SBI (Mauritius) Ltd

Bank to grow with

Sub - Committees Charter

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CHARTER OF SUB-COMMITTEES OF THE BOARD OF DIRECTORS

In the line with the Banking Act 2004 and with best practices of Corporate Governance, the Board of SBIML has set up four Committees, namely Executive Committee of Directors, Audit Committee, Conduct Review and Risk Management Committee and the Corporate Governance, Nomination & Compensation Committee. With the exception of the Executive Committee of Directors which is chaired by a Non-Executive Director, all the remaining Committees are chaired by Independent Directors.

(A) EXECUTIVE COMMITTEE OF DIRECTORS

The Executive Committee of Directors (ECOD) acts as a Sub-Committee of the Board of Directors, and meets frequently at short notice to dispose of Credit Proposals and operational matters as per the delegation of powers vested with it and approve expenditures falling within its power. Minutes of the ECOD are put up to the Board for review.

1. Membership

The ECOD shall comprise of a number of Executive and Non-Executive Directors as may be decided by the Board from time to time.

2. Mandate of ECOD

The mandate of the ECOD includes:

a) Review and approve of Credit Proposals within its power.
b) Review and approve expenditures falling within its power.
c) Review of Control Report for facilities sanctioned by ECC.
d) Review of Procurement Committee decisions.
e) Review minutes of CENMAC meetings.
f) Review Statement of expenditures on a monthly basis.
g) Review of Top 20 NPAs and NPA Position on a regular basis.
h) Regularly review the Performance of the Bank against the Board approved benchmarks.
i) Deal with such other matters as are delegated by the Board to the Executive Committee from time to time.

3. Meetings & Minutes of ECOD

(a) The ECOD shall meet periodically and a majority of its members shall be present to constitute a quorum for the transaction of the Bank's business. The Board shall designate a Chairperson of the ECOD. Minutes of the ECOD shall be put up to the Board for information.
(b) All recommendations of the ECOD shall be put up to the Board for approval.
(c) The ECOD, through its Chairperson, shall report to the Board. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

4. Job description of the Chairperson of ECOD

The key responsibilities of the Chairperson of the ECOD include:

i. To decide the frequency and dates of meetings of the ECOD and call the meetings.
ii. To set the agenda including supporting information for meetings of the Committee.
iii. To preside over the meetings of the ECOD and to encourage open discussions at the meetings.
iv. To report to the Board in an appropriate manner and when presenting any recommendation to the Board, background and supporting information as may be necessary shall be provided for the Board to make an informed decision.
v. To ensure that all recommendations of the ECOD are put up to the Board for information and/ or approval of recommendations, if any.
vi. To put up Minutes of the ECOD to the Board for information and/ or approval of recommendation, if any.

(B) AUDIT COMMITTEE (AC)

In compliance with the Bank of Mauritius Guidelines and the provisions contained in Section 54 of the Banking Act 2004, the Audit Committee oversees the Management's financial stewardship of the Bank and also the performance of the external and internal audit functions. It maintains direct communications with the Auditors especially while reviewing the periodical accounts of the Bank. The Auditors are invited to participate in the Audit Committee meetings at the time of the review and adoption of the Quarterly and Annual Accounts of the Bank.

1. Membership of Audit Committee

1.1 The Audit Committee shall have three Directors with at least one independent Director or such other composition as may be determined by the regulator and the Board.

1.2 The Chairperson of the Board must not be the Chairperson of the AC.

1.3 The AC shall have at least one Independent Director.

1.4 Members of the AC should preferably have financial background and be conversant with both international auditing standards and international financial reporting standards.

1.5 The Board shall satisfy itself that the Chairperson of the Committee and at least one member of the Audit Committee has recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies.

1.6 The Board shall have the power at any time to remove any members from the Committee and to fill any vacancies created by such removal.

1.7 Only members of the Committee have the right to attend Committee meetings. However, the External Auditor and the Vice President (Account & Services) & HR will be invited to attend meetings of the Committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.

