers its roles and responsibilities as provided by its Terms of Reference.

Company Secretary shall assist the respective chairpersons of the Board and Board Committees with the agenda, information gathering and other logistics, keep minutes and records of the Board and Board Committee meetings.

The position statements of the above senior governance positions are included as annexes to this Charter.

Board Performance, Review & Evaluation

Charter

The Board's Charter may be reviewed at least once a year or as may be required with the introduction of or amendment to laws, regulations and practices.

Induction Program

The Company shall have an induction program for new directors as well as a periodic refresher program for the existing directors.

The program will, amongst others, include:

- Discussions on the responsibilities and legal obligations of a director and the Board as a whole;
- Discussions on the nature of the business of the Company, current issues, conditions in the industry, corporate strategy and expectations of the Company and its stakeholders; and
- Discussions with the key members of Management of the Company.

Evaluation of Board Performance

The Board shall develop an appropriate mechanism for the annual review of its own performance against present benchmarks. The evaluation of the Board as a whole should be conducted having regard to its strategic objective. In so doing, every director, including the chairperson, can be subject to a self and peer evaluation.

This exercise shall also be used to identify additional competencies and resources and enables the Board to deliver its responsibilities more efficiently and effectively.

The review and evaluation shall include, among other things, an assessment of the Board's:

- Composition and independence;
- Performance against its objectives at the beginning of the year;
- Effectiveness in the Company's strategic direction;
- Response to crises, if any;
- Responsiveness to shareholders' and stakeholders' concerns;
- Maintenance and implementation of Board's governance; and
- Access to, and review of, information from management and the quality of such information.

When making such assessment, the Board shall adopt a well-documented approach.

Fit And Proper Criteria

Board members shall be subject to the "fit and proper person test" as laid down in the Bank of Mauritius Guideline on Fit and Proper Person Criteria with reference to competence, qualifications, experience and integrity, both upon their appointment and on a continuing basis.

Moreover, the Board shall put in place an appropriate mechanism to ensure that the fit and proper person criteria are up to date and consider whether there has been any material change which would warrant disqualification of a director.

Besides, each director shall, inter-alia,

- Be familiar with the relevant laws, rules and regulations pertaining to the Company's operations and shall ensure that these are complied with at all times;
- Be familiar with the Company's goals, basic values and strategies and shall understand how best to conduct his/her work to attain these goals;
- Fully understand the function of the Board and have good judgement and intuition;
- Make independent decisions in each instance.

6.0 Conflict of interest

Directors must avoid instances that may give rise to conflicts of interests or which may be perceived by others as conflicting situations.

The common situations which a director may face during his/her tenure are listed, but not limited to, as follows:

- Members of the board who may have interests (earning of money or other advantage) in competing/connected organisations
- A director who sits on the board of a supplier or customer
- Procurement through family connections
- Being offered a gift in order to support a motion/proposal
- Acting in a way that ensures potential personal gain rather than in the best interests of the company

Full information on any conflict or potential conflict of interest must be made known to the Board and the onus will be on the directors to advise the Board on any change in their situation.

On declaration of his interest, the concerned director shall not participate in the discussions and/or decision-making process on the transaction in relation to which conflict arises and must leave the room during such deliberations. The transaction may however be concluded and approved at market terms and conditions. All related party transactions shall be considered and approved by the Conduct Review Committee.

7.0 Other Provisions

The Chairpersons of the Board and the Committees, the Company Secretary and the Managing Director shall ensure that the management provides the Board and its Committees with any necessary information and/or document that they may need for the proper delivery of their responsibilities in a timely manner.

The Board or its committees may, if it sees it necessary, obtain such outside or other independent professional advice as it considers necessary to carry out its duties.

This Board Charter has been revised and approved by the Board of Directors on 12 May 2023.

