

Board's Charter

Table of Contents
Page No

A.	BOARD OF DIRECTORS	3
B.	BOARD RESPONSIBILITIES	3
C.	BOARD MEMBERSHIP GUIDELINES	3
D.	BOARD STRUCTURES AND PROCEDURES	11
E.	POWERS OF THE BOARD	15
F.	DELEGATION BY BOARD	16
G.	RELATIONSHIP OF THE BOARD WITH SENIOR MANAGEMENT	19
H.	DIRECTORS TO ACT HONESTLY IN GOOD FAITH AND IN BEST INTERESTS OF THE BANK	21
I.	DIRECTORS REMUNERATION	23
J.	BOARD SUB - COMMITTEES AND MEMBER ASSESSMENT	23
K.	RELATIONSHIP BETWEEN THE BOARD AND SHAREHOLDERS, INSTITUTIONAL INVESTORS, PRESS, CUSTOMERS, ETC	24
L.	BOARD ETIQUETTE	24
M.	APPOINTMENT OF EXTERNAL AUDITORS	24
N.	ROTATION AND EVALUATION OF EXTERNAL AUDITORS	24
	APPENDIX A	26
	APPENDIX B	30

A. BOARD OF DIRECTORS

The Board of SBI (Mauritius) Ltd ('SBIML' or 'The Bank' or "the Company") has a unitary structure and constituted in compliance with the Constitution of the Bank, the code of Corporate Governance, the Guidelines of the Bank of Mauritius on Corporate Governance, the Banking Act 2004 and the Companies Act 2001. The Bank of Mauritius has approved that 40% of the Board be Non-Executive Directors by virtue of Section 18(4) of the Banking Act 2004. The Board of SBIML functions as an authoritative decision-making body and meets regularly as required and periodically monitors the performance of Management. All the Directors possess expertise, skills and experience in relevant areas such as Accountancy, Public administration, Corporate Management, Banking and good corporate governance. The Board collectively and the Directors individually are fully involved to effectively oversee the Bank's affairs and adhere to the highest ethical standards. The Board acts independently from Management.

The Directors are elected to hold Office until the next Annual Meeting of Shareholders and are eligible for re-election as provided by the Constitution of the Bank. The chairperson of the Board is separate from that of the CEO and Chairperson of the Board is a Non-Executive Director.

B. BOARD RESPONSIBILITIES

The Board of Directors ('Board') is responsible for the proper stewardship of the Bank. The Board is to ensure the maximization of shareholders' value and safeguarding the stakeholders' interests including securing sustainable long-term financial results and increasing shareholder value, with proper social and environmental considerations. Hence, the Board should collectively have sound and sufficient knowledge and expertise to enable effective governance and oversight.

The matters listed in **Appendix A** are reserved for the collective decision of the Board.

C. BOARD MEMBERSHIP GUIDELINES

1. Composition

The Chief Executive Officer (CEO) shall be a member of the Board but shall, under no circumstances, be the Chairperson thereof.

The Chairperson of the Board shall be an independent or a non-Executive director. At least one director shall be independent director and 40% of the Board members should be Non-Executive Directors as approved by the Bank of Mauritius by virtue of section 18(4) of the Banking Act 2004.

The Board is responsible to determine the appropriate size of the Board in line with its constitution with minimum 5 and maximum 11. The Board is responsible for appointment, induction and succession planning of directors. The screening and evaluation process for potential new directors and directors to be nominated for election/re-election are delegated to the

Corporate Governance, Nomination and Compensation Committee for recommendation to the Board for approval.

2. Independent Director

“Independent director” as defined in the Banking Act 2004 means a director having no relationship with, or interest in, whether past or present, the financial institution or its affiliates, which could or could reasonably be perceived to materially affect the exercise of his judgment in the best interest of the financial institution.

2(i) The following shall be considered as an independent director

- a) A director who has not been employed by the Bank or the group of which it currently forms part of, in any Executive capacity for the preceding 3 financial years.
- b) A director who has not been employed by any other financial institution regulated by the Bank of Mauritius in an Executive capacity for the preceding 3 financial years.
- c) A director who is not a related party to an individual who is or has been in any of the past 3 financial years employed by the financial institution or the group in an Executive capacity.
- d) A director who is not an adviser to the financial institution or the group other than as a member of the Board.
- e) A director who has no relationship or interest in the financial institution or group which could or could reasonably be perceived to materially affect the exercise of his judgment in the interest of the financial institution.

2(ii) Circumstances where a person CANNOT be considered as an Independent Director :

The circumstances in which a person shall not be considered as an independent director is being broadened by including the following:

- a) A director of an immediate holding company or a director in any entity related to the holding company shall not be considered as an independent director of the Bank.
- b) A director of a company which holds 10 per cent or more of the shares of the Bank shall not be considered as an independent director of the Bank.
- c) A director of a company in which the Bank holds 20 per cent or more of its shares shall not be considered as an independent director of the financial institution.

- d) A former employee receiving a pension or any other benefits from a financial institution will not be considered as an independent director for that institution irrespective of the number of years since his retirement.
- 2(iii)** The Board shall be responsible for recommending its members for election by the shareholders at the annual meeting of shareholders.
- 2(iv)** A member of an audit firm, other than a director of the audit firm, who has acted as Engagement Partner, Reviewing Partner or Audit Manager, or performed duties of the like, in the Bank shall not be appointed to the post of director or senior officer of the Bank unless at least three years have lapsed since they acted as Engagement Partner, Reviewing Partner or Audit Manager of the Bank.
- 2(v)** A director may serve for a maximum term of six years. This limitation shall not apply to:
- (a) An Executive director;
 - (b) A non-Executive director of a subsidiary of a foreign bank; and
 - (c) A non-Executive member of the local advisory Board of a branch of a foreign bank.