1.8 Appointments to the Committee shall be for a period of up to three years extendable by no more than two additional three-year periods, so long as members continue to be independent or as provided by the Regulator.

2. Secretary

A Secretary shall be appointed for the AC and shall provide the necessary administrative and secretarial services for the effective functioning of the AC.

3. Quorum

The quorum for all meetings of the Audit Committee (AC) shall be a majority of members. The Chairperson designated by the Board, shall chair all the meetings and in his absence, another member shall chair it.

4. Frequency of Meetings

4.1 The AC must meet at least once every quarter to execute its mandate effectively.

4.2 The AC shall meet separately with the internal and external auditors at least once a year without the attendance of the Management.

4.3 Meetings shall be held not less than 4 times a year and the MD & CEO, COO and the Head of Internal Audit shall, by invitation, attend the meetings.

4.4 Outside of the formal meetings, the Committee Chairperson will maintain a dialogue with key individuals involved in the Bank's governance, including the Board Chairperson, MD & CEO, Vice President (Accounts & Services) & HR, the external audit lead partner and the Head of Internal Audit. The Committee Chairperson, at his discretion, may invite other Executives to attend and to be heard at meetings of the Committee.

5. Notice of Meetings

5.1 Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members or at the request of the external audit lead partner or Head of Internal Auditor if they consider it necessary.

5.2 Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee, any other person required to attend, no later than five working days before the date of the meeting.

6. Minutes of Meetings

6.1. The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.

6.2 The draft minutes shall be circulated to the AC members for comments and the signed minutes shall be put up to the subsequent Board for information. Once approved, minutes should be circulated to all other members of the Board unless it would be inappropriate to do so in the opinion of the Committee Chairperson.

7. Annual General Meeting

The Audit Committee Chairperson shall attend the annual meeting to answer shareholder questions on the Committee's activities.

8. Job description of the Chairperson of the Audit Committee

The key responsibilities of the Chairperson of the Audit Committee include:

i. To decide the frequency and dates of the meetings of the AC in collaboration with the Company Secretary.
ii. To set the agenda including supporting information for meetings of the AC in consultation with the Company Secretary.
iii. To preside over the meetings of the AC and to encourage discussions openly at the meetings.
iv. To ensure that all necessary matters are discussed.
v. To ensure that all recommendations of the AC are submitted to the Board for information and/ or approval of recommendations, if any.
vi. To ensure effective communication with External and Internal Auditors.
vii. To put up Minutes of the AC to the Board for information.

9. Responsibilities of the Committee

(a) Provide oversight of the Bank's internal and external auditors and prior endorsement for their appointment and removal.

(b) Report to the Board on the conduct of its responsibilities in frequency specified by the Board, with particular reference to section 39 of the Banking Act 2004; and

(c) Ensure that Management is taking appropriate corrective action in response to deficiencies identified by the auditors, including internal control weaknesses and instances of non-compliance with laws.

(d) Assess whether the accounting practices of the auditee are appropriate and within the bounds of acceptable practice.

(e) The Audit Committee should approve the audit plans (external and internal) to ensure that these are risk-based and address all activities over a measurable cycle, and that the work of external and internal auditors is coordinated.

(f) Review policies and put up to the Board for approval.

(g) The Audit Committee shall monitor the independence and objectivity of the Internal Audit Function and assess its performance against relevant standards (e.g., the Certified Internal Auditor of the Institute of Internal Auditors) and relevant work experience.

(h) In certain circumstances, the Board of the Bank shall consider an external independent assessment of its Internal Audit function. (Refer to the extract from the Mauritius Audit Committee Forum as per Annexure 3).

