



**Board Risk Management Committee**

**TERMS OF REFERENCE**

Document Control	
Date of Last Approval / Review	02 June 2023
Reviewed by Board Risk Management Committee on	04 June 2024
Approved by the Board on	05 September 2024
Ownership	Company Secretary

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## **1. DEFINITIONS**

### **1.1 “Bank One” / “the Bank”**

Bank One Limited

### **1.2 The “Board”**

The Board of Directors of Bank One Limited

### **1.3 The “Committee” or the “BRMC”**

The Board Risk Management Committee of Bank One Limited

## **2. CONSTITUTION & PURPOSE**

The BRMC is constituted and appointed by the Board 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 Committee will deliver on its mandate by fulfilling the responsibilities as described in the “Responsibilities” section.

## **3. COMPOSITION**

1. Members of the Committee shall be appointed by the Board, on the recommendation of the Governance, Nominations and Remuneration Committee.
2. The composition of the Committee shall be reviewed at least on an annual basis by the Board, on the recommendation of the Governance, Nominations and Remuneration Committee.
3. The Committee shall consist of a minimum four non-executive directors, including at least 2 Independent Directors. The CEO and the Chairperson of the Board Audit Committee shall be ex-officio members of the BRMC.
4. 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.
5. The Chairperson of the Board may be a member of the Committee but shall not be the Chairperson of the Committee.
6. Only members of the Committee have the right to attend Committee meetings.
7. The Chief Risk Officer, the Head of Regulatory Affairs and the Head of Internal Audit will be permanent invitees to the meetings of the Committee for consultation only. The BRMC may invite

such other person to its meetings, as it deems necessary. The Board will, as far as practical, review periodically the composition of the BRMC and make any changes it deems appropriate.

#### **4. SECRETARY**

The Company Secretary shall act as Secretary of the Board Risk Management Committee.

#### **5. QUORUM & VOTING**

1. The quorum necessary for the transaction of business shall be three members, other than the CEO.
2. 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.
3. All decisions of the Committee shall be 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. The Committee may approve an urgent matter by written resolutions that 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 electronic mails or other similar means of communication) each assented to by one or more Members. Such decision / recommendation shall be formally ratified at the ensuing meeting of the Committee.
5. Notwithstanding (3) above, any matter not unanimously approved may be referred to the Board for further consideration at the request of any one member of the BRMC.

#### **6. CONFLICTS OF INTEREST**

Members must avoid instances that may give rise to conflicts of interests or which may be perceived by others as conflicting situations. Full information on any conflict or potential conflict of interest must be made known to the Chairperson of the Committee and to the Board in accordance with applicable laws and the Bank's policies, and the onus will be on the members to advise on any conflicting situations.

On declaration of his interest, the concerned member shall not participate in the discussions and/or decision taking process on the transaction in relation to which conflict arises. The transaction may however be concluded and approved at market terms and conditions. Any related party transactions shall be escalated to the Board for final approval.

#### **7. FREQUENCY OF MEETINGS**

The Committee shall meet at least on a quarterly basis, and otherwise as may be required.

## **8. NOTICE OF MEETINGS**

1. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any of its members.
2. Meetings shall be organised so that attendance is maximised.
3. Notice of each meeting of the Committee, confirming the venue, time, and date, together with an agenda of items to be discussed, along with the supporting papers, will, other than under exceptional circumstances, be forwarded to each member of the Committee not later than five working days before the date of the meeting.

## **9. MINUTES OF MEETING**

1. The Secretary shall take minutes of all meetings. Such minutes shall be circulated to the Chairperson of the Committee for review, not later than three weeks post each meeting and thereafter, to all members. The minutes shall be tabled for approval at the ensuing BRMC meeting.
2. Minutes of all Committee meetings shall be tabled at the ensuing Board meeting.

## **10. REPORTING TO THE BOARD**

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

## **11. RESPONSIBILITIES OF THE COMMITTEE**

The responsibilities of the Committee shall include the following:

### **Risk Appetite & Framework**

1. 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.
2. 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.

### **Risk Management and Mitigation**

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

4. Review and approve discussions and disclosure of risks.
5. Review and recommend to the Board, the overall lending policy of the Bank.
6. Receive periodic information on risk exposures and risk management activities from Senior Officers.
7. 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.

**Specific Provisions relating to Climate-Related Risks**

8. Clearly set the roles and responsibilities of senior management, internal organizational structures as well as board sub-committees, as applicable, for the management of climate-related and environmental financial risks.
9. Approve and periodically review the strategy and risk management framework for climate-related and environmental financial risks and opportunities.
10. Ensure an appropriate collective understanding of and relevant expertise on climate-related and environmental financial risks at both board level and senior management level and require relevant capacity development and training programmes on climate-related and environmental financial risks.

**Specific Provisions relating to Cloud, Cyber, Technology & IT Security Risks**

11. Promote a strong culture to cyber and technology resilience.
12. Review and recommend to the Board, the Bank's policies around cloud services arrangements and cloud security.
13. Review and recommend to the Board, at least on an annual basis, the relevant cyber and technology risk management strategy and framework and related policies.
14. Approve a cyber and technology risk appetite and tolerance statement that describes the nature and level of cyber and