Notwithstanding the term of office of six years, an outgoing director may, with the prior approval of the Bank of Mauritius, be reappointed as director on the Board of the Bank after having observed a cooling period of two years. However, the Bank of Mauritius may, where it deems it fit, approve the reappointment of a director who has not observed the cooling period.

2 (vi) Retirement/ Resignation/ Termination procedures for director

Board members shall retire periodically according to the succession plan as per the details provided below to avoid many Board members retiring at the same time. The Board may amend the succession plan as may be required from time to time and same is made available to the Directors on request made to the Company Secretary.

- (a) Non-Executive Director shall retire generally after 4 years or earlier.
- (b) Executive Director shall retire after completion of his term of service generally after 5 years.
- (c) Independent Director shall retire as per the provisions of BOM guidelines on Good Corporate Governance which is normally 6 years with the possibility of extension of additional 2 years subject to regulatory approval.

Directors should as far as possible give one month's notice to the Board in case of resignation.

The Board may terminate the services of any Director for failure to discharge his/ her duties and responsibilities to the satisfaction of the Board after serving one month's notice.

2(vii) Succession Planning

The Board should satisfy itself that suitable plans are in place for the orderly succession of appointments to the Board and to Senior Management positions in order to maintain an

appropriate balance of knowledge, skills and experience within the Bank and on the Board, and to ensure progressive refreshing of the Board. The Corporate Governance, Nomination and Compensation Committee shall also ensure an appropriate framework and plan for Board and Management succession in the Bank.

3. Chairperson

The Chairperson represents the Board to the Shareholders. The Chairperson is responsible for ensuring the integrity and effectiveness of the governance processes of the Board and will consult with the Board promptly over any matter that gives him cause for major concern.

The Chairperson will act as a facilitator at meetings of the Board and ensure that no Board member, whether Executive or non-Executive, dominates the discussion, and that appropriate discussion takes place and that relevant opinion among Board Members are forthcoming.

3.1 Nomination of the Chairperson

The newly appointed/ re-appointed Directors are requested, by virtue of section 23.1 (a) of the Constitution of SBIML to “elect one of the Directors as the Chairperson of the Board” and to hold office until the next Annual Meeting of Shareholders.

All Directors are required to sign off their job descriptions as evidence of having read and acknowledged their roles and responsibilities. In case of updates to the job descriptions, the updated job descriptions must be circulated and signed off by the directors and filed.

3.2 Job Description of the Chairperson of the Board

The Chairperson is responsible for:

3.2.1 Meetings

- a) Chairing Board and Shareholders Meetings.
- b) Upholding rigorous standards of preparation for meetings.
- c) Running the Board and ensuring its effectiveness in all aspects of its role, including regularity and frequency of meetings.
- d) Setting the Board agenda, taking into account the issues and concerns of all Board members. The agenda should be forward looking, concentrating on strategic matters.
- e) Ensuring that there is appropriate delegation of authority from the Board to Executive Management and Board Committee.

- f) Ensuring the Board's Committees are properly structured with appropriate terms of reference.
- g) Encouraging all Board members to engage in Board and Committee meetings by drawing on their skills, experience, knowledge and, where appropriate, independence.
- h) Ensuring that the Directors receive accurate, timely and clear information, including that on the Bank's current performance, to enable the board to take sound decisions, monitor effectively and provide advice to promote the success of the Bank.
- i) Managing the Board to allow enough time for discussion of complex or contentious issues. The Chairperson should ensure that directors (particularly Non-Executive Directors) have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have and are not faced with unrealistic deadlines for decision making.
- j) Ensuring that the decisions by the Board are executed.
- k) Ensuring that quality information decision-making is delivered to the Board on timely manner.
- l) Ensuring compliance with all relevant regulations and legislation.

3.2.2 Directors

- a) Facilitating the effective contribution of Non-Executive Directors and encouraging active engagement by all members of the Board.
- b) Ensuring constructive relations between the Executive and Non-Executive Directors.

3.2.3 Induction, Development, Succession and Performance Evaluation

- a) Ensuring that new Directors participate in a full, formal and tailored induction programme facilitated by the company secretary.
- b) Ensuring that the development needs of Directors are identified and, with the Company Secretary having a key role, that these needs are met. The Directors should be able to continually update their skills and the knowledge and familiarity with the Bank required to fulfill their role on the Board and its Committees.
- c) Mentoring to develop skill and enhance Directors' confidence and encourage them to speak up and make an active contribution at meetings.

- d) Identifying the development needs of the Board as a whole to enhance its overall effectiveness as a team.
- e) Overseeing a formal succession plan for the Board, MD & CEO and certain Senior Management appointments such as the VP (AS) & HR.
- f) Ensuring the performance of the Board, its Committees and individual Directors is evaluated at least once a year and acting on the results of such evaluation by recognizing the strengths and addressing the weaknesses of the Board. The Chairperson assisted by the Company Secretary shall present to the Board the performance evaluation of the Board, its Committees and individual Directors by 30th August every year. Where appropriate, through the Corporate Governance, Nomination and Compensation Committee, proposing that new members be appointed to the Board or seeking the resignation of others.

3.2.4 Relations with shareholders

- a) Ensuring effective communications with shareholders.
- b) Maintaining sufficient contact with major shareholders to understand their issues and concerns, in particular discussing governance, strategy and remuneration with them.
- c) Ensuring that the views of shareholders are communicated to the Board as a whole so that all directors develop an understanding of their views.

3.2.5 Annual Meeting of Shareholders (AM)

Arranging for the Chairperson of Board Committees to be available to answer questions at the AM and for all Directors to attend.

In addition, the Chairperson should:

- a) Set the ethical tone for the Board of the Bank and uphold the highest standards of integrity and probity.
- b) Set the agenda, style and tone of board discussions to promote effective decision making and constructive debate.
- c) Ensure that they fully informed about all issues on which the Board will have to make a decision, through briefings with MD & CEO, the Company Secretary, and members of the Executive Management as appropriate.
- d) Ensure clear structure for, and the effective running of, Board Committees.