9.1 Financial Statements

The Audit Committee shall:

a) Review the audited financial statements for adequacy of the Bank before they are approved by the Board;

b) Require the Management of the Bank to implement and maintain appropriate accounting, internal control and financial disclosure procedures and review, evaluate and approve such procedures;

c) Review such transactions as could adversely affect the sound financial condition of the Bank as the auditors or any Officers of the Bank may bring to the attention of the Committee or as may otherwise come to its attention;

d) Review the quality and integrity of the financial statements of the Bank, including its annual and half-yearly reports, interim reports and any other formal announcement relating to the Bank's financial performance;

e) Review and report to the Board on significant financial reporting issues and judgments which these financial statements contain having regard to matters communicated to the Committee by the auditor;

f) In particular, the Committee shall review and challenge where necessary;
   - The consistency of, and any changes to, significant accounting policies both on a year on year basis and across the Bank;
   - Compliance with accounting standards, local and international, compliance with stock exchange and legal requirements;
   - The methods used to account for significant or unusual transactions where different approaches are possible;

- Significant adjustments resulting from the audit;
- Whether the Bank has followed appropriate accounting standards and made appropriate estimates and judgments taking into account the views of the External Auditor;
- The clarity and completeness of disclosure in the Bank's financial reports and the context in which statements are made;
- All material information presented with the financial statements, such as the business review and the corporate governance statements relating to the audit and to risk management;
- Where the Committee is not satisfied with any aspect of the proposed financial reporting by the Bank, it shall report its views to the Board;
- The basis on which the Bank has been determined a going concern;
- Capital adequacy and internal controls;
- Compliance with the financial conditions of any loan covenants; and
- Reviewing special documents (such as prospectuses).

9.2 Narrative reporting

Where requested by the Board, the Committee shall review the content of the annual report and accounts and advise the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders and other stakeholders to assess the Bank's performance, business model and strategy.

9.3 Internal Controls and Risk Management Systems

The Audit Committee shall:

(a) Assess whether the Bank has implemented adequate internal control and financial disclosure procedures;

(b) 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 Bank;

(c) Review and approve the statements to be included in the annual report concerning internal controls and risk management.

9.4 Compliance, Whistleblowing and Fraud

The Committee shall:

(a) Establish and maintain policies and procedures for employees of the Bank to submit confidentially information respecting accounting, internal control, compliance, audit and any other related matters of concern to the employees. The Audit Committee shall also have a process for ensuring that employees are aware of these policies and for dealing with matters raised by employees with it, under these policies.

(b) 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.

(c) Ensure that management is taking appropriate corrective action in response to deficiencies identified by the auditors, including internal control weaknesses and instances of non-compliance with laws.

(d) Review the adequacy and security of the Bank's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

(e) Review the Bank's procedures for detecting fraud;

(f) Review the Bank's systems and controls for the prevention of bribery and receive reports on non-compliance;

(g) Review regular reports from VP (C) & CS and keep under review the adequacy and effectiveness of the Bank's compliance function;

(h) Review significant transactions not directly related to the Bank's normal business as the Committee might deem appropriate; and

(i) Review significant cases of employee conflicts of interest, misconduct or fraud, or any other unethical activity by employees or the Bank.

9.5 Internal Audit

(a) The Audit Committee shall approve the remuneration of the Head of Internal Audit.

(b) Approve the appointment or termination of appointment of the Head of Internal Audit;

(c) Review and approve the charter of the internal audit function and ensure the function has the necessary resources and access to information to enable it to fulfill its mandate, and is equipped to perform in accordance with appropriate professional standards for internal auditors;

(d) Ensure the Internal Auditor has direct access to the Board Chairperson and to the Audit Committee Chairperson, and is accountable to the Committee;

(e) Review and assess the annual internal audit work plan;

(f) Receive a report on the results of the internal auditor's work on a periodic basis;

(g) Review and monitor management's responsiveness to the internal auditor's findings and recommendations;

(h) Meet with the Head of Internal Audit at least once a year without the presence of Management;

(i) Monitor and review the effectiveness of the Company's internal audit function, in the context of the Bank's overall risk management system;

(j) Safeguard Bank's assets against unauthorised use or disposal; and

(k) Direct and supervise investigations into matters within its scope, for example, evaluations of the effectiveness of the Bank's internal control, cases of employee fraud, misconduct or conflict of interest.

