



## Governance, Nomination & Remuneration Committee

### TERMS OF REFERENCE

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## **1. OVERALL PURPOSE / OBJECTIVES**

The Governance, Nomination & Remuneration Committee (the “Committee” or “GNRC”) is constituted and appointed by the Board in accordance with the guidelines issued by the Bank of Mauritius and the Code of Corporate Governance.

The Committee shall approve or recommend to the Board (as appropriate) on nominations and remuneration at Board level and for such Executive / Senior Management as defined in Appendix 2.

## **2. ORGANISATION**

### **2.1. Appointment & Membership**

- 2.1.1 The Committee shall consist 4 Directors appointed by the Board, all of whom shall be Non-Executive Directors including a minimum of 2 Independent Directors. The Chairperson of the Board shall be an ex-officio member of the Committee.
- 2.1.2 The Board will, as far as practical, review the composition of the Committee and make any changes it deems appropriate.
- 2.1.3 The Board shall have the power to appoint and remove any member of the Committee, and to fill all casual vacancies that may arise.
- 2.1.4 The Board shall appoint the chairman of the Committee, who shall be a Nominee Director of I&M Bank Limited.

*For purpose of the present, a Nominee Director refers to a Non-Executive Director of the Bank who has been nominated by any of the Shareholders of the Bank by virtue of an agreement entered into between them.*

- 2.1.5 The Chief Executive Officer and Head of HR may attend meetings of the Committee by invitation and for consultation only. The Committee may also invite such other person to attend its meetings as it deems necessary.

### **2.2. Meetings & Proceedings**

- 2.2.1 The quorum necessary for the transaction of business shall be 3 Members, including the Chairman.

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.

- 2.2.2 The Committee shall meet at least twice yearly or more frequently as required.
- 2.2.3 The Company Secretary of the Bank, or such other person as nominated by the Board, shall act as the Secretary of the Committee.

### **2.3. Voting**

All decisions in a duly constituted Committee meeting shall be by unanimous approval.

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.

The Committee may deliberate on any urgent matters by way of email circularisation. Any decision / recommendation taken in such manner would also be by unanimous approval. All decisions /

recommendations approved by way of email circularisation shall be formally ratified at the ensuing meeting of the Committee.

### **3. DUTIES**

The Committee shall carry out the duties below:

#### **3.1 Appointment / Removal / Resignation**

- a) Direct the process of appointing, renewing and replacing the CEO.
- b) Validate, based upon the CEO's recommendations, the selection criteria for the EXCO and Senior Management positions (as defined in Appendix 1 of the GNRC TOR).
- c) Finalize, in consultation with the CEO, appointments at Executives / Senior Management levels (positions defined in Appendix 1), except for:
  - a. the CEO position for which Board approval shall be sought;
  - b. specific senior positions which would, by virtue of their statutory positions, be reporting directly to a Board Sub Committee (e.g. Head of Internal Audit, Head of Regulatory Affairs and Chief Risk Officer), in which cases, the prior approval of such Board Sub Committees shall be sought.
  - c. The Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer, shall by virtue of their positions and pursuant to Regulation 26(2) of the FIAML Regulations 2018, be considered as senior officers. Their appointment, removal or resignation shall however rest with the Head of Regulatory Affairs.
- d) Review, at least annually, the Board and Board Committees' structure, size and composition (including balance between Executive and Non-Executive / Independent Directors), and make recommendations to the Board with regards to any adjustments that are deemed necessary, taking into consideration the relevant provisions under the Shareholders' Agreement; For the sake of clarity, it is noted that, pursuant to the Shareholders' Agreement, the Chairperson of the Board shall be appointed by the Shareholders from amongst one of the Independent Directors;
- e) Establish formal, clear and transparent criteria for the selection of prospective directors in line with the provisions of the BoM Guideline on Corporate Governance, the Constitution of the Bank, the Board Skills Matrix, the Board Succession Policy and the Shareholders' Agreement;
- f) Validate the qualification and suitability of candidates for Board membership (including chairperson of the Board, chairperson of the committees and committee members) and make recommendations as appropriate to the Board; The GNRC shall satisfy itself that the candidate is able to commit sufficient time and effort to fulfil its responsibilities effectively, particularly if the candidate has a seat on multiple boards or undertakes other professional or commercial activities.
- g) Review on an annual basis, plans for succession at Board level. Oversee that a proper succession plan is in place at EXCO level.