Mrs. Ah Foon Chui Yew Cheong

Chairperson

Mr. Mahesh Ittoo

Company Secretary

Annex A – Director’s Appointment Process

Over and above the requirements identified by the Succession Plan, as part of its mandate, the Nomination and Remuneration Committee also continuously assesses the balance of skills and experience required at Board level, and whenever the need for a new/additional member arises, the following process is rigorously followed:

1. A profile of the best candidate is prepared, specifying the necessary skills and experience required for the position.
2. Prospective candidates are identified by the Committee or a consultant.
3. Should there be more than one candidate, the profiles of prospective candidates are transparently vetted by the Committee and each shortlisted candidate is interviewed by the members of the Committee or an appointed panel.
4. Once a prospective candidate has been selected, his/her appointment will be put forward to the Board of Directors for appointment. In the case of a director, the appointment shall be up to the next Annual Meeting of the Shareholders, whereby he shall present for election. Appointment of any director or senior officer at the bank is subject to approval by the Bank of Mauritius.

Once a prospective non-executive director has accepted a seat on the Board, he/she is requested to sign a letter of appointment which carefully outlines the terms of appointment, the duties and responsibilities expected by him/her.

All new directors are, upon their appointment, invited to participate in an induction session whereby, the Managing Director and the Company Secretary shall introduce the Company to the new director. The incoming director is provided with all necessary information he/she needs to fulfil his/her role and duties as director of the bank.

Annex B – Terms of Reference of the Board Credit Committee

The Board Credit Committee has been established by the Board of Directors of the Company and has been delegated the responsibility of considering and approving credit facilities, including placement limits with banks and financial institutions, in conformity with the provisions of the Credit Policy established by the Board.

Membership and Composition of the Committee

Members of the Board Credit Committee be appointed by the Board and the composition of the Committee shall be as follows:

- 2 independent non-executive directors
- Managing Director

Along with the above members, the Executive Director, the General Manager and the Head of Risk shall be in attendance at all the meetings of the Committee.

The Committee shall be chaired by an independent non-executive director. In the absence of the appointed Chairperson of the Committee, the members present shall elect one of the other two independent non-executive directors as chairperson for that meeting.

The Chairperson, at his discretion, may invite such consultants, executives and members of management as appropriate, to attend and be heard at meetings of the Committee. No attendee shall have a vote at meetings of the Committee.

Meetings and Proceedings of the Committee

Meetings of the Committee will be held on a monthly basis and until so changed, the Committee shall meet on the last Thursday of every month. The minutes of all meetings of the Committee shall be circulated to all the members of the Committee.

The quorum for the Committee shall be any two members of the Committee present throughout the meeting of the Committee.

Annex C – Terms of Reference of the Business Strategy Committee

The Business Strategy Committee has been delegated the task to monitor and follow up with the implementation, control and review of the agreed strategies of the bank.

The primary activities of the Committee shall be as follows:

- To review, and recommend to the Board for onwards approval, the strategic business plan of the bank which has been prepared in accordance with the bank's values, vision and mission whilst taking into consideration all relevant factors present in the bank's business environment.
- To monitor the progress of the implementation of the strategic plan through the measurement of various Key Performance Indicators (KPIs) and the regular review of ongoing projects.
- To oversee the Management's Strategic Management Framework and to review and make recommendations with respect to the management's strategic plan for each financial year.
- To review the annual budget as proposed by Management from a strategic perspective

Membership and Composition of the Committee

Until so changed, the composition of the Committee should consist of at least the following:

- Three non-executive directors, of which at least two are independent directors
- The Managing Director
- The Executive Director

At least (3) three members should be present throughout the meeting.

The Committee shall be chaired by an independent non-executive director. In the absence of the appointed Chairperson of the Committee, the members present shall elect one of the other two non-executive director as chairperson for that meeting.

The General Manager shall be in attendance at all the meetings of the Committee.

Meetings and Proceedings of the Committee

Meetings of the Committee will be held as the Committee deems appropriate. However, the Committee should meet at least twice each year. The Chairperson of the Committee or any member of the Committee may call a meeting at any time.

The quorum for decisions of the Committee shall be at least 3 directors, of which at least 1 independent director, present throughout the meeting who shall vote on the matter for decision.

Annex D – Terms of Reference of the Audit Committee

The Audit Committee has been established by the Board of Directors of the Company to assist the latter in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. The Committee provides a forum for discussing business risk and control issues for developing relevant recommendations for consideration by the Board. The Committee should mainly make recommendations to the Board for its approval or final decision.