9.6 External Audit

The Audit Committee shall:

(a) Evaluate the independence and effectiveness of the external auditor(s) and consider any non-audit services rendered by such auditors as to whether this substantively impairs their independence;

(b) Evaluate the performance of the external auditor(s);

(c) Discuss and review, with the external auditor(s) before the audit commences, the auditor(s) engagement letter, the terms, nature and scope of the audit function, procedure and engagement, the audit fees.

(d) Audit Committee, not senior management, should recommend to shareholders the appointment, removal, and remuneration of external auditors. It should also approve the engagement letter setting out the scope and terms of external audit.

(e) The Audit Committee should assess periodically the skills, resources, and independence of the external audit firm and its practices for quality control

(f) The Audit Committee should discuss with senior management and external auditors the overall results of the audit, the quality of financial statements and any concerns raised by external auditors. This should include:

(i) Key areas of risk for misinformation in the financial statements, including critical accounting policies, accounting estimates and financial statement disclosures;
(ii) Changes in audit scope;
(iii) Whether the external auditor considers the estimates used as aggressive or conservative within an acceptable range;
(iv) Significant or unusual transactions; and
(v) Internal control deficiencies identified during the course of the audit.

(g) The external auditors are normally invited to attend meetings as and when necessary.

(h) Ensure that at least once every five years* the audit services contract is put out to tender to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms; and in respect of such tender oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process. Several firms should be screened and the Committee should obtain written or verbal proposals to enable it to arrive at its recommendation.

(i) If an auditor resigns, investigate the issues leading to this and decide whether any action is required.

(j) Oversee the relationship with the external auditor including (but not limited to):

- Recommendations on their remuneration, including both fees for audit and non-audit services, and that the level of fees is appropriate to enable an effective and high quality audit to be conducted;

- Approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
- Assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- Satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Bank (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- Agreeing with the Board a policy on the employment of former employees of the Bank's auditor, and monitoring the implementation of this policy;
- Monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partner, the level of fees paid by the Bank compared to the overall fee income of the firm, office and partner and other related requirements;
- Assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
- Seeking to ensure co-ordination between audit firms (where more than one audit firm is involved);
- Seeking to ensure co-ordination with the activities of the Internal Audit function; and
- Evaluating the risks to the quality and effectiveness of the financial reporting process and consideration of the need to include the risk of the withdrawal of their auditor from the market in that evaluation.

(k) Meet regularly with the external auditor (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a quarter **, without Management being present, to discuss the auditor's remit and any issues arising from the audit.

(l) Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team.

(m) Consider whether any significant ventures, investments or operations are not subject to external audit.

(n) Obtain assurance from the external auditor(s) that adequate accounting records are being maintained.

(o) Review the findings of the audit with the external auditor. This shall include but not be limited to the following:
- A discussion of any major issues which arose during the audit;
- Key accounting and audit judgments;
- Levels of errors identified during the audit; and
- The effectiveness of the audit process.

Note: * Although the new Code provides for providing non-audit services every ten years, the Bank's policy is to do so every five years.
** As per decision of Audit Committee, meeting with external and internal auditors is done once every quarter.

(p) Review any representation letter(s) requested by the external auditor before they are signed by management.

(q) Review the Management letter and Management's response to the auditor's findings and recommendations.

(r) Develop and implement policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence, taking into account any relevant ethical guidance on the matter.

9.6.1 Non- Audit services

Provisions of non-audit services by the Statutory Auditors, if any, are subject to the provisions of regulatory guidelines. The provisions of non- audit services, if any, has been qualified.

The Audit Committee should determine whether joint audits are required and, if so, must provide an explanation in the Annual Report.

In considering the use of the external auditors for non-audit services, the impact on the auditors' independence should be assessed by the Audit Committee.

A description of non-audit services rendered by the external auditor, if any, should be provided in the Annual Report of the Bank, stating particulars of the nature of the services and amounts paid for each of the services described. Where appropriate, a supplementary explanation or justification for these services may be necessary.