- e) Ensure effective implementation of Board decisions.
- f) Promote effective relationships and open communication between Executive and Non-Executive Directors both inside and outside the boardroom, ensuring an appropriate balance of skills and personalities.
- g) Build an effective and complementary Board, and with the Corporate Governance, initiate, change and plan succession in Board appointments (except that of a successor as Chairperson) subject to Board and Shareholder approval.
- h) With the assistance of the Company Secretary, promote the highest standards of corporate governance. If full compliance is not possible, ensure that the reasons for non-compliance are fully understood, agreed by the Board and explained to the shareholders.
- i) Ensure an appropriate balance is maintained between the interests of shareholders and other stakeholders (employees, customers, suppliers and the community).
- j) Ensure the long term sustainability of the business.
- k) Ensure the continual improvement in quality and caliber of the Executives.
- l) Establish a close relationship of trust with MD & CEO and VP (AS), providing support and advice while respecting Executive responsibility.
- m) Ensuring effective communications with shareholders and other stakeholders.
- n) Building and maintaining stakeholders trust and confidence in the Bank and in conjunction with MD & CEO, representing the Bank to key stakeholders.

4. Evaluation of the Chairperson

The Non-Executive Directors, led by the lead Independent Director, should be responsible for the performance evaluation of the Chairperson. The evaluation should take into account the Executive Directors' views.

5. Directors not discharging their duties

Directors who do not discharge their duties and responsibilities to the satisfaction of the Board (including those who miss meetings without an acceptable explanation) should be removed, after training has failed and after relevant legal and other matters have been taken into consideration.

The Chairperson should lead this process.

6. New Board Members

New Board Members shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Bank. The objective of induction is to inform the director such that he or she can become as effective as possible in his new role as soon as possible. It is therefore recommended that on appointment, a new director be provided with certain key, essential information together with a comprehensive list of other information that will be made available.

On the appointment, the new Director is required to commit sufficient time to attend to the Bank's meetings/ matters before accepting his/ her appointment to the Board.

Upon appointment, the new director should be issued with a letter of appointment, written and signed by the MD/ CEO. Such letter would set out the terms of his/ her appointment and include:

- a) Term of office.
- b) The remuneration and benefits, if any.
- c) Duties and responsibilities.
- d) Expected workload and time commitment.
- e) The manner in which the appointment can be terminated.
- f) Obligation to comply with any Board decisions.
- g) Confidentiality policy.
- h) Review processes.
- i) Provision of Director's Liability insurance and professional indemnity.
- j) Access to independent professional advice.
- k) Committees details regarding any formal process of induction so that he/she is well informed about the operations of the company.
- l) Details regarding on-going directors' training and development ; and
- m) Policy and process of appointing alternates (if permitted).

Copies of the following shall also be provided to the newly appointed Director:

- a) The Board's Charter;
- b) Copy of the Constitution of the Bank;
- c) The most recent annual and quarterly financial reports;
- d) The schedules of dates for upcoming Board meetings (Board Manual);
- e) Copy of the Banking Act 2004.

7. Related Party Transactions

The Board has to comply with the guidelines of the Bank of Mauritius with regard to related party transactions and services/facilities/transactions provided to/entered into with related parties should be conducted at arms length.

8. Use of Experts

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

D. BOARD STRUCTURES AND PROCEDURES

1. Board Committees

Section 18(6) of the Banking Act requires directors to establish such Committees as the Board deems necessary to discharge its responsibilities effectively. The Board may delegate specified matters to individual members or Committees of the Board to oversee critical or major functional areas and address matters which required detailed review or in-depth consideration. All such Committees must be provided with written terms of reference which state clearly the extent and limits of their responsibilities and authority, specifically whether they have authority to decide on behalf of the Board or are to report back to the Board. Proceedings of sub Committees shall be reported periodically to the Board.

The following sub Committees shall be established:

- a) Executive Committee of Directors
- b) Audit Committee;
- c) Corporate Governance, Nomination and Compensation Committee; and
- d) Conduct Review and Risk Management Committee

The mandate and membership of each sub-Committee shall be published in the Bank's annual report.

2. Board mandate

The Board shall meet at regular intervals throughout the year. At each scheduled meeting, the Board shall consider, where applicable:

- a) Operational report(s), financial results and cash flow projections;
- b) Review the reports and recommendations of the Audit Committee;
- c) Approve the quarterly announcement and quarterly financial statement to shareholders and the public;
- d) Matters which are reserved for its collective decision;
- e) Capital expenditure, acquisitions, disposal of the Company assets as per delegated powers;

- f) Major issues or opportunities;
- g) Committee minutes / Board Circular Resolutions for notation;
- h) Changes in directorships and disclosure of interests;
- i) Disclosure of dealings by directors / principle officers;
- j) Approve policies/ manuals as recommended by its sub Committees.
- k) Any other matters requiring its authority.
- l) Approve the Bank'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;
- m) Require management to review periodically the effectiveness of the established corporate plan and report results to the Board;
- n) Appoint and monitor senior management, question and scrutinise its performance in the achievement of corporate objectives;
- o) Question, scrutinise and monitor the performance of Board sub-Committees, and individual directors;
- p) Ensure that policies and systems in place are effective to achieve a prudential balance between risks and returns to shareholders;
- q) 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
- r) Require management to review and assess periodically the efficiency and effectiveness of policies, systems and controls and report results to the Board.

In addition, the Board shall, at periodic intervals of not more than one year:

- (s) Review the Bank's performance on a quarterly basis;
- (t) Consider and, if deem appropriate, declare or recommend the payment of dividends;
- (u) Review/approve the reports and recommendations from the Audit Committee;

- (v) Review/approve the reports and recommendations from the Conduct Review and Risk Management Committee; and
- (w) Review/approve the reports and recommendations from the Corporate Governance, Nomination and Compensation Committee.
- (x) Be responsible for the appointment of the MD & CEO and other senior officers, and assessing periodically their performance in the context of established corporate objectives and plans;
- (y) Approve the organisation structure of the Bank, and its staff compensation policies;
- (z) Approve the capital and operating budgets of the Bank, capital adequacy assessment process, capital and liquidity plans; and
- (aa) 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. The Board shall periodically assess the MD & CEO's effectiveness in achieving approved corporate objectives and risk appetite framework.

