SBM BANK (MAURITIUS) LTD

REMUNERATION & NOMINATION COMMITTEE

TERMS OF REFERENCE

REMUNERATION & NOMINATION COMMITTEE – TERMS OF REFERENCE

A. CONSTITUTION

The Board of SBM Bank (Mauritius) Ltd (''Bank'' or "Company") has established the Remuneration & Nomination Committee (''the Committee'') to ensure that employees are paid based on performance and that pay is set at a level which allows the Bank to attract, retain and motivate employees, but is no more than necessary to ensure that the Bank accelerates the delivery of shareholder value. It is also responsible for remuneration, succession planning and other board concerns including their on-going training and access to technical support and information.

B. COMPOSITION

The Board of SBM Bank (Mauritius) Ltd (the "Bank") must appoint a minimum of 4 (four) and a maximum of (7) seven directors to be members of the Remuneration & Nomination Committee (the "Committee"). The members of the Remuneration & Nomination Committee shall be composed of a majority of independent non-executive directors of the Board.

The Chairman of the Committee shall be an independent or a non-executive Director.

Only members of the Committee have the right to attend the Committee meetings. However, the Committee may invite the executive directors of the Board and other non-member to attend all or part of any meeting as and when appropriate and necessary.

C. 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.

D. QUORUM

The quorum necessary for the transactions of business shall be four (4) members.

E. RESPONSIBILITIES

- Review on an annual basis the remuneration policy and HR related policies of the Bank;
- Review and recommend performance-based remuneration by reference to the Bank's goals and objectives and review Key Performance Indicators (KPI);
- Review on an on-going basis current directors' performance and attendance at Board and Committee meetings;
- Identify qualified candidates for Board membership and for the position of chairperson of the Board, chairperson of the committees and their members;
- Reward senior management based on KPIs such as economic value added, RAROC, profitability, business levels etc.;
- Recommend the recruitment and/or promotion of Senior Officers and above and recommend their remuneration, benefits and other terms and conditions of employment;
- Attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders;
- Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfils 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 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 remuneration consultants who advise the committee;
- Review the reward policy to ensure that the Bank executives are fairly rewarded for their efforts to the Bank's overall performance and demonstrate to all the stakeholders in the business that the remuneration of the senior management is done objectively;
- Review and recommend to the Board the policies on productivity bonus for employees, staff welfare and fringe benefits;
- Determine the level of Board fees for directors to be recommended to shareholders;
- Ensure that no director or senior executive is involved in deciding their own remuneration;
- Within the terms of the agreed policy and in consultation with the Chairperson and/or CEO, as appropriate, determine the total individual remuneration package of each executive director, the Company Chairperson and other designated senior executives including bonuses;

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E. RESPONSIBILITIES (Cont'd)

- Review and recommend salary revisions and service conditions of other employees of the Bank, taking into consideration the demands of trade unions;
- 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; and
- Oversee any major changes in employee benefits structures throughout the Company.

F. REPORTING AND ACCOUNTABILITY

The Remuneration & Nomination Committee will regularly report to the Board on all significant matters it has addressed and with respect to such other matters that are within its responsibilities. In addition it will oversee the preparation of and review the disclosure with respect to Bank's remuneration and HR policies.

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.

G. REVIEW

The Remuneration & Nomination 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.

H. ASSESSMENT

At least annually, the Board, acting through the Remuneration & Nomination Committee, will assess its effectiveness in fulfilling its responsibilities and duties as set out in the Terms of Reference and adopted by the Board.

I. CHAIR

Each year, the Board on the recommendation of the Remuneration & Nomination Committee will appoint one member to be its Chair. If, in any year, the Board does not appoint a Chair, the incumbent Chair will continue in office until a successor is appointed.

J. MEETINGS

Frequency:

- The Committee will meet on a quarterly basis, however adhoc meetings may also be convened by the Chair or any member of the Committee, the Chairman, the Chief Executive Officer or the Secretary; and
- The Chairperson, at his/her discretion, may invite other executives to attend and to be heard at meetings of the committee.

Notice:

- Meetings of the committee shall be convened by the Secretary of the committee at the request of any of its members; 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 five working days before the date of the meeting.

K. 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 all meetings of the Committee, or summaries thereof, shall be submitted to the board at the immediate following board meeting, the agenda for each such board meeting shall provide an opportunity for the chairperson of the Committee to report orally on any matters of importance as well as on the Committee's findings and shall recommend actions.

L. REMUNERATION

Having regard for the functions performed by the members of the Committee in addition to their 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.

M. REMOVAL AND VACANCIES

Any member of the Remuneration & Nomination 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 Remuneration & Nomination Committee by appointment among qualified members of the Board.