Terms of Reference of the Audit Committee

i. Financial Statements

The Committee will examine and review the annual financial statements, the interim reports, the accompanying reports to shareholders, the preliminary announcement of results and any other announcement regarding the Company's results or other financial information to be made public, prior to submission and approval by the Board.

This shall include:

- a) The assessment whether the accounting practices of the bank are appropriate and within the bounds of acceptable practice.
- b) Review of the audited financial statements for adequacy before their approval by the board;

ii. Internal Control

The Committee shall:

- a) Review the effectiveness of the Company's systems of internal control, including internal financial control and business risk management and information technology security and control;
- b) Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
- c) Review the adequacy of corrective action taken in response to significant internal and external auditors' findings; and
- d) review of any transactions brought to its attention by auditors or any officers of the institution, or that might otherwise come to its attention, which might adversely affect the financial condition of the institution;

iii. Internal Audit

The Committee shall also monitor and supervise the effective function of the internal audit, ensuring that the roles and functions of the external audit with internal audit are sufficiently clarified and co-ordinated to provide an objective overview of the operational effectiveness of the Company's systems of internal control and reporting. This will include:

- a. Review the internal audit function's compliance with its mandate as approved by the Committee;
- b. Consider the appointment, dismissal or re-assignment of the Head of Internal Audit;
- c. Review and approve the internal audit charter, risk based internal audit annual plan and internal audit's conclusions with regard to internal control;
- d. Review significant matters reported by the internal audit function;
- e. Review the objectives and the operations of the internal audit function;
- f. Assess the adequacy of performance of the internal audit function, and the adequacy of available internal audit resources;
- g. Review the co-operation and co-ordination between the internal and external audit functions and co-ordinate the formal internal audit work plan with external auditors to avoid duplication of work;
- h. Review significant differences of opinion between management and the internal audit function;
- i. Evaluate the independence and effectiveness of the internal auditors;
- j. Review special investigations into matters within its scope, for example, evaluations of the effectiveness of the Company's internal control, cases of employee fraud, misconduct or conflict of interest.

The Committee will also give recommendations on any potential conflict of interest or questionable situations of a material nature.

iv. External Audit

With regard to the conduct of the external audit, the Audit Committee shall:

- a) recommend to shareholders the appointment, removal, and remuneration of external auditors.
- b) approve the engagement letter setting out the scope and terms of external audit.
- c) evaluate the skills, resources and independence of the external auditor firm, its practices for quality control and consider any non-audit services rendered by such auditors as to whether this substantively impairs their independence;
- d) evaluate the performance of the external auditor;
- e) consider and make recommendations on the appointment and retention of the external auditor, and any questions of resignation or dismissal of the auditor;

- f) agree to the timing and nature of reports from the external auditor;
- g) discuss with Senior Management and the external auditor on the overall results of the audit, the quality of the financial statements and any concerns raised by external auditors, including:
 - key areas of risk for misinformation in the financial statements, including critical accounting policies, accounting estimates and financial statement disclosures;
 - changes in audit scope
 - whether the external auditor considers the estimates used as aggressive or conservative within an acceptable range;
 - any significant or unusual transactions; and
 - internal control deficiencies identified during the course of the audit.
- h) make suggestions on problem areas that the audit can address;
- i) consider whether any significant ventures, investments or operations are not subject to external audit;
- j) review the overall audit role, explore objectives, minimise duplication, discuss the implications of new auditing standards and ensure that the external audit fee will sustain a proper audit and provide value for money;
- k) obtain assurance from the external auditor that adequate accounting records are being maintained.

v. Compliance

The Committee should ensure that there is appropriate structure in place for identifying, monitoring, and managing compliance risk as well as a reporting system to advise the Committee and the Board of instances of non-compliance on a timely basis.

Reporting and Accountability

The Chairperson of the Committee shall report to the Board on the activities of the Committee at the quarterly Board meetings.

The Chairperson (or in his absence, an alternate member) of the Committee shall attend the annual general meeting to answer questions concerning matters falling within the ambit of the Committee.