In compliance with section 48 of the Banking Act 2004 dealing with the disclosure of interest, the board shall implement policies and procedures to identify conflict of interest situations and steps to redress such situations. This shall include:

- (a) an outline of potential conflict of interest situations involving different levels of staff and Board Members;
- (b) establishment of a process for identifying and reporting a conflict of interest situation which shall be investigated by designated officials followed by a report to management or the board, as appropriate; and
- (c) establishment of a process for ultimate decision-taking by management or the board.

There shall be a clear demarcation of responsibilities of the Board and Management. The Board will set out the criteria for measuring the MD & CEO's performance in achieving the approved corporate objectives. Such performance review shall be conducted annually. The MD & CEO is responsible for implementing a performance and accountability regime for senior management personnel.

The Board of Directors (or by delegation, it's CGNCC) shall implement a remuneration and incentive system to stimulate staff motivation to achieve the corporate objectives. The approach shall be reviewed periodically to assess its effectiveness and decide on any modifications, as necessary.

The Board's primary responsibility is to protect the interests of the Bank which it serves, and it should ensure that the decisions of the holding company/Head Office are not detrimental to the sound and prudent management of the Bank, its financial health and the legal interests of its stakeholders.

The Board should ensure that members participate in induction programmes and have access to ongoing training on relevant issues which may involve internal or external resources.

The Board of directors shall meet at least once every quarter.

3. The Company Secretary

The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board.

The Board must satisfy itself that the appointee is fit and proper and has the requisite attributes, experience and qualification to properly discharge his duties.

The Company Secretary should report to the Chairperson on all Board governance matters. This does not preclude the Company Secretary also reporting to MD & CEO in relation to his other Executive management responsibilities.

The appointment and removal of the Company Secretary should be a matter for the Board as a whole, and the remuneration of the Company Secretary is determined by the Corporate Governance, Nomination and Compensation Committee.

The Chairperson and the Company Secretary should periodically review whether the Board and the Bank's other governance processes, for example Board and Committee evaluation, are fit for purpose, and consider any improvements or initiatives that could strengthen the governance of the Bank.

Duties and responsibilities of the Company Secretary:

- a) Ensures that the Bank complies with its constitution and all relevant statutory and regulatory requirements, Codes of ethics and rules established by the Board;
- b) Provides the Board as a whole and directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Bank;
- c) Develops the agenda of Board and Board Committee meetings in consultation with the Chairperson and MD & CEO;
- d) Circulates agendas and any supporting papers in good time;

- e) Ensures the presentation of high-quality information to the Board and its Committees;
- f) Checks that quorum of meetings is present;
- g) Takes minutes of Board meetings and circulating the draft minutes to all members;
- h) Ensures that meetings and resolutions of the Board are properly held and passed in accordance with the Bank's Constitution;
- i) Ensures that the procedure for the appointment of directors is properly carried out;
- j) Providing comprehensive practical support and guidance to directors both as individuals and as a collective with particular emphasis on supporting the non-executive directors.
- k) Assisting in the proper induction of directors, including assessing the specific training needs of directors/ Executive management; and
- l) Providing comprehensive practical support and guidance to directors both as individuals and as a collective with particular emphasis on supporting the Non-Executive Directors.

The Company Secretary should ensure compliance with all relevant statutory and regulatory requirements and will have duties associated with the operation of the Bank.

The Company Secretary needs to:

- a) Communicate with shareholders, as appropriate, and ensure that due regard is paid to their interests;
- b) Act as a primary point of contact (often via the share registrar) for all shareholders and proxy voting/ corporate governance advisers; and
- c) Have a role in improving engagement and purposeful dialogue between investors and the Bank.

E. POWERS OF THE BOARD

- a) Subject to any restrictions in the Act or this Constitution, the business and affairs of the Bank shall be managed by or under the direction or supervision of the Board.
- b) The Board shall have all the powers necessary for managing, directing and supervising the management of, the business and affairs of the Bank except to the extent that the Constitution or the Act expressly requires those powers to be exercised by the Shareholders or any other person.
- c) Subject to the Banking Act, the Board shall moreover have all the powers of the Bank, including the power to purchase and sell property, to borrow money and to mortgage,

pledge or create charges on its assets and to issue debentures and other securities, whether outright or as security for any debt, liability, or obligation of the Bank or of any third party.

F. DELEGATION BY BOARD

In terms of its Constitution, the Board may delegate to a Committee of Directors, a Director, an employee of the Bank, or any other person, any one or more of its powers, other than the powers provided for under any of the following sections which are listed in the Seventh Schedule to the Companies Act 2001:

- (i) Section 52 (Issue of other shares);
- (ii) Section 56 (Consideration for issue of shares);
- (iii) Section 57 (3) (Shares not paid for in cash);
- (iv) Section 61 (Board may authorize Distribution);
- (v) Section 64 (Shares in lieu of Dividends);
- (vi) Section 65 (Shareholder discounts);
- (vii) Section 69 (Purchase of own shares);
- (viii) Section 78 (Redemption at option of Company);
- (ix) Section 81 (Restrictions on giving financial assistance);
- (x) Section 188 (Change of registered office);
- (xi) Section 246 (Approval of Amalgamation proposal);
- (xii) Section 247 (Short form Amalgamation).

The MD & CEO is expected to act within all specific authorities delegated to him by the Board.