9.7 Business Conduct

The Audit Committee shall:

(a) Monitor the implementation of the Bank's Code of ethics;

(b) Review any statements on business conduct and ethical standards or requirements for the Bank and assisting in developing such standards and requirements;

(c) Ensure compliance with the requirements of the Bank's Constitution; laws and regulations of any other applicable statute and of controlling bodies;

(d) Identify any violations of ethical conduct; and

(e) Give recommendations on any potential conflict of interest or questionable situations of a material nature.

10. Reporting Responsibilities

(a) The Audit Committee Chairperson shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities. This report shall include:

- The significant issues that it considered in relation to the financial statements and how these were addressed;
- Its assessment of the effectiveness of the external audit process and its recommendation on the appointment or reappointment of the external auditor; and
- Any other issues on which the Board has requested the Committee's opinion.

(b) The Audit Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

(c) The Audit Committee shall compile a report on its activities to be included in the Company's annual report. The report should include an explanation of how the AC has addressed the effectiveness of the external audit process; the significant issues that the AC considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the auditor.

In compiling the report the Committee should exercise judgment in deciding which of the issues it considers in relation to the financial statements are significant, but should include at least those matters that have informed the Board's assessment of whether the Bank is a going concern.

11. Remuneration

Remuneration of Directors is defined in the Statement of Remuneration philosophy.

12. Other matters

The Audit Committee shall:

a) Perform such additional duties as may be assigned to it by the Board of Directors;

a) All recommendations of the Audit Committee shall be submitted to the Board for approval.

b) Attendance at a meeting may be by being present in person or by participating in the meeting by means of video or teleconference.

c) Have access to outside or other independent professional advice as it considers necessary to carry out its duties;[1]

d) Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;

e) Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

f) Give due consideration to laws and regulations, the Code, SEM Listing Rules and any other applicable rules, as appropriate;

g) Be responsible for co-ordination of the internal and external auditors;

h) Oversee any investigation of activities which are within its terms of reference;

i) Work and liaise as necessary with all other Board Committees; and

j) Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.

13. Authority

The Audit Committee is authorised to:

(a) Seek any information it requires from any employee of the Bank in order to perform its duties;

(b) Obtain, at the Bank's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;

(c) Call any employee to be questioned at a meeting of the AC as and when required; and

(d) Have the right to publish in the Bank's annual report, details of any issues that cannot be resolved between the AC and the Board.

(C) CORPORATE GOVERNANCE, NOMINATION & COMPENSATION COMMITTEE

The Corporate Governance Nomination & Compensation Committee (CGNCC) ensures enforcement of good governance practices in line with the Guidelines on Corporate Governance issued by the Bank of Mauritius and the Report on Corporate Governance for Mauritius. It also deals with matters pertaining to nomination, benefits and compensation of staff members.

1. Membership

a) The CGNCC shall have at least 3 members. The MD & CEO shall be a member of the CGNCC. The Committee shall consist of a majority of Non-Executive Directors or independent Directors**.**

b) The Chairperson and members of the Committee shall be appointed by the Board.

c) The appointment of a Committee member terminates when the members ceases to be a Director, or as determined by the Board.

d) In the event of equality of votes, the Chairperson shall have a casting vote. In the absence of the Chairperson, one member of the Committee shall be elected to chair the meeting.

e) Only members of the CGNCC have the right to attend Committee meetings. However, other individuals and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.

f) The Board shall appoint the CGNCC Chairperson who shall be an independent non-Executive director. In the absence of the Committee Chairperson and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board. The Chairperson of the Board shall not be Chairperson of the Committee.

2. Secretary

a) The Company Secretary shall be the Secretary of the Committee.

b) The Company Secretary or his or her nominee shall act as the Secretary of the CGNCC and will ensure that the CGNCC receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. Quorum

The quorum for the Committee shall be a majority of members.

