

BOARD SUPERVISORY COMMITTEE – TERMS OF REFERENCE

A. MANDATE

The Board of SBM Bank (Mauritius) Ltd ("Bank" or "Company") has established the Board Supervisory Committee ("the Committee") to, inter alia, oversee the overall management of the Company and to ascertain that the body charged with executive management exercises its decision-making powers appropriately and within the confinements of the Bank's strategies and its general internal policies.

While the Committee shall supervise the Senior Executives of the Bank to ensure that the management and control of the Bank's administration and operations are satisfactory and that appropriate procedures have been established; it should see to it that it is not associated with the day-to-day activities of the financial institution.

B. COMPOSITION

The Board of SBM Bank (Mauritius) Ltd (the "Bank") must appoint a minimum of 3 (three) and a maximum of 6 (six) directors to be members of the Committee. The Committee shall be composed of a majority of non-executive directors of the Board. The Chairperson of the Board, Deputy Chairperson and Chief Executive shall be members.

C. RESPONSIBILITIES

The main duties of the Board Supervisory Committee are to:

- Ensure that Senior executives are managing the Bank in accordance with the Company's set policies and regular reports are received from the Chief Executive / Executive Forum in this respect;
- Receive reports from the Chief Executive and Control Functions providing assurance that the Bank's day-to-day activities are being conducted in accordance with internal policies and within the applicable legal boundaries;
- Ensure that the Board through the Committee is kept informed about the running of the affairs of the Bank;
- Receive assurance reports from the Control Functions on the Bank's day-to-day functioning of the Bank with recommendations on risk mitigants and to address control weaknesses and non-compliance with laws and policies;
- Review major credit risk issues and large credit exposures;
- Ensure proper implementation of policies approved by the Board; and
- Receive reports that Management is taking appropriate corrective actions in a timely manner to address control weaknesses and non-compliance with laws and policies identified by control functions and auditors.

D. AUTHORITY

In furtherance of its duties, the Committee shall have direct access to and receive regular reports from Senior Management and Control Functions of the Bank with respect to such information it may request and which pertains to its responsibilities.

The Executive Management of the Bank should, amongst others:

- Report to the Committee at each meeting on the delivery of its executive tasks as well as on the occurrences that have a significant effect on the administration or operations of the Company. The report should be presented by the Chief Executive (in case of absence, designate an Executive Member of Senior Management) to the Committee;
- Provide the Committee with all information which the latter deems necessary for a proper exercise of its duties; and
- Report to the Committee at each meeting on all significant issues that could have a major impact on the affairs and smooth running of the Bank. The report should be presented by the Chief Executive (in case of absence, designate an Executive Member of Management) to the Committee.

The Control Functions of the Bank should, amongst others:

- provides assurance to the Committee that:
 - the Bank's day-to-day activities are conducted in accordance with internal policies and within the applicable legal boundaries; and
 - the Bank is financially and operationally sound and utilises its financial resources effectively and efficiently.
- Make independent report to the Committee on the overall Bank's day-to-day functioning of the Bank with recommendations on risk mitigants and to address control weaknesses and non-compliance with laws and policies;
- Report on whether the policies approved by the Board have been implemented; and
- provide the Committee with all information which the latter deems necessary for a proper exercise of its duties.

The Committee has the right of access with respect to all of the Bank's affairs and shall have the authorisation to conduct or authorise investigations into any matter which falls under the scope of its responsibilities and to engage independent professional advisors as it deems appropriate.

E. MEETINGS

Voting:

- Matters are debated and decisions shall be taken by Majority of Votes of the Members present at a meeting and in the case of an equality of votes, the Chairperson of the meeting shall have a second or casting vote. Any dissent from the Member/s should be minuted.

In the event, a member is conflicted on a proposal, he/she should declare his/her interests and abstain from the deliberation and decision-making on the proposal.

Frequency:

- The Committee will meet on a bi-monthly basis (every 2 months), however adhoc meetings may also be convened by the Chair or any two members, one of whom has to be the Chairperson or the non-executive director who has been appointed to replace the Chairperson.

The Chairperson of the Committee may, in case of absence, designate an alternate.

Only members of the Committee have the right to attend the Committee meetings. However, the Committee or the Chairperson may invite the remaining directors of the Board and/or heads of lines of business or other members of management to attend all or part of any meeting as and when deemed appropriate and necessary.

Quorum:

- The quorum necessary for the transaction of business shall be three (3) members, provided that one of them is the Chairperson.

Decisions:

- Matters are debated and decisions are taken by a majority of votes of the Members present at the Meeting and in the case of an equality of votes, the Chairperson of the meeting shall have a second or casting vote. Any dissent from the Members should be minuted.
- In the event, a Member is conflicted on a proposal, he/she should declare his/her interests and abstain from the deliberation and decision-making on the proposal.
- Decisions can also be taken in between physical meetings of the Committee. A resolution in writing signed or assented to by e-mail, written message or any other electronic communication/medium, by all the Members shall be as valid and effective as if it had been passed at a physical meeting of the Committee.

Notice:

- Meetings of the Committee shall be convened by the Secretary of the Committee; and
- Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and supporting papers, shall other than under exceptional circumstances be forwarded to each member of the committee, any other person required to attend, no later than three working days before the date of the meeting or as per timeline agreed with the Chairperson.

F. SECRETARY

The Company Secretary or his/her nominee shall be the secretary of the Committee and will ensure that the Committee received information and papers in a timely manner to enable full and proper consideration to be given to issues.

G. MINUTES AND PROCEEDINGS

- The Committee secretary shall take minutes of meetings. These shall be reviewed and approved by the members of the Committee.
- The minutes of proceedings of the Committee, or summaries thereof, should be reported to the subsequent Board meeting. The agenda for the Board meeting shall provide an opportunity for the chairperson of the Committee to report on any matters of importance as well as on the Committee's findings and shall recommend actions.

H. REPORTING AND ACCOUNTABILITY

The Committee will report to the Board in a timely manner on all significant matters it has addressed, matters that could have a major impact on the affairs of the Bank and to such other matters that are within its responsibilities.

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

I. REVIEW

The Committee will review the Terms of Reference at least annually and submit it to the Board for approval together with such amendments as it deems necessary and appropriate in light of the Bank's requirements as well as any legal and regulatory developments.

J. CHAIR

Each year, the Board will appoint one member to be its Chair. The Board's Chairperson will normally chair the Committee. If, in any year, the Board does not appoint a Chair, the incumbent Chair will continue in office until a successor is appointed.

K. REMUNERATION

Having regard for the functions performed by the members of the Committee in addition to the functions as directors in relation to the activities of the Committee members of the Committee may be paid such special remuneration in respect of their appointment as shall be fixed by the Board. Such special remuneration shall be in addition to the annual fees payable to directors.

L. REMOVAL AND VACANCIES

Any member of the Committee may be removed and replaced at any time by the Board of Directors and will automatically cease to be a member as soon as he or she ceases to be a Director. The Board will fill vacancies on the Committee by appointment among qualified members of the Board.