The Board has delegated the day to day running of the business and affairs of the Bank to the Executive management but remains ultimately responsible and accountable for the safety and soundness of the Bank. The Board shall ensure that proper mechanisms are in place to monitor the exercise of the delegated power

The MD & CEO shall establish a Central Management Committee and Conduct Review & Risk Management Committee (CRRMC) comprising of the key management staff who shall be responsible, within the limits of the authority determined and powers delegated. Issues are debated after which decisions in management Committees are taken unanimously.

All the main Committees such as Central Management Committee, Risk Management Committee and Assets and Liabilities Committee are chaired by the MD & CEO and they are as follows:

1. Central Management Committee (CENMAC)

- It meets once in a month or as and when required to review and take decision on the day to day business and affairs of the Bank in general pertaining to operational issues.
- Minutes of CENMAC are put up to Executive Committee of Directors (ECOD) for information/ control purposes.

2. Executive Credit Committee (ECC)

- It meets fortnightly or as and when required to review and sanction credit proposals falling within their power.
- Minutes are put up to ECOD for information/ control purposes.

3. Management Credit Committee (MCC)

- It meets as and when required to review and sanction credit proposals falling within their power.
- Minutes are put up to ECC for information/ control purposes.

4. Investment Committee

- It meets as and when required to review and take investment decisions falling within its power.
- Minutes are put up to ECOD for information/ control purposes.

5. Procurement Committee

- It meets as and when required to review and to approve purchase of goods and services falling within its power.
- Minutes are put up to ECOD for information/ control purposes.

6. Risk Management Committee

- It meets monthly to review risk profiles covering Liquidity risk, Credit risk, Operational risk, Compliance risk, Legal risk among others.
- Minutes are put up to CRRMC for information/ control purposes.

7. Customer Service Committee

- It meets at least once a quarter to review customer complaints and customer services in general.
- Minutes are put up to CRRMC for information/ control purposes.

8. Assets and Liabilities Committee (ALCO)

- It meets quarterly or as and when required to review assets and liabilities management and interest rate fixation.
 - a) The Board shall be responsible for the exercise of a power by any delegate (where that power is delegated under the above clause (F (a)) as if the power had been exercised by the Board, unless the Board:
 - b) Believed on reasonable grounds at all times before the exercise of the power that the delegate would exercise the power in conformity with the duties imposed on the Directors by the Act and its Constitution; and
 - c) Has monitored, by means of reasonable methods properly used, the exercise of the power by the delegate.
- Minutes are put up to CRRMC for information/ control purpose.

9. Human Resources Committee (HR Com)

- It meets as and when required for overall HR issues pertaining to recruitment, transfer, promotion, training, policies, procedures, contract renewal, Salary review, disciplinary matters, performance appraisal, industrial relations, staff compensation and manpower Plans and development, employee relations.
- Minutes are put up to CGNCC.

10. Branch Credit Committee

- It meets as and when required to approve credit proposals.
- Minutes are put up to Management Credit Committee – II

11. Pricing Committee

- It meets as and when required to extend concession in respect of Interest Rate on various loan products, Commission, Processing fees, etc.
- Minutes are put up to Executive Credit Committee.

12. Operational Risk Management Committee

- It meets once a month to review Key Risk Indicators which includes Credit Risk Indicators, Operational Key Risk Indicators and Market Risks Key Risk Indicators.
- Action Taken Report is put up to RCOM for further discussion.

13. CRA Validation Committee

- It meets as and when required for independent validation of credit proposals of MUR 10 million and above.
- Minutes are put up to VP (CB)/ VP (GB).

14. IT Steering Committee

- It meets once a month or earlier as required so as to ensure that IT projects are implemented / reviewed in a time bound manner and aligned with the Bank's business strategy. The meeting also ensures that the IT security risks are understood and properly managed.
- Minutes are put up to the CRRMC for information/ control purpose.

G. RELATIONSHIP OF THE BOARD WITH SENIOR MANAGEMENT

1. The Board Members should be given unrestricted access to the Bank's Senior Management and to the information pertaining to the Bank and / or Bank's auditors and consultants.

Consistent with the direction given by the Board, Senior Management should implement business strategies, risk management systems, risk culture, processes and controls for managing the risks to which the Bank is exposed and concerning which it is responsible for complying with laws, regulations and internal policies. This includes comprehensive and independent risk management, compliance and audit functions as well as an effective overall system of internal controls. Senior management should recognise and respect the independent duties of the risk management, compliance and internal audit functions and should not interfere in their exercise of such duties.

Members of senior management should provide adequate oversight of those they manage, and ensure that the Bank's activities are consistent with the business strategy, risk appetite and the policies approved by the Board.

Senior management is responsible for delegating duties to staff. It should establish a management structure that promotes accountability and transparency throughout the Bank.

Senior Management should provide the Board with the information it needs to carry out its responsibilities, supervise Senior Management and assess the quality of Senior Management's performance. In this regard, Senior Management should keep the Board regularly and adequately informed of material matters, including: changes in business strategy, risk strategy/risk appetite; the Bank's performance and financial condition; breaches of risk limits or compliance rules; internal control failures; legal or regulatory concerns; and issues raised as a result of the Bank's whistle blowing procedures.

The MD & CEO shall be directly responsible for the day to day operations of the Bank and shall be conversant with the state of internal control, the prevailing legislation as well as current issues impinging the financial sector.

2. Position of MD & CEO

The Board will link the Company's governance and management functions through the Chairperson with the MD/CEO. All Board authority conferred on Management is delegated through the MD & CEO so that the authority and accountability of management is considered to be the authority and accountability of the MD & CEO so far as the Board is concerned. Position of MD & CEO is more fully described in chapter 8.

3. Accountability of MD & CEO

The MD & CEO shall be the head of the Management of the Bank and in that capacity is answerable to the Board.

The MD & CEO is accountable to the Board for the achievement of the Bank's goals.