4. Meetings

a) The Committee shall meet at least once quarterly. The MD & CEO shall always attend meetings of the Committee.

b) The agenda for each meeting including supporting information shall be circulated at least three (3) working days before each meeting to the Committee members and all those who are required to attend the meeting.

c) The CGNCC shall normally invite the Chairperson of the Board and MD & CEO to attend meetings to discuss the performance of other Executive directors and to make proposals as necessary.

d) The Chairperson of the CGNCC shall attend the annual general meeting and be prepared to answer questions concerning the appointment of Executive and Non-Executive Directors and maintain contact as required with the Bank's principal shareholders and stakeholders about the appointment of Executive and Non-Executive Directors.

5. Notice of Meetings

(a) Meetings of the CGNCC shall be called by the Secretary of the Committee at the request of the Committee Chairperson.

(b) Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-Executive Directors, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

6. Minutes of Meetings

(a) The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairperson of the meeting and the Company Secretary at which the proceedings were held or by the Chairperson of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.

(b) Minutes of the CGNCC shall be put up to the Board for information.

7. Annual general meeting

The Committee Chairperson should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

8. Duties

The Committee shall:

a) Consider, evaluate and recommend to the Board any new Board appointments. In making a recommendation to the Board on the candidate for directorship, the Committee shall have regard to:
   - Size, composition, mix of skills, experience, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board;
   - The appropriate number of Independent Directors;
   - Recommend to the Board candidates for Board positions, including the chair of the Board and chairs of the Board Committees;
   - Recommend criteria for the selection of Board members and criteria for the evaluation of their performance;

b) Evaluate on an annual basis, the effectiveness of the Board as a whole, the Board Committees and each Director's ability to contribute to the effectiveness of the Board and the relevant Board Committees;

c) Ensure an appropriate framework and plan for Board and management succession in the Bank;

d) Provide adequate training and orientation to new directors as well as continuous training for all Directors during the year;

e) Review and ensure that the policy on Directors' fees for the company is reflective of the contribution of each individual Director;

f) Prepare for approval of the Board the remuneration and compensation package for directors, senior managers, and other key personnel, taking into account the soundness of risk taking and risk outcomes as well as any relevant information available on industry norms;

g) Review Management's recommendation on appointment or promotion of senior management personnel.

h) Approve overall conditions of other employees of the Bank, taking into consideration proposals of trade union/s.

i) 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;

j) Determine the level of fees for directors to be recommended to the shareholders.

k) Review policies and recommend to the Board for approval.

l) Recommend nominees for Board Committees; and

m) Comment on the contribution of individual directors to the achievement of corporate objectives as well as on the regularity of their attendance at the Board and Committee meetings.

n) Ensure that all recommendations of the Committee are submitted to the Board for approval.

o) Take into account all factors which it deems necessary including relevant legal and regulatory requirements, the principles of the Code and associated guidance. The objective of the remuneration policy shall be to attract, retain and motivate Executive management of the quality required to run the Bank successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Bank and alignment to the Bank's long strategic term goals.

p) Review the on-going appropriateness and relevance of the remuneration policy.

q) Obtain reliable, up-to-date information about remuneration in other Banks of comparable scale and complexity. To help it fulfill its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Bank but within any budgetary restraints imposed by the Board.

r) Approve the design of, and determine targets for, any performance-related pay schemes operated by the Bank and approve the total annual payments made under such schemes.

s) Review the design of all share incentive plans, if any, for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors,

Company Secretary and other designated Senior Executives and the performance targets to be used.

t) Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Bank, that failure is not rewarded and that the duty to mitigate loss is fully recognized.

u) Work and liaise as necessary with all other Board Committees.

v) Keep under review the leadership needs of the Bank, both Executive and Non – Executive, with a view to ensuring the continued ability of the Bank to compete effectively in the marketplace.

w) Keep up to date and fully informed about strategic issues and commercial changes affecting the Bank and the market in which it operates.

x) Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:

- Use open advertising or the services of external advisers to facilitate the search;
- Consider candidates from a wide range of backgrounds; and
- Consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.

y) For the appointment of a Chairperson, the Committee should prepare a job specification, including the time commitment expected. A proposed Chairperson's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairperson's commitments should be reported to the Board as they arise.

z) Prior to the appointment of a Director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.

aa) Ensure that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside Board meetings.

ab) Review the results of the Board performance evaluation process that relate to the composition of the Board.

ac) Review annually the time required from Non-Executive Directors. Performance evaluation should be used to assess whether the Non-Executive Directors are spending enough time to fulfill their duties.

ad) Work and liaise as necessary with all other Board Committees.

