



BOARD COMMITTEES
TERMS OF REFERENCE



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1. AUDIT COMMITTEE

RESPONSIBILITIES OF THE COMMITTEE

The Committee shall carry out the following duties on behalf of the Board:

Financial Reporting

- Provide assurance that financial disclosures prepared by Management reasonably portray SBMH and its subsidiaries financial conditions, results of operations and long-term commitments;
- Critically examine and review the quality and integrity of the financial statements of the Group, including its annual and quarterly interim reports and any other formal announcement relating to the SBM Group financial performance, for accuracy prior to submission and approval by the Board;
- Make recommendations to the Board concerning the adoption of the final and interim Financial Statements;
- Consider the appropriateness of the accounting policies applied and whether they are prudent and consistent with prior practice and in compliance with regulations and legal requirements;
- Consider the validity of any changes in accounting treatment or disclosure and also comparing with the previous year;
- Ensure maintenance of proper and adequate accounting records;
- Review: (i) critical accounting issues and (ii) capital adequacy & internal control;
- Review significant estimates based on judgment which are included in the financial statements;
- Review adequacy of provisions including provision for impairment for credit losses;
- Consider any difference of opinion between auditors and Management on the level of provisions, on accounting treatment and/or disclosure;
- Discuss with Management and external auditors the overall results of the audit, quality of Financial Statements and any concerns raised by external auditors;
- Review the financial reporting process with a view to ensuring Group compliance with International Accounting Standards, International Financial Reporting Standards, Companies Act 2001 and the applicable laws and regulations;
- Safeguarding the Group's and its subsidiaries' assets against unauthorised use or disposal;
- Review the contents of the annual report and Financial Statements 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 Group and the Company's performance, business model and strategy.

External Audit

- Oversee the process for the selection of external auditors;
- Consider and make recommendations to the Board, to be put to the shareholders for approval at the Annual Meeting of the Shareholders, the appointment/re-appointment of the Group's external auditors;
- Review and discuss the scope of the audit and audit plans, including for the subsidiaries;
- Consider differences of opinion between Management and the external auditors;
- Evaluate the performance, objectivity and independence of the external auditors;
- Obtain assurance from the external auditors that adequate accounting records are maintained;
- Receive audit reports and ensure that Management take the appropriate corrective action(s) in a timely manner to address control weaknesses and non-compliance with laws and policies identified by external auditors;
- Review any representation letter(s) requested by the external auditors before finalisation;
- Review the Management letter and Management's response to the external auditors' findings and recommendations;
- Identify key matters arising in the current year's Management letter and satisfy that any matters raised therein be appropriately considered and brought to the attention of the Board (as necessary) including follow up for implementation as corrective measures;
- Develop and implement policy on the supply of non-audit services by the external auditors to avoid any threat to external auditors' objectivity and independence, taking into account any relevant ethical guidance on the matter;
- Meet regularly with the external auditors (including once at the planning stage before the audit and once after the audit at the reporting stage) and at least once a year, without Management being present, to discuss on any issues arising from the audit.

Internal Audit

- Monitor and supervise the functions of the Internal Audit;
- Review the objectives of the internal audit function and the annual plan of action and ensure appropriate cooperation with external auditors;
- Review the scope of internal audit and approve the audit plan to ensure that these are risk-based and address all activities over a measurable cycle;
- Assess the adequacy and performance of the internal audit function and ensure the function has the necessary resources and access to information to enable them to fulfil its mandate and is equipped to perform in accordance with appropriate professional standards for internal auditors;
- Review significant matters reported by the internal auditor and assess whether the corrective actions taken in response to their findings are appropriate and adequate;
- Review significant differences between Management and the internal auditor and recommend the appropriate actions to be initiated to address same;
- Review the cooperation and coordination between the internal and external auditors;
- Meet the Head of Internal Audit at least once a year without the presence of Management.

Internal Control Systems

- Enquire from Management, the Head of Internal Audit and the external auditors about significant risks or exposures and evaluate the steps taken to mitigate such risks;
- Review the systems of internal controls to ascertain its adequacy and effectiveness;
- Ensure that there is appropriate structure for identifying, monitoring, managing compliance risk as well as reporting system to advise the Committee of non-compliance on a timely basis;
- Review and discuss any previously identified material weaknesses in controls and deficiencies in system;
- If considered necessary, recommend additional procedures to enhance the system of internal controls;
- Review internal and external auditors' reports (Management letter) and Management's response thereto and consider status of actions taken by Management;
- Receive audit reports and ensure that Management is taking appropriate corrective action in a timely manner to address control weaknesses and non-compliance with laws and policies identified by auditors;
- Review response thereto and consider status of actions taken by Management;
- Review of any transactions brought to the attention of the Committee by the internal and external auditors which might adversely affect the financial condition of the Group or its subsidiaries;
- Identify any change necessary to the agreed audit scope or to other services as a result of any weaknesses or deficiencies revealed.