4. Key role of the MD & CEO

The key role of the MD & CEO amongst others, include:

- a) Developing the strategic direction of the Bank;
- b) Ensuring that the Bank's strategies and corporate policies are effectively implemented;
- c) Ensuring that Board decisions are implemented and Board directions are adhered to;
- d) Providing directions in the implementation of short and long term business plans;
- e) Providing strong leadership i.e. effectively communicating a vision, management philosophy and business strategy to the employees;
- f) Keeping Board fully informed of all important aspects of the Bank's operations and ensuring sufficient information is distributed to the Board members;
- g) Ensuring high performance and productivity of top management staff by creating conditions for top management motivation, performance management and professional development;
- h) Ensuring compliance with all relevant legislations and regulations by reviewing policies and monitoring compliance;
- i) Developing and maintaining effective relations with significant external agencies such as regulatory bodies, government agencies, investing public and other trade associations and institutions; and
- j) Ensuring the day-to-day business affairs of the Bank is effectively managed.

H. DIRECTORS TO ACT HONESTLY IN GOOD FAITH AND IN BEST INTERESTS OF THE BANK

1. Subject to Banking Act, Company's Act and the Code of Corporate Governance, the Directors of the Bank shall:
 - a) Exercise their powers in accordance with the Companies Act and within the limits and subject to the conditions and restrictions established by the Bank's Constitution;
 - b) Exercise the degree of care, diligence and skill as required by the Act;
 - c) Not agree to the Bank incurring any obligation unless the Directors believe at that time, on reasonable grounds, that the Bank shall be able to perform the obligation when it is required to do so;
 - d) Not make use of, or disclose, any confidential information received by them on behalf of the Bank as Directors otherwise than as permitted and in accordance with the Act;
 - e) Not compete with the Bank or become a Director or Officer of a competing company unless it is approved by the Company;

Role of Executive, Non – Executive and Independent Directors

- f) All directors, whether Executive, Non – Executive or Independent Non – Executive ('independent') are bound by fiduciary duties and duties of care and skill. Non – Executive and Independent Directors perform such duties intermittently and have less regular access to the books and records of the Bank than do Executive Directors.
- g) Non – Executive and Independent Directors play a particularly vital role in providing independent judgement in all circumstances.
- h) Although the law does not recognize the distinction between Executive and Non – Executive Director, every Director has both a legal and moral duty to act independently, in good faith, with due care and skill, and without fetter or instruction.
- i) Non – Executive and Independent Directors should be individuals of caliber and credibility and have the necessary skill and experience to bring judgement to bear, independent of management, on issues of strategy, performance, resources, transformation, equal opportunities, standards of conduct, and evaluation of performance.

Legal duties of Directors as provided in the Companies Act 2001

- Directors have also legal duties as provided in the Companies Act 2001, details of which are given below:
- a. Obtain the authorization of a meeting of shareholders before doing any act when needed by company's constitution;

- b. Exercise their powers honestly in good faith in the best interests of the Bank and for the respective purposes for which such powers are explicitly or impliedly conferred;
- c. Account to the company for any monetary gain, or the value of any other gain or advantage, obtained by them in connection with the exercise of their powers, or by reason of their position as directors of the company, except remuneration, pensions provisions and compensation for loss of office in respect of their directorships of any company which are dealt with in accordance with the Act;
- d. Where directors are interested in a transaction to which the Bank is a party, disclose such interest pursuant to the Act;
- e. Not use any assets of the Bank for any illegal purpose or purpose in breach of paragraphs (a) and (c), and not do, or knowingly allow to be done, anything by which the Bank's assets may be damaged or lost, otherwise than in the ordinary course of carrying on its business;
- f. Transfer forthwith to the Bank all cash or assets acquired on its behalf, whether before or after its incorporation, or as the result of employing its cash or assets, and until such transfer is effected to hold such cash or assets on behalf of the Bank and to use it only for the purposes of the Bank;
- g. Attend meetings of the directors of the Bank with reasonable regularity, unless prevented from so doing by illness or other reasonable excuse; and
- h. Keep proper accounting records and make such records available for inspection in accordance with Acts.

2. A director of the Bank that is a wholly-owned subsidiary may, when exercising powers or performing duties as a director, if expressly permitted to do so by the constitution of the Bank, act in a manner which he believes is in the best interests of that Bank's holding company even though it may not be in the best interests of the Bank.

3. A director of the Bank that is a subsidiary, other than a wholly-owned subsidiary, may, when exercising powers or performing duties as a director, if expressly permitted to do so by the constitution of the Bank and with the prior agreement of the shareholders (other than its holding company), act in a manner which he believes is in the best interests of that Bank's holding Company even though it may not be in the best interests of the Bank.

4. (a) Subject to paragraph (b), the duties imposed by this section shall be owed to the Bank, and not to the shareholders, debenture holders or creditors of the Bank.

(b) Without prejudice to any other action with regard to the same matter that is lawfully available, including an action under this Act, any member or debenture holder, as the case may be, may apply to the Court for:

- (i) a declaration that an act or transaction, or proposed act or transaction, by the directors or any director or former director constitutes a breach of any of their duties under this Act;

(ii) an injunction to restrain the directors or any director or former director from doing any proposed act or transaction in breach of their duties under this Act.

Each Director is required to sign as acknowledgement that they are aware of their legal duties as mentioned above and that they shall exercise the degree of care, skill and diligence reasonable expected of them.

I. DIRECTORS REMUNERATION

The remuneration of directors should be decided by the Corporate Governance, Nomination & Compensation Committee.

The Bank should include a transparent “Statement of Remuneration Philosophy” in its annual report and financial statements so that shareholders and stakeholders can comprehend the Board’s policy and motivation in determining remuneration for directors in accordance with specified benchmarks.

The Bank should disclose in its annual report details of remuneration paid to each director on an individual basis. Such remuneration should include salaries, fees, severance payments, share options and any other benefits whether received from or in respect of the bank on which the director serves as a representative of the company and how much is paid over to the company of which the persons are directors.

J. BOARD SUB - COMMITTEES AND MEMBER ASSESSMENT

The Board shall periodically conduct a self-assessment of its effectiveness as well as that of its sub-Committees. The Chairperson keeps under review, informally, the contributions made by Board Members.

