



Board Risk Management Committee

TERMS OF REFERENCE

Document Control	
Date of Approval	08 JUNE 2021
Next Review	JUNE 2022
Ownership	Company Secretary

Contents

1. DEFINITIONS.....	2
2. OVERALL PURPOSE / OBJECTIVES.....	2
3. COMPOSITION	2
4. ORGANISATION	2
4.1 Frequency and format of meetings	2
4.2 Quorum.....	3
4.3 Voting	3
4.4 Reporting to the Board.....	3
5. RESPONSIBILITIES.....	3
APPENDIX 1: Current Composition	6

1. DEFINITIONS

- 1.1 Bank refers to Bank One Limited;
- 1.2 Board refers to the Board of Directors of Bank One Limited;
- 1.3 BRMC or Committee or refers to the Board Risk Management Committee;
- 1.4 NPA refer to Non-Performing Accounts

2. OVERALL PURPOSE / OBJECTIVES

The Board Risk Management Committee (the “BRMC” or the “Committee”) is constituted and appointed by the Board of Directors of Bank One Limited (“Bank One” or the “Bank”) to advise the Board on the Bank’s overall risk appetite, assess the level of the risks incurred against the Bank’s risk appetite, oversee the senior management’s implementation of the risk appetite framework, as well as necessary controls and mitigations, and assess and report on the state of the risk culture in Bank One.

In fulfilling its responsibilities, the BRMC will focus on the risks identification, evaluation, measurement, mitigation, monitoring and on risk management processes.

The Board of the Bank has authorized the BRMC to seek any information it requires from any employee in the Bank, and all employees are expected to co-operate with the request made by BRMC. The BRMC may also seek any outside legal or other professional advice as may be necessary.

3. COMPOSITION

The Board of the Bank shall elect the members of BRMC.

The Committee shall comprise of a minimum of four non-executive directors, including at least 2 Independent Directors, and the CEO. The Chairperson of the Board Audit Committee shall be a member of the BRMC.

The Chairperson of the Committee shall ideally be an Independent Director as designated by the Board, but in case it is not possible, a Non-Executive Director with a good experience and proficiency in risk management matters shall be designated. The Chairperson of the Board may be a member of the Committee but shall not be the Chairperson of the Committee.

Where the designated Chairperson is not present at any meeting, any other Member present shall be elected to chair the said meeting, with exceptions of the directors that cannot chair the BRMC for statutory reasons, as set out above.

The Chief Risk Officer, the Head of Regulatory Affairs and the Head of Internal Audit will be invited to attend meetings of the Committee on a regular basis, and where required, other officers may be requested to attend.

The current membership of the Committee is as shown in Appendix 1.

The Board will, as far as practical, review periodically the composition of the BRMC and make any changes it deems appropriate.

4. ORGANISATION

4.1 Frequency and format of meetings

- 4.1.1 The Committee shall meet at least once every quarter.
- 4.1.2 Meeting should be organized so that attendance is maximized. The notice of each meeting of the Committee, confirming the venue, time and date, and enclosing an agenda of items to be discussed, will other than under exceptional circumstances be forwarded to

each member of the Committee not less than five working days prior to the date of meeting.

4.1.3 The Committee has the prerogative to meet, if so required, with the Management, the regulators and / or the external auditors at separate sessions.

4.1.4 The Chairperson of the Committee may, if so required, or at the request of any Committee Member, call a special meeting of the Committee.

4.2 Quorum

The quorum shall be three Members, other than the CEO.

A Member shall be deemed to be present at any meeting if he is able to hear and understand all of the proceedings of the meeting and be heard and understood by all present or deemed present by way of telephone or other suitable means of communication and such Member indicates his willingness for the meeting to proceed on that basis.

4.3 Voting

4.3.1 All decisions shall be approved by majority. A Member present at a meeting of the Committee is presumed to have agreed to and to have voted in favour of a decision / recommendation, unless he expressly dissents from or votes against the decision / recommendation at the meeting.

4.3.2 The Committee may approve urgent matters by way of written resolutions. A resolution in writing shall be assented to by all Members for same to be as valid and effective as if it had been passed at a duly convened and held meeting of the Committee. Any such resolution may consist of several documents (including facsimile, electronic mails or other similar means of communication) each assented to by one or more Members, and shall be put to the next meeting of the Committee for ratification.