2. BUSINESS REVIEW COMMITTEE

RESPONSIBILITIES

The Committee shall carry out the following duties:

- On a quarterly basis, the Committee shall perform, in conjunction with the Group CEO of SBMH and the Management Team, a review of the performance of each banking subsidiary and of SBM (NBFC) Holdings Ltd;
- The Committee meeting shall consider the business review pack for each entity, which shall comprise key financial highlights & statistics, summary of risk and compliance related issues, update on initiatives undertaken during the reporting period and any other critical items which require the attention of the Committee;
- Prior to the Committee meeting, the Group CEO and the Management team of SBMH shall conduct a one-to-one review session with the Chief Executive Officers ("CEOs") of each operating entity and his/her Management Team. The Minutes of Proceedings ("Minutes") of the one-to-one review sessions shall be drafted by the Performance Management Team and shall be shared with the Committee as part of the business review packs. These Minutes shall be cleared by the respective CEOs.

3. CORPORATE GOVERNANCE, CONDUCT REVIEW & SUSTAINABILITY COMMITTEE

RESPONSIBILITIES

The Committee shall carry out the following duties on behalf of the Board:

Corporate Governance & Conduct Review

- Advise the Board on all aspects of corporate governance and recommend the adoption of best practices as appropriate across the Group;
- Determine and develop the Group's general policy on corporate governance in accordance with the applicable Code of Corporate Governance and best international practices;
- In collaboration with the Nomination & Remuneration Committee, identify and recommend to the Board qualified candidates for Board membership and for the position of Chairperson of the Board, Chairperson of the Committees and their respective Members;
- Review the Group's policies – such as related party policy and conflict of interest policy, governance related policies amongst others – and procedures to ensure their continuing adequacy and enforcement;
- Recommend to the Board any close period during which the Directors and any other persons in the Group who are privy to price sensitive information shall not be permitted to trade in SBMH shares or securities;
- Take note of the Report on Share Dealing by the Directors, Senior Management including associates and Staff of selected departments and their associates and recommend the appropriate actions to be taken in case of breaches, to the Board for consideration;
- Review the corporate governance report to be published in SBMH's Annual Report;
- Ensure that disclosures are made in the Annual Report in compliance with the Companies Act 2001, National Code of Corporate Governance for Mauritius (2016), SEM Listing Rules and any other applicable laws and report any breaches for further action thereon to the Board;
- Review any statements on ethical standards or requirements for SBMH and assist in developing such standards and requirements;
- Give recommendations on situations involving any breach of the SBMH's Code of Ethics & Business Conduct;
- Monitor developments in the area of corporate governance and recommend initiatives to maintain the highest standards of corporate governance;
- Oversight on the size, composition and structure of the Board and its Committees;
- Ensure accurate disclosure of Directors' remuneration and that transactions with related parties are at arm's length;
- Ensure that Board Members receive an orientation and induction upon joining the Board. The agenda and relevance of the induction programme can be designed by the Company Secretary, under the guidance of the Chairman of the Board or under any other delegated authority;
- Provide all Directors with appropriate continuing training opportunities so as to maintain and/or enhance their skills and abilities as Directors;
- Take note of all proposed significant related party transactions and situations involving a Board member or affiliate's potential or actual conflict of interest;
- Take note of credit exposures to related parties / Directors;
- Review all proposed material transactions and practices of SBMH to ensure that any transaction with the related parties that may have a material effect on the stability and solvency of SBMH or the Group are identified and dealt with in a timely manner;
- Report periodically to the Board of Directors on matters reviewed by it, including exceptions to policies, processes and limits;
- Evaluate and make the appropriate recommendation to the Board on the Board/Committees/Individual Director/Chairman evaluation exercise annually;
- Give due consideration to laws and regulations, the principles of the Code and any other applicable rules, as appropriate;
- Make recommendations for approval on any amendments to be brought to the terms of reference to the Board Committees.