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 enable the Board to deliver its responsibilities more efficiently and effectively.

The process is more fully described under chapter 4.

K. RELATIONSHIP BETWEEN THE BOARD AND SHAREHOLDERS, INSTITUTIONAL INVESTORS, PRESS, CUSTOMERS, ETC

The Board will use its best endeavour to familiarize with issues of concern to Shareholders and Stakeholders.

The Board believes that Management speaks for the Bank. Comments from the Board, if appropriate in most circumstances, shall come from the Chairperson/ MD & CEO.

L. BOARD ETIQUETTE

The Board's etiquette is more fully described under **Appendix B** and the Board members shall be governed by the same.

M. APPOINTMENT OF EXTERNAL AUDITORS

The external auditor shall be appointed by the Annual Meeting of shareholders. The Board shall nominate a candidate for this appointment to the Annual Meeting of shareholders based on an open, transparent and competitive selection process, and may recommend replacement of the external auditor. The Audit Committee shall advise the Board on such matters.

N. ROTATION AND EVALUATION OF EXTERNAL AUDITORS

The Board shall also ensure that the audit firm is rotated at least every 5 years.

A review of the External Auditors' effectiveness and performance of the audit team, their output quality and cost effectiveness is carried out on a yearly basis based on the following, amongst other:

- Credentials of External Audit firm;
- Quality processes;
- Commitments;
- Value delivery for money;
- Identification of opportunities and risks;
- Responsive and communicative in demonstrating integrity and objectivity;
- Quality, timeless, skills of the team;
- Delivery of quality services;
- Technically competent;
- Meet agreed upon performance criteria as reflected in engagement letter and audit plan;
- Adequate key team member succession plans
- Involvement of engagement partner/ other senior personnels.

The Audit Committee shall discuss and evaluate the performance of the external audit firm based on the feedback given by MD & CEO, COO and Manager Internal Audit and also on the member's feedback.

MATTERS RESERVED FOR COLLECTIVE DECISION OF THE BOARD

The authorities of the Board are specified below. The authorities may be varied from time to time as determined by the Board.

1. Conduct of the Board

- a) Appointment and recommendation for removal of directors.
- b) Appointment and removal of Company Secretaries.
- c) Appointment of Board Committees and members.
- d) Approval of terms of reference of Board Committees and amendments to such
- e) terms.
- f) Appointment of senior Executive positions, including that of the CEO and Executive Directors of the Company and their duties and the continuation or not of their service.

2. Remuneration

- a) Approval/ recommendation of the director's fee/ remuneration.
- b) Approval of any proposed employees' share option scheme and/ or amendments to the scheme, subject to other approvals that may be required by law or regulations.

3. Operational

- a) Approval of business strategy, governance structure and Bank's operational plan and annual budget.
- b) Ongoing review of performance against business strategy and group operational plan, including monitoring of key risks and risk management policies and actions and compliance practices.
- c) Approval of capital expenditure as per laid down delegated powers.
- d) Approval of bad debts write-off as per laid down delegated powers.
- e) Approval of investment or divestment in a company/ business/ property/ undertaking.
- f) Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities.
- g) Approval of changes in the major activities of the Company.
- h) Approval of treasury related policies and bank mandate.
- i) Approval of the Limits of Authority for the Company.

4. Financial

- a) Approval of interim and annual financial statements.
- b) Approval for the release of financial announcements.
- c) Approval of the Annual Directors' Report and Statutory Accounts.
- d) Approval of interim dividends, the recommendation of final dividends and the making of any other distribution.
- e) Adoption of accounting policies.
- f) Review the effectiveness of the system of internal control. This function is delegated to the audit Committee which will in turn report to the Board on its findings.

5. Other Matters

- a) Recommendations for the alteration of the Bank's Constitution.
- b) Approve alteration of the accounting reference date, registered office and name of the Bank.
- c) Approve purchase of own shares by the Bank.
- d) Approve issue of any debt instruments.
- e) Approve scheme of reconstruction or restructuring.
- f) Approve any other significant business decision.
- g) Approve any other matter requiring the convening of a general meeting of shareholders or any class of shareholders.
- h) Approve any other matters as may be required by the laws or the governing authorities.
- i) Approve any other matters requiring the Board's approval under the Power Chart of the Bank.

6. Declaration of Interests

Subject to the requirements of any acts, rules or regulations that are in force from time to time and in addition to such mandatory requirements, members of the Board are required to notify the Company Secretary changes in the following:

- a) Shareholding in the Bank if any, whether direct or indirect; and
- b) Directorships or interests in any other companies.

In addition to the above, any director or senior officer of the Bank who is in any manner whether directly or indirectly, interested in an advance, loan or credit from the financial institution shall –

- Disclose in writing the nature and extent of his interest to the Board of directors of the financial institution; and
- Not take part in any deliberation or any decision-making process in relation thereto.

7. Register of Interests

A formal register of interests should be established. The register should include details of all directorships and other relevant interests declared by Board Members and Senior Officers.

The register should be kept up-to-date through an annual survey of members' interests, carried out by the Company Secretary.

8. Conduct in Meetings

Any Board Member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register. The Board Member concerned should withdraw from the meeting during the relevant discussion or decision.

9. New Directorships

Board Members should notify the Chairperson before accepting any new directorships in any Public Listed or Private companies which includes an indication of time that will be spent on the new appointment.

10. Membership of Committee

Board Members should not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

11. Transparency & Disclosures

Governance practices are adequately transparent to shareholders, depositors and other market participants. They need complete and timely information on significant activities to hold the Board and senior management accountable for the trust placed in them to achieve corporate objectives.

The Board selection process as to the skills, background and experience essential to guide the Bank's affairs and to protect interests of shareholders will be as per the Bank's policy on selection of Board Directors. The Annual Report should disclose a brief detail of the Directors' profile. It should also disclose the Bank's management infrastructure, including the Board Committees and their mandates and the number of times they have met.

