



SBI (Mauritius) Ltd

Bank to grow with

Board's Charter

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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.

2. OBJECTIVES

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.

3. 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 comprises of directors from both genders as members of the Board with at least one male and one female director.

4. APPOINTMENT, EVALUATION AND REMUNERATION

- 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 (CGNCC) for recommendation to the Board for approval.
- The Board of Directors (or by delegation, its 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 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 Board shall periodically conduct a self-assessment of its effectiveness as well as that of its sub-committees.

5. Meetings

- The Board shall meet at regular intervals throughout the year.
- 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.
- General meetings are presided over by the Chairperson of the Board or, in his or her absence, the Vice - Chairperson of the Board. The Board may designate someone else to preside over the meeting.

6. ROLE AND RESPONSIBILITIES

- 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.
- 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.
- 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.

6.1 Internal Control and Risk Governance

- The Board should be responsible for risk governance and should ensure that the Bank develops and executes a comprehensive and robust system of risk management.
- The Board should ensure the maintenance of a sound internal control system.
- 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.
- Ensure that policies and systems in place are effective to achieve a prudential balance between risks and returns to shareholders.
- Ensure that the institution has implemented effective system and practices to achieve compliance with legal requirements, including regulations and guidelines issued by the Bank of Mauritius.
- Require management to review and assess periodically the efficiency and effectiveness of policies, systems and controls and report results to the Board.

6.2 Financial

The Board is responsible for:

- Approval of interim and annual financial statements.
- Approval for the release of financial announcements.

- Approval of the Annual Directors' Report and Statutory Accounts.
- Approval of interim dividends, the recommendation of final dividends and the making of any other distribution.
- Adoption of accounting policies.
- 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.

6.3 Interests of the Shareholder and Other Stakeholders

- The Board shall act in the best interests of the Bank and its business, taking into consideration the interests of the Bank's shareholders and other stakeholders.
- The Board will use its best endeavour to familiarize with issues of concern to shareholders and stakeholders
- Approve the quarterly announcement and quarterly financial statement to shareholders and the public.
- The Board should stay apprised of shareholders' and stakeholders' opinions in whatever ways are most practical and efficient.
- The Board should state in the annual report how it ensures that its members, and in particular the non-executive directors, stay in touch with the views of the major shareholders and other stakeholders.
- It is the duty of the Board to keep shareholders informed on the material events affecting the organisation, especially if such an event could have an effect on the share price.
- The Board should encourage shareholders to attend all shareholder meetings.

7. ROLE AND FUNCTION OF THE 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.
- The Chairperson ensures 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.

The main responsibilities of a Chairperson can be summarized under the following sections:

7.1 Strategy and Management

- Ensures the Board's effectiveness in all aspects of its role, including regularity and frequency of meetings.
- Ensures that the decisions by the board are executed.
- Ensures that the board's committees are properly structured with appropriate terms of reference.
- Ensures that there is appropriate delegation of authority from the board to executive management and board committee.
- Presides and conducts Board and general meetings.
- Upholds rigorous standards of preparation for meetings.
- Encourages all board members to engage in board and committee meetings by drawing on their skills, experience, knowledge and, where appropriate, independence.

- Ensures that they are fully informed about all issues on which the board will have to make a decision, through briefings with the chief executive, the company secretary, and members of the executive management as appropriate.
- Ensures that the directors receive accurate, timely and clear information, including that on the organisation's current performance, to enable the board to take sound decisions, monitor effectively and provide advice to promote the success of the organization.

7.2 Relations with shareholders

- Ensures effective communication with shareholders.
- Maintains sufficient contact with major shareholders to understand their issues and concerns, in particular discussing governance, strategy and remuneration with them.
- Ensures that the views of shareholders are communicated to the board as a whole so that all directors develop an understanding of their views.

7.3 Induction, Development, Succession and Performance Evaluation

- To ensure that newly appointed directors participate in an induction program facilitated by the Company Secretary.
- To ensure that the development needs of the directors are identified and their continuous skills and the knowledge are updated so as to fulfill their role on the Board and its committees.
- To spot out the development needs of the Board as a whole to promote its overall effectiveness as a team.
- To oversee a formal succession plan for the board, MD & CEO and certain senior management appointments.

8. ROLE OF EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT DIRECTORS

- Non-executive directors have the same general legal responsibilities to the Bank as any other director.
- Non-executive directors shall in collaboration contribute to the development of the strategy, analyse and review the performance of management.
- They are responsible for promoting the success of the Bank within a framework of prudent and effective controls which enable risk to be assessed and managed.
- Non-executive directors are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing, and where necessary, removing senior management and in succession planning.
- Non-executive directors should scrutinise the performance of management in achieving agreed goals and objectives and monitor the reporting of performance.
- Non-executive directors should satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible

9. ROLE OF COMPANY SECRETARY

9.1 Compliance

- Ensure the Bank complies with all relevant statutory and regulatory requirements and will have duties associated with the operation of the business.
- Responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all

matters associated with the maintenance of the Board or otherwise required for its efficient operation.

9.2 Appointment, Guidance and Development for Board members

- The appointment or removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board.
- The Company Secretary must have access to Board members (executive, non-executive, CEO and Chairperson).
- Ensure that the procedure for the appointment of directors is properly carried out.
- Assist in the proper induction of directors, including assessing the specific training needs of directors/executive management.
- Provide comprehensive practical support and guidance to directors both as individuals and as a collective with particular emphasis on supporting the non-executive directors

9.3 Organising Meetings of the Bank

- The Company Secretary, or his or her nominee, shall act as the Secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.
- The Company Secretary's responsibilities should include ensuring good information flows within the Board and its committees and between senior management and non-executive directors.
- The Company Secretary should be able to commit sufficient time to carrying out these duties and responsibilities effectively.

9.4 Communication with the Shareholder

- To ensure that Annual Meetings of Shareholders are held according to the requirements of the Companies Act and the Bank's constitution.
- Take minutes of Board meetings and circulating the draft minutes to all members
- Communicate with shareholders, as appropriate, and ensure that due regard is paid to their interests/ dividends;
- Act as a primary point of contact (often via the share registrar) for all shareholders and proxy voting / corporate governance advisers; and

10. BOARD COMMITTEES

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.

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

11. OTHER PROVISIONS

11.1 Professional advice

Procedures are in place whereby circumstances may occur when it will be appropriate for directors to seek advice from independent advisors in the furtherance of their duties at the Bank's expense.

11.2 Conflict of Interests

Subject to Banking Act, Directors of the Bank shall:

- 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.
- Exercise the degree of care, diligence and skill as required by the Act.
- 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.
- 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.
- Not compete with the Bank or become a Director or officer of a competing company unless it is approved by the Company.

11.3 Access to information

The Board 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 to enable it to fulfil its mandate. It should also have access to sufficient resources to perform its duties in accordance with appropriate professional standards.

11.4 Reporting

All matters brought up to the Board by the sub committees namely, Executive Committee of Directors, Audit Committee, Corporate Governance, Nomination and Compensation Committee, and Conduct Review and Risk Management Committee likely to have an impact on the reputation of the Bank should be reported to the Board.