The Committee, in carrying out its tasks under the above terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties. The Board will ensure that the Committee will have access to professional advice both inside and outside the Company in order for it to perform its duties.

Membership & Composition of the Committee

Members of the Audit Committee shall preferably have financial background and be conversant with both international auditing standards and international financial reporting standards. The Audit Committee shall be elected by the Board and shall be made up of at least three directors who shall be independent directors. The Chairperson of the Board shall not be the Chairperson of the Audit Committee.

The Executive Director, the General Manager, the Head of Finance, Audit Partner in charge of the external audit, the Head of Compliance and Head of Internal Audit may be in attendance at meetings of the Committee and shall have unrestricted access to the Chairperson or any other member of the Committee as is required in relation to any matter falling within the remit of the Committee.

The Chairperson, at his discretion, may invite other executives to attend and to be heard at meetings of the Committee. No attendee shall have a vote at meetings of the Committee.

Meetings and Proceedings of the Committee

Meetings of the Committee will be held at least once every quarter. The Board or any member thereof, including members of the Committee, and any of the external auditors, the Head of Finance or the Head of the Internal Audit may call further meetings.

The quorum for decisions of the Committee shall be any two members of the Committee present throughout the meeting of the Committee.

Authority of the Audit Committee and Resources available to it

The Committee, in carrying out its tasks under these terms of reference:

- Is authorised to investigate any activity within its terms of reference;
- May, at the discretion of the Committee, require other employees of the Company to attend meetings or parts thereof;
- May consult with and seek any information it requires from any employees, and all employees shall be required to co-operate with any request made by the Committee in the course of its duties;
- May at least once a year meet with external auditors without any executive member of the Board or management in attendance; and
- May at least once a year meet with the Head of Internal Audit without any executive member of the Board or management in attendance.

Annex E – Terms of Reference of the Risk Management Committee

The quality, integrity and reliability of the Company's risk management is delegated to the Risk Management Committee. The objective of the Committee is to assist the Board of Directors in the discharge of its duties relating to corporate accountability and the associated risk in terms of management, assurance and reporting. The Committee will review and assess the integrity of the risk control systems and ensure that the risk policies and strategies are effectively managed. The Committee will set out the nature, role, responsibility and authority of the risk management function within the Company and outline the scope of risk management work. The Committee will monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts. The Committee provides an independent and objective oversight and review of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by management and the Audit Committee to the Board on financial, business and strategic risk.

Terms of Reference of the Risk Management Committee

i. Risk Management

The Committee shall:

- a) Together with the Company's legal advisors, review any legal matters that could have a significant impact on the Company's business.
- b) Advise the Board on the Company's overall current and future risk appetite, overseeing senior management's implementation of the risk appetite framework and reporting on the state of risk culture in the Company. All corporate, operational, and financial policies should support the framework, which should be forward-looking and consistent with the Company's short-term and long-term strategic plan. The framework should set benchmarks as to the acceptable risk limits, taking into account relevant financial, operational, and macroeconomic factors.
- c) Review the risk philosophy, strategy and policies recommended by the executive management and consider reports by the executive management. The Committee will ensure that such policies and procedures which comply with the requirements of the Guidelines issued by the Bank of Mauritius, are complied with and will also review the overall risk profile of the Company and the principal risks and the actions taken to mitigate them.
- d) Monitor exposures against limits set as per approved policies.
- e) Monitor the quality of assets.

- f) Monitor the utilization of capital to ensure that the capital adequacy ratio of the Company is at least the regulatory minimum.
- g) Review the ICAAP document and recommending same to the Board for approval.
- h) Provide prior endorsement for the appointment and removal of the Head of Risk.
- i) Review periodically the strategy and risk management framework for climate-related and environmental financial risks and opportunities

Major Tasks

- a) Identification of principal risks, including those relating to credit, market, liquidity, operational, compliance, and reputation of the institution, and actions to mitigate the risks;
- b) Appointment of the Head of Risk who, among other things, shall provide assurance that the oversight of risk management is independent from operational management and is adequately resourced with proper visibility and status in the organisation;
- c) Ensuring independence of the Head of Risk from operational management without any requirement to generate revenues;
- d) Ensuring the regular reporting of Head of Risk to the committee, senior management and the Board on his activities and findings relating to the Company's risk appetite framework;
- e) Ensuring the regular reporting of the Head of Compliance on the status of compliance risks at the bank;
- f) Review of periodic reports on risk exposures and activities to manage risks; and
- g) Formulation and recommendation to the Board on risk management issues.