Other information for disclosure includes a description of the Bank's objectives, governance structure and policies, major shareholdings and voting rights, related party transactions, remuneration and compensation policy, including criteria for performance measurement. The Board should disclose the remuneration/fees of directors, senior Executives and key employees.

Disclosure should be timely, accurate, clear and easily understandable to inform all stakeholders effectively.

The Bank should disclose on an annual basis key aspects of risk exposure and risk management and controls. In addition, it must disclose any direct and/or indirect shareholdings of a person aggregating ten percent or more.

12. Guidelines of Acceptance of Gifts

The following set out guidelines on acceptance of gifts:

- a) The conduct of individuals must not create suspicion of any conflict between their position as a member of the Board and/ or any private interest.
- b) Board Members acting as such must not give the impression that they have been influenced by a benefit to show favour or disfavour to any person or organization having dealings with the Company.
- c) Board Members must not accept any benefit as an inducement or reward for taking any action (or specifically not taking any action) in their official capacity as a Board Member; and
- d) Gifts other than of token value should generally be refused.

APPENDIX B

BOARD ETIQUETTE

The Board's etiquette is to specify the type of behaviour appropriate for Board and Committee meetings, and throughout the Bank. Board members should act with independence, rigour, integrity, probity, honesty, mutual trust and display high standards of conduct.

A. Before the Meeting

- a) Be clear as to the purpose of the meeting and the role you play at that meeting.
- b) Having received the Board papers 5 working days before the meeting, read the agenda, and any supporting papers ahead of the meeting and prepare questions to be raised at the appropriate time, or think of suggestions to resolve problems.
- c) Be clear on the decision that is being asked for.
- d) Request further information ahead of the meeting or seek clarification from the Company Secretary or report author (including highlighting typographical and other errors not of material consequence), where appropriate.
- e) Submit apologies for absence/ delay.
- f) Arrive for the meeting on time, stay for its duration, and ensure regular attendance at all meetings.
- g) If you have to leave before the end of the meeting, you should inform the chairperson beforehand. However, you should avoid this to the extent possible.

B. During the Meeting

- a) Declare any potential or real conflicts of interest with regard to any matter on the agenda.
- b) If people are joining the meeting via video conferencing be aware of time delays when listening/ responding.
- c) Unless there are specific reasons for doing so, no part of the meeting should be visually or audio recorded. If such recording is agreed the chairperson must inform the meeting beforehand.

C. Focusing on the Agenda

Stay focused on agenda items.

- a) Dedicate your attention to the purpose of the meeting and refrain from performing other duties at the same time.
- b) Turn off your mobile phone/electronic communications device. When an electronic device must be kept on, turn to silent/ vibrate and excuse yourself from the meeting. Should you need to answer an urgent call; forewarn attendees that you are expecting an urgent call and seek the permission of the chairman to keep the electronic device on.
- c) Refrain from private conversations with others at the meeting (whether spoken or written), and the passing of notes.

D. Contributing to the discussion

- a) If appropriate, attract the Chairperson's attention when wishing to contribute to the discussion, and wait until the Chairperson indicates that you may speak so as to avoid interrupting a fellow Board member.
- b) When invited to speak by the Chairperson, do so clearly, concisely and at a volume that all attendees can hear (especially the minute-taker), without shouting. Avoid the use of jargon and acronyms.
- c) Throughout the meeting be respectful of the role of the Chairperson in encouraging debate, summarising discussion and clarifying decisions made.
- d) Be constructive and professional in the way you impart an opinion or information.
- e) Listen attentively and respectfully to others, making notes of any points you would like to raise when an opportunity to respond arises; do not interrupt when others are speaking.
- f) Ensure you maintain body language that demonstrates your participation and engagement in the meeting.
- g) Challenge inappropriate behaviour/ language from other Board members at the time via the Chairperson or after the meeting if more convenient.
- h) Treat attendees fairly and consistently, even when you disagree with their point of view.

- i) Challenge and provide critique constructively, and ensure that any challenges are proportionate and based on fact. Challenge the issue being discussed, not the personality of other individuals taking part in the discussion.
- j) Seek clarification or amplification when necessary.

E. The Unitary Board

Know and understand the role you play at the meeting and the need for the Board to act as a corporate body (i.e. not to pursue self-interest or the interest of another body).

Do not act territorially/personally, remember the need to contribute to the corporate nature of the Board. Regard and welcome challenge as a test of the robustness of papers and arguments presented.

Do not cause offence or take offence, accept the diversity of opinions and views presented.

F. Accountability

- a) Seek professional guidance/clarification from the Chairperson during the meeting (or company secretary outside the meeting) wherever there may be any concern about a particular course of action.
- b) Do not disclose confidential matters to anyone. Do not participate in gossip arising from Board matters.

G. After the Meeting

- a) Participate and contribute to any post-meeting review with a view to making future meetings more effective.
- b) Draft minutes should be produced within one working week after the meeting. These should be read with a view to clarifying matters and sending amendments to the company secretary at the earliest opportunity. This should help to reduce the time taken approving the minutes at the next Board meeting.
- c) Read any post-meeting action plan and ensure you complete the tasks accorded to you and report back appropriately on their completion in a timely manner.
- d) Observe the confidentiality and sensitivity of matters discussed at the meeting and ensure that all papers are stored safely.
- e) Remember that decisions were taken collectively by the Board and therefore that responsibility remains collective too.

H. Breaches of the Board Etiquette

Where there is evidence that the provisions of the Board etiquette rules have been breached, the Chairperson, with guidance from the Company Secretary, will recommend the necessary action to be taken. Any meeting to discuss breaches of Board etiquette will take place with the presence of the member accused of inappropriate behaviour, in accordance with the Board's code of conduct, where applicable.

Board behaviour and performance, collectively and individually, should be reviewed as part of an annual Board evaluation process.