#### **3.2 Evaluation & Performance Review and Compensation & Remuneration**

- a) Develop and recommend the Bank's general policy on Executive / Senior Management remuneration, including specific remuneration package for Executive Directors (including but not limited to basic salary, benefits in kind, any annual bonuses, performance-based incentives, share incentives, pensions and other benefits) and ensure that same is consistent with the Bank's culture, objectives and strategy;
- b) Consider the use of contractual provisions to allow the Bank to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Bank;

- c) Establish and recommend on formal, clear and transparent criteria for the evaluation of the Board, Board Committees, Chairpersons, Directors and Executive / Senior Management staff. Any changes to the Board's evaluation and performance review process (including the format and content of the evaluation questionnaire and timing of the review process) should be approved by the Board upon the prior recommendation of the GNRC before same are implemented;
- d) Assess the effectiveness and performance of the Directors, Board and Board Committees, as well as the Chairperson of the Board. Such assessment shall be made every 2 years unless there is any special circumstance which would warrant an earlier review.
- e) Assess the performance of the CEO on an annual basis and recommend to the Board his salary increment and performance-related bonus (including any grants under any Executive Share Scheme);
- f) Review and validate the CEO's feedback on the performance assessment of the EXCO members and approve their respective individual salary increments and performance-related bonuses (including any grants under any Executive Share Scheme) as proposed by the CEO;
- g) Ensure that the Board members receive thorough orientation on board governance and key strategic issues facing the Bank, and approve the Board's annual training plan;
- h) Determine and recommend on the level of Non-Executive / Independent Directors' fees;
- i) Recommend on incentive compensation plans and equity based remuneration plans at Board and Executive / Senior Management levels;

### **3.3 Review of HR Initiatives**

- a) To review the HR Strategic Plan and monitor on progress against the same.
- b) Oversee the effective development and implementation of a Talent Framework,, in collaboration with both shareholders' Groups.
- c) To review the results of any employee engagement survey.
- d) To review the Human Resources Policy from time to time.
- e) To consider the Annual Salary Increase and Performance Bonus / Long Term Incentive to Staff, and make recommendations thereof to the Board.
- f) To take note on a bi-annual basis of disciplinary actions involving summary dismissals, cases involving suspension from work and / or intent to dismiss.

### **3.4 Governance**

- a) Make recommendations to the Board on all corporate governance provisions to be adopted so that the Board remains effective and complies with the prevailing Corporate Governance Principles as per the Code of Corporate Governance, Bank of Mauritius' Guideline on Corporate Governance and any other relevant guidelines or circulars as may be issued from time to time;
- b) Determine, agree and develop the Bank's general policy on corporate governance in accordance with such prevailing Corporate Governance Principles;
- c) Review the Corporate Governance Report to be published in the Annual Report, taking into consideration the "apply and explain" principle as per the Code;
- d) Ensure that the reporting requirements with regard to corporate governance, whether in the Annual Report or an on-going basis, are in accordance with the prevailing Corporate Governance Principles;

- e) Review the Board's Charter and make recommendations to the Board;
- f) Review and recommend to the Board the Bank's Code of Ethics and monitor its implementation and compliance thereto;

### **3.5 Reporting Obligations**

- a) The Committee Secretary shall take minutes of all meetings. Such minutes shall be circulated to all members of the Committee not later than three weeks post each meeting and tabled for approval at the ensuing GNRC meeting.
- b) The Committee shall report to the Board, subsequent to each GNRC meeting, on matters reviewed by it;
- c) The minutes of proceedings of the Committee meetings shall be tabled at the subsequent Board Meetings;
- d) The Committee shall evaluate its own performance on a regular basis.

## **4. GENERAL**

- 4.1 The Committee, in carrying out its tasks under these Terms of Reference, may obtain such outside or other independent professional advice as it considers necessary to carry out its duties.
  - 4.2 These Terms of Reference may be amended as required, subject to the approval of the Board.
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**Approved by the Board on 07 September 2022.**

**APPENDIX 1: LIST OF EXECUTIVES / SENIOR MANAGEMENT POSITIONS**

<b>Positions</b>	<b>Recruitment Authority</b>
Chief Executive Officer	Board
Chief Operating Officer	GNRC
Company Secretary	Board
Chief Financial Officer	GNRC
Head of Internal Audit	CRAC
Chief Risk Officer	BRMC
Head of Regulatory Affairs	BRMC
Head of Treasury	GNRC
Head of Legal	GNRC
Head of Retail Banking	GNRC
Head of Corporate Banking	GNRC
Head of International Banking	GNRC
Head of Private Banking & Wealth Management	GNRC
Head of Human Resources	GNRC
Money Laundering Reporting Officer	Head of Regulatory Affairs
Deputy Money Laundering Reporting Officer	Head of Regulatory Affairs