The CGNCC shall also make recommendations to the Board concerning:
ae) The appointment of any director.

af) Formulating plans for succession for both Executive and Non-Executive Directors and in particular for the key roles of Chairperson and Chief Executive.

ag) Suitable candidates for the role of lead Independent Director.

ah) Membership of the audit and remuneration Committees, and any other Board Committees as appropriate, in consultation with the Chairperson of those Committees.

ai) The re-election by shareholders of directors or the retirement by rotation provisions in the Bank's Constitution, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board.

aj) Any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an Executive Director as an employee of the Bank subject to the provisions of the law and their service contract.

The Committee aims to attract and retain qualified and experienced management personnel and Executives necessary to meet the Bank's objectives. The minutes of the Committee are put up to the Board for information.

When considering an appointment to the Board, the Corporate Governance, Nomination and Remuneration Committee shall satisfy itself that the candidate is able to commit sufficient time and effort to fulfill its responsibilities effectively, particularly if the candidate has a seat on multiple Boards or undertakes other professional or commercial activities.

9. Job description of the Chairperson of CGNCC

The key responsibilities of the Chairperson of the Corporate Governance, Nomination and Compensation Committee include:

a) To decide the frequency and dates of the meetings of the CGNCC in collaboration with the Chairperson of the Board and MD/ CEO.
b) To set the agenda including supporting information for the meetings of the CGNCC in consultation with MD/ CEO.
c) To preside over the meetings of the CGNCC.
d) To ensure that all necessary matters which require CGNCC's consideration are discussed.
e) To ensure that all recommendations of the CGNCC are submitted to the Board for approval and/ or approval of recommendation, if any.
f) To put up Minutes of the CGNCC to the Board for information and/ or approval of recommendation, if any.
g) Whether SBIML has complied or not with the Code of Corporate Governance.

10. Reporting Responsibilities

The Committee, through its Chairperson, shall report to the Board. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

11. Authority

The Committee is authorised by the Board to obtain, at the Bank's expense, out legal or other professional advice on any matters within its terms of reference.

12. Other matters

The Committee shall have access to outside or other independent professional advice as it considers necessary to carry out its duties.

(D) CONDUCT REVIEW & RISK MANAGEMENT COMMITTEE (CRRMC)

The Conduct Review & Risk Management Committee was set up under the Bank of Mauritius guidelines on "Public Disclosure of Information" for reviewing and approving an effective Risk Management Architecture and ensuring that adequate control and information systems are in place. It also monitors and reviews related party transactions, and the overall risk management of the Company.

It is also responsible for advising the Board on the Bank'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 Bank's.

Risk management is critical to corporate governance. Risk may arise from direct exposures of a bank or through exposures of its subsidiaries, affiliates or counterparties. The Bank should be in a position to identify risks, assess their potential impact, and have policies and controls in place to manage risks effectively. There are risks relating to liquidity, credit, operations, markets, and several other aspects of operations.

The Bank must have a Board-approved risk appetite framework, which is well understood throughout the organisation. All corporate, operational, and Bank policies should support the framework, which should be forward-looking and consistent with the Bank'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.

The CRRMC shall consist of at least three directors either Non-Executive Directors or Non-Executive Independent Directors.