Reports from Risk Committees and Senior Management

The RMC shall receive reports and recommendations from the Head of Risk, the Head of Compliance, and from the relevant Executive Risk Committees such as the Asset and Liability Committee ('ALCO'), the Operational Risk Forum, the Portfolio Review Forum, and the IT Steering Committee on at least a quarterly basis.

The RMC may also require any other Senior Officer to provide such report as may be required by the RMC for the fulfilment of its activities.

Membership and Composition of the Committee

Members of the Risk Management Committee shall be appointed by the Board and shall consist of an executive director and at least 2 non-executive directors. At least one member of the Committee shall be a non-executive director sitting on the Audit Committee. The Chairperson of the Committee, who shall preferably be an independent director, shall be appointed by the Board. While the Chairperson of the Board may be a member of the Committee, he shall, in no circumstances, be the chairperson thereof.

The Chairperson of the Committee, at his discretion, may invite such executives and senior management as appropriate, to attend and be heard at meetings of the Committee. In addition, executives specifically responsible for risk in the Company, including the Head of Risk, shall attend meetings of the Committee. No attendee shall have a vote at meetings of the Committee.

Meetings and Proceedings of the Committee

Meetings of the Committee will be held as frequently as the Committee considers appropriate but it will normally meet at least once every quarter. Meetings should be organised such that attendance is maximised.

The quorum for decisions of the Committee shall be any three members of the Committee present throughout the meeting of the Committee. Attendees shall not have any votes.

The minutes of all meetings of the Committee shall be circulated to all the members of the Committee and shall be included in the Board papers for the next meeting and circulated to all Board members, together with any specific corporate accountability and risk management reports prepared by or on behalf of the Committee.

Authority of the Committee and Resources available to it

The Committee, in carrying out its tasks under these terms of reference:

- a) Is authorised to investigate any activity within its terms of reference.
- b) May obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
- c) May request professional advice both inside and outside the Company in order for it to perform its duties.
- d) Will have access to any information it needs to fulfil its responsibilities.

Annex F – Terms of Reference of the Conduct Review Committee

The Committee will monitor and review related party transactions as provided for in the Guideline on Related Party Transactions.

Terms of Reference of the Conduct Review Committee

The responsibilities of the Conduct Review Committee shall be as specified in the Guideline on Related Party Transactions, and shall include the following:

- a) Have the mandate to require management to establish policies and procedures to comply with the requirements of the Guideline on Related Party Transactions;
- b) Review the policies and procedures periodically to ensure their continuing adequacy and enforcement, in the best interests of the bank;
- c) Review and approve each credit exposure to related parties in accordance with the Credit Policy;
- d) Ensure that all transactions with related parties are carried out on terms and conditions that are at least as favourable to the bank as market terms and conditions;
- e) Grant credit facilities to staff which are not at prevailing market terms and conditions, provided that these terms and conditions are within the terms and conditions of employment contracts and have been approved by the board;
- f) Review the practices of the bank to ensure that any transaction with related parties that may have a material effect on the stability and solvency of the bank is identified and dealt with in a timely manner; and
- g) Report periodically and in any case not less frequently than on a quarterly basis to the Board of Directors on matters reviewed by it, including exceptions to policies, processes and limits.

Any write-off of related party credit exposures shall be subject to the prior approval of the Board.

Membership and Composition of the Committee

Members of the Conduct Review Committee shall be appointed by the Board and shall consist of at least 3 independent directors. No member of the Committee shall also be a member of the Audit Committee and only 1 of them may be a member of the Risk Management Committee.

The Chairperson, at his discretion, may invite such executives and senior management as appropriate, to attend and be heard at meetings of the Committee. No attendee shall have a vote at meetings of the Committee.