Sustainability

- Review the Group Sustainability Agenda encompassing the Group's Environment, Social and Governance (ESG) strategy, including relevant KPIs and targets, to ensure alignment with SBM Group's strategic objectives;
- Oversee and monitor progress on the prioritised or selected sustainability initiatives and KPIs through report from the Group Sustainability Forum in a timely manner;
- Review proposed major sustainability initiatives/projects for approval or recommendation to the Board, based on eligibility criteria and risks that may affect the Group;
- Escalate ESG risks and the proposed mitigation plans identified by management to the Board;

- Review the adoption and effectiveness of all sustainability/ESG related Group policies and standards;
- Review and recommend the Sustainability Report to the Board for approval;
- Ensure timely and effective communications, including any regulatory reporting, regarding sustainability are conducted with internal and external stakeholders;
- Review issues relating to sustainability arising from independent internal audits as well as any matters pertaining to sustainability highlighted by regulators, external agencies or consultants;
- Collaborate on selected sustainability initiatives executed by the Group's operating entities either through endorsement or participation;
- Perform any other functions and exercise such other powers as may be delegated to it from time to time by the Boards.

4. NOMINATION & REMUNERATION COMMITTEE

RESPONSIBILITIES

The Committee shall carry out the following duties on behalf of the Board:

Directors

- Identify and upon recommendation of the Corporate Governance, Conduct Review & Sustainability ("CGCRS") Committee, recommend to the Board suitable and qualified candidates to be appointed for the following positions: Director of the Board, Chairperson of the Board, Chairperson of Board Committees and members of Board Committees;
- Determine the level of Board fees for Directors and recommend same to the Board for consideration;
- Agree and recommend to the Board the policy for authorising claims for expenses from the Directors;
- Formulating plans for succession for both executives and non-executive Directors, particularly for key roles such as the Chairperson and the Group Chief Executive Officer considering the challenges and opportunities facing the Group;
- In collaboration with the CGCRS Committee, recommend to the Board for the continuation (or not) in service of any director who has reached the age of 70.

Senior Management Staff and Employees

- Recommend the recruitment or promotion of senior executives (above senior officer grade) and recommend their remuneration, benefits and other terms and conditions of employment to the Board for consideration;
- Provide technical expertise and strategic guidance where required with respect to the recruitment of senior management within the Group;
- Review and recommend to the Board performance-based remuneration and reward taking into consideration the Group's goals, objectives and review of Key Performance Indicators (KPIs) such as economic value added, RAROC, profitability, business levels, etc.;
- Attract, retain and motivate senior executives of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders;
- Ensure that no senior executive is involved in deciding their own remuneration;
- Review on an annual basis the appropriateness and relevance of the remuneration policy to ensure that SBMH executives are fairly rewarded for their efforts to the Group's overall performance and demonstrate to all the stakeholders in the business that the remuneration of the Senior Management is done objectively and make the appropriate recommendation to the Board;
- Recommend to the Board the payment of productivity bonus for SBMH employees;
- Recommend to the Board the salary revisions and service conditions of SBMH employees;
- Review and recommend to the Board the policy on staff welfare and fringe benefits;
- Oversee any major changes in employee benefits structures for the Company or throughout the Group;
- Review and recommend to the Board any changes to HR related policies of the Group for approval.

General Matters

- Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations, the Committee shall have full authority to appoint consultants/advisors and to commission or purchase any reports, surveys or information which it may deem necessary at the expense of the Company but within any budgetary restraints imposed by the Board;
- Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any consultants who advise the Committee;
- Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- Give due consideration to laws and regulations, the principles of the National Code of Corporate Governance 2016 (for Mauritius) and any other applicable rules, as appropriate;
- Work and liaise as necessary with all other Board Committees.

5. PROJECTS ASSESSMENT COMMITTEE

RESPONSIBILITIES

The Committee shall carry out the following duties:

- Provide strategic oversight over Group related projects;
- Monitor and supervise the delivery of Group related projects;
- Review progress of the different Group projects and assess potential risks and issues that may arise;
- Review and oversee any other projects that the Group CEO may deem strategic from a group perspective, which may not necessarily impact on all operating entities;
- Working in collaboration with the Group CEO/Management Team of SBMH, responsible to provide regular updates on the strategic projects to the SBMH Board;
- Working in collaboration with the Group CEO/Management Team of SBMH, responsible to escalate risk/issues/challenges on the strategic projects to the relevant Board Committees of SBMH (e.g. Risk Management Committee, Strategy Committee, Corporate Governance, Conduct Review and Sustainability Committee, among others).