4.4 Reporting to the Board

The Committee Secretary, who shall be the Company Secretary of the Bank, shall take minutes of meetings. Minutes of all Meetings shall be circulated to all members of the Committee for approval, and to other members of the Board once approved.

The Chairperson of the Committee will report to each Board meeting of the Bank on any matters of importance, the Committee's findings and recommended actions.

Minutes of all Committee meetings must be tabled at the subsequent Board meeting.

5. RESPONSIBILITIES

The BRMC shall periodically review Management performance in controlling risks in the light of established policies. Its major tasks include the following:

5.1 Identify, review and assess the Principal Risks, including but not limited to strategic, credit, market, liquidity, operational, technological, legal, compliance and reputational risks, and the actions taken to mitigate the risks.

5.2 Formulate and make recommendations to the Board in respect of the overall risk appetite, oversee the senior management's implementation of the risk appetite framework, report on the state of the risk culture in the Bank and evaluate how management is held accountable for the maintenance of internal control within the Bank.

- 5.3 Receive periodic information on risk exposures and risk management activities from Senior Officers.
- 5.4 Recommend to the Board for approval, a risk appetite framework and ensure that the Board-approved framework is well understood throughout the Bank. Review and ensure that the Bank's corporate, operational and financial policies for the management of the Principal Risks (the Bank's Risk Policies) and support of the risk appetite framework are 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.
- 5.5 Review the Bank's Write-Off, Credit Impairment Measurement and Income Recognition policies;
- 5.6 Review and recommend to the Board, the overall lending policy of the Bank.
- 5.7 Review and recommend to the Board, the annual Internal Capital Adequacy Assessment Process.
- 5.8 Ensure that the CEO facilitates training programs for Directors and Senior Management to enable them to have a robust understanding of the nature of the business, the nature of the related risks, the consequences of risks being inadequately managed and the techniques for managing the risks effectively.
- 5.9 Review and approve discussions and disclosure of risks.
- 5.10 Determine country exposure/risk tolerance limits, review and where appropriate, ratify breaches.
- 5.11 Provide prior endorsement for the appointment and removal of the Chief Risk Officer and Head of Regulatory Affairs (HRA) and ensure their independence from operational management without any requirement to generate revenues. To such effect, the CRO and HRA shall have a line of reporting to the BRMC, which will review their yearly objectives and their performance against the same.
- 5.12 Review / Monitoring of the Compliance Function:
 - a) To ensure that the Compliance Function is not unduly influenced or obstructed in the conduct of its responsibilities. The Head of Regulatory Affairs reports directly to the BRMC, although he/she also has a dotted line of reporting to the CEO on any compliance issue / matter within the Bank.
 - b) Review / monitor the structure for identifying, monitoring and managing compliance risk to ensure adherence to laws, regulations, procedures, processing and controls amongst others, and, if deemed necessary, recommend to the Board changes to the structure.
 - c) Receive and review periodic reports from the Compliance Officer on compliance with laws, regulations, procedures, processing and controls, as well as changes in the legal and regulatory environment of the Bank.
 - d) Identify / monitor / report to the Board such compliance risk which may have a significant impact on the Bank's risk management and overall risk profile.
 - e) Provide assurance to the Board, for each financial year, that the Bank has complied with the provisions of the law and regulations and guidelines issued by the regulators.
 - f) Consider the need, if any, for an independent assurance of the effectiveness of the risk management function within the Bank.
 - g) Review, monitor and assess the risks and the mitigating measures put in place following any fraud or risk events which was brought to light through the whistleblowing process.

- 5.13 Ensure appointment of qualified/competent staff and sufficiency of resources for adequate risk management processes.
 - 5.14 Review and approve accounts where specific provisions for non-performing accounts need to be made in full compliance with the guidelines issued by the Bank of Mauritius in respect of Credit Impairment Measurement and Income Recognition.
 - 5.15 Consider any other matters that the Board may refer to the Committee from time to time.
-

Approved by the Board on 8 June 2021

APPENDIX 1: Current Composition

The Members of this Committee, as at present are:

<u>Chairperson:</u>	Mr. Lakshman Bheenick	Non-Executive Director
<u>Members:</u>	Ms. Sandra Martyres	Independent Director
	Mr. Chris Low	Non-Executive Director
	Mr. Leonard Mususa	Independent Director & CRAC Chairperson
	Ms. Roselyne Renel	Independent Director
	Mr. Mark Watkinson	CEO / Executive Director