Meetings and Proceedings of the Committee

Meetings of the Committee will be held on a monthly basis. The minutes of all meetings of the Committee shall be circulated to all the members of the Committee.

The quorum for the Committee shall be any two members of the Committee present throughout the meeting of the Committee.

Annex G – Terms of Reference of the Corporate Governance Committee

The Corporate Governance Committee has been established by the Board of Directors to make recommendations to the Board on all Corporate Governance provisions to be adopted so that the Company remains effective and complies with prevailing corporate governance principles. The Committee shall be constituted to ensure that the reporting requirements with regard to corporate governance, whether in the annual report or on an ongoing basis, are in accordance with the principles set out by the Bank of Mauritius and the Code of Corporate Governance.

Terms of Reference

- a) To determine, agree and develop the Company's corporate governance framework in accordance with the Code of Corporate Governance and the Guidelines of the Bank of Mauritius on Corporate Governance.
- b) To prepare the Corporate Governance Report to be published in the Company's Annual Report.
- c) To ensure that disclosures are made in the Annual Report in compliance with the disclosure provisions in the Code of Corporate Governance.

The Committee, in carrying out its tasks under the above terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties. The Board will ensure that the Committee will have access to professional advice both inside and outside the Company in order for it to perform its duties.

Membership and Composition of the Committee

The Corporate Governance Committee shall be composed of at least three members, the majority of whom shall be non-executive directors and its Chairperson should be an independent director.

Meetings and Proceedings of the Committee

Meetings of the Committee will be held as the Committee deems appropriate. However, the Committee should meet at least once each year. Meetings should be organised so that attendance is maximised. The Chairperson of the Committee or any member of the Committee may call a meeting at any time.

The quorum for decisions of the Committee shall be any two members present throughout the meeting who shall vote on the matter for decision.

Annex H – Terms of Reference of the Nomination and Remuneration Committee

The Nominations and Remuneration Committee has been delegated the responsibility of making recommendations to the Board on all new Board appointments. To ensure that the Board remains effective and focused, the Committee will regularly review the balance and effectiveness of the Board, identify the skills needed and those individuals who might best be seen to be providing such skills in a fair and thorough manner.

The Board of Directors, recognising the need to establish a formal and transparent procedure for developing a fair remuneration policy, has delegated this task to the Nominations and Remuneration Committee. It should be highlighted that, for reasons of self-interest, the Committee's function in relation to the remuneration of non-executives is limited to making recommendations to the full Board.

- To establish and periodically review Board compensation policy.
- To prepare for approval of the Board the remuneration and compensation package for directors, senior managers, and other key personnel while taking into account the soundness of risk taking and risk outcomes as well as any relevant information available on industry norms and ensuring that compensation is consistent with the Company's culture, objectives and strategies.
- recommend to the Board an incentive package, as necessary, to enhance staff performance, while ensuring that incentives embedded within remuneration structures do not incentivise staff to take excessive risk;
- Identify qualified candidates for Board membership and for the positions of chairperson of the Board, chairperson of the committees and committee members.
- Establish formal, clear and transparent selection criteria for prospective directors and evaluation of criteria for current directors.
- Assess the effectiveness of the Board and direct the process of renewing and replacing Board members.
- Recommend nominees for each Board committee.
- Recommend to the Board to accept or decline any tendered resignation of a director.
- Ensure a review, at least annually, of the current directors' performance and attendance at Board and committee meetings.
- Ensure that Board members receive thorough orientation on Board governance and key strategic issues facing the Company.

The Committee, in carrying out its tasks under the above terms of reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its

duties. The Board will ensure that the Committee will have access to professional advice both inside and outside the Company in order for it to perform its duties.

Membership and Composition of the Committee

The Nominations and Remuneration Committee shall be composed of at least three members, the majority of whom shall be independent or non-executive directors.

Meetings and Proceedings of the Committee

Meetings of the Committee will be held as the Committee deems appropriate. However, the Committee should meet at least twice each year. Meetings should be organised so that attendance is maximised. The Chairperson of the Committee or any member of the Committee may call a meeting at any time.

The quorum for decisions of the Committee shall be any two members present throughout the meeting who shall vote on the matter for decision.