6. RISK MANAGEMENT COMMITTEE

RESPONSIBILITIES

The Committee shall carry out the following duties on behalf of the Board:

- Ensure that the Group has a solid and effective Enterprise Risk Management Framework in place, in terms of people, systems, policies, processes, controls and reporting;
- Adopt the risk appetite for the Group and its subsidiaries, as recommended to and approved by the Board, in the context of capital adequacy and the Group's strategy;
- Establish and review the adequacy of risk management control techniques and methodologies and monitor their effectiveness, in terms of financial and non-financial risks;
- Monitor the Group's risk profile – its ongoing and potential exposure to risks of various types;
- Review the Group's risk profile particularly the risk trends, risk concentrations, key performance indicators and the performance versus the risk appetite;
- Review on quarterly basis high value exposure on credit portfolio with benchmark of individual exposure of over 10% of PAT;
- Review on quarterly basis high value exposure on investment portfolio with benchmark of individual exposure of over 5% of the total portfolio;
- Review interest rate sensitive exposure and liquidity gap exposure of more than 10% in specific time bucket with higher focus on foreign currency portfolio;
- Review, on quarterly basis the trading portfolio of Treasury and various derivative products linked to Commodities, CDS, Currencies, Interest rate etc;
- Monitor Management's performance in controlling risk, in light of the established policies, procedures and limits of authority, and approve any departure from the acceptable prudential norms;
- Evaluate the stress-testing scenarios and risk implications with regards to the Group's strategic and other material investments;
- Receive and act upon relevant reports from the regulators, and internal and external auditors, in respect of risk management guidelines and specific risk events;
- Review Group policies for management of risks particularly in the areas of credit, market, interest rate, liquidity, operational and technological risks, and make recommendations thereon;
- Review adequacy of insurance coverage, material outsourcing arrangements, the Disaster Recovery Plan and Business Continuity Plan;
- Monitor material legal cases brought against the Group and its subsidiaries and major events of fraud and irregularities that could have a significant impact on the business;
- Review and recommend to the Board the 'Risk Management Report' published in the Annual Report;
- Ensure appropriate methodologies and systems are in place to identify and adequately assess and manage operational and other risks;
- Review of the principal risks, including but not limited to credit, market, liquidity, operational, legal, compliance and reputational risk and the actions taken to mitigate these risks;
- Ensure that the Group Chief Risk and Compliance Officer facilitates training programmes for Directors and Senior Management to enable them to have a robust understanding of the nature of the business, the nature of the risks, the consequences of risks being inadequately managed and the techniques for managing the risks effectively;

- Receive periodic information on risk exposures and risk management activities from the subsidiaries of the Group;
- Review and assess Group-wide risk, portfolio risk profile and the portfolio management plan and recommend improvements, where appropriate;
- Establish and promote a better risk culture and ethical behaviour across the Group by ensuring that structures policies and procedures are in place;
- Review and assess the relevance and adequacy of the risk management framework, governance structure and processes and its continuous benchmark against relevant standards;
- Identify, assess and monitor the effectiveness of risk treatment/mitigation action plans for the management and control of key business risks;
- Evaluate the internal risk management control systems and processes;
- Monitor of compliance with the Company's risk limit structure and policies and procedures relating to risk management governance, practices, and risk controls across the enterprise;
- Discuss, review and recommend to the Board any other matter or issue which is relevant to the risk management of the Group.

7. STRATEGY COMMITTEE

RESPONSIBILITIES

The Committee is primarily responsible for performing the duties as set out below:

1. Strategy management and monitoring

- Review, validate and recommend the Group's strategic plan to the Board as well as the annual budget and capital plans;
- Deliberate on new/proposed strategic initiatives, projects and endeavours, including Group investments, expansions and capital expenditures, while delivering guidance and making appropriate recommendations to the Board;
- Oversee the execution and successful delivery of selected approved strategic initiatives which are being driven at the Group level and/or at entity level;
- Review and discuss the significant matters of strategic nature, as escalated by the Group Executive Office and/or Group Executive Committee, including issues and challenges raised, in the first place, by the Group Functional Forums;
- Ensure alignment of subsidiaries' strategic plans with the Group strategic direction and aspirations;
- Review and monitor SBMH and Group financial soundness and performance.

2. Assessment of the Group's operating environment

- Evaluate key developments and dynamics taking place within the Group's economic, market and industry landscapes with the objective to ascertain potential implications for the organisation, particularly in terms of its strategic intents and endeavours being implemented;
- Scrutinise the stock market profile and performance of SBMH in view of the evolving market environment.

3. Capital management and investment appraisal

- Ensure that capital mobilisation and utilisation is optimized through effective capital planning and management, underpinned by the application of relevant policies and processes;
- Provide recommendation as regard capital allocation to Group investments to the Board;
- Assess the need to and provide recommendation to the Board on raising of funds;
- Review and recommend investments in or divestments from strategic assets and/or investments to the Board based on informed assessment from Management.

4. Other matters for consideration

- Review and make proposals on all other matters of strategic nature and/or importance to the Group.