1. Mandate Of CRRMC

Mandate of CRRMC include:

a) Approving, reviewing or overseeing the process, framework, principles, operating procedures and systems developed by the management to identify, evaluate and oversee the appropriate management of principal risks.

b) Maintaining an orientation, with continuing education as the risk in the market changes and/or standards for measuring risks are enhanced.

c) Review the policies and procedures periodically to ensure their continuing adequacy and enforcement, in the best interests of the Bank**.** Review or approve policies as applicable and recommend/put up to the Board for approval/ information.

d) Establishing Effectiveness of Risk Management processes – Facilitating and reviewing the development and implementation of improvements to simplify and enhance the effectiveness of the existing Risk Management System.

e) Review minutes of the Risk Management Committee.

f) Review the Bank's Internal Capital Adequacy Assessment Process (ICAAP) with a view to address the risk management of the Bank.

g) To provide prior endorsement for the appointment and removal of the Chief Risk Officer.

h) Require management of the Bank to establish policies and procedures to comply with the requirements of this guideline;

i) Review and approve each credit exposure to related parties;

j) Ensure that market terms and conditions are applied to all related party transactions;

k) 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;

l) 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.

m) Identification of principal risks, including those relating to credit, market, liquidity, operational, compliance, and reputation of the institution, and actions to mitigate the risks;

n) Appointment of a Chief Risk Officer 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;

o) Ensuring independence of the chief risk officer from operational management without any requirement to generate revenues;

p) Requirement of the Chief Risk Officer to provide regular reports to the Committee, senior management and the Board on his activities and findings relating to the institution's risk appetite framework;

q) Receive from senior officers periodic reports on risk exposures and activities to manage risks; and

r) Formulate and make recommendations to the Board on risk management issues.

The Committee must meet at least once every quarter.

2. Membership of CRRMC

With the exception of the MD & CEO, the Committee members should be non-Executive persons and a reasonable number should have an adequate familiarity with risk management of the Bank. The Committee should have a clear mandate from the Board. The Chairperson of the Board may be a member of the Committee but not its Chairperson. The Chairperson of the Committee shall ideally be an independent director, or, in the case of a subsidiary of a foreign bank, a non-Executive director.

a) The CRRMC shall have at least three members, excluding the MD/CEO.
b) The quorum for the Committee shall be a majority of members.
c) The Chairperson and members of the Committee shall be appointed by the Board.
d) The appointment of a Committee member terminates when the member ceases to be a director, or as determined by the Board.
e) While the Chairperson of the Board may be a member of the Risk Management Committee, he, shall, in no circumstances, be the chairperson thereof.

3. Meetings and Minutes of CRRMC

The Committee shall meet at least once in a quarter or earlier if so required. The MD/CEO and CRO shall always be invited to attend meetings of the Committee.

a. The Company Secretary shall be the Secretary of the Committee.

b. The agenda for each meeting including supporting information shall be circulated at least three (3) working days before each meeting to the Committee members and all those who are required to attend the meeting.

c. Attendance at a meeting may be by being present in person or by participating in the meeting by means of video or teleconference.

d. The Committee shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of the Committee. Such minutes shall be signed by the Chairperson of the meeting and the Company Secretary at which the proceedings were held or by the Chairperson of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of the Committee meeting shall be placed at the Board meeting for information.

e. All recommendations of the Committee shall be submitted to the Board for approval.

f. The Committee, through its Chairperson, shall report to the Board. When presenting any recommendation to the Board, the Committee will provide such background and supporting information as may be necessary for the Board to make an informed decision.

4. Job description of the Chairperson of CRRMC

The Chairperson of the Conduct Review and Risk Management Committee (CRRMC) shall be appointed by the Board and the Key responsibilities of the Chairperson are:

a) To decide the frequency and dates of the meetings of the CRRMC.
b) To set the agenda including supporting information for the meetings of the CRRMC in collaboration with the Secretary of the Committee.
c) To preside over the meetings of the CRRMC and encourage discussions openly at the meetings.
d) To ensure that the minutes of the Committee is place at the Board meeting for information and/ or approval of recommendation, if any.[1]
e) To report to the Board in an appropriate manner and when presenting any recommendation to the Board, background and supporting information as may be necessary shall be provided for the Board to make an informed decision.
f) To ensure that all necessary matters which require CRRMC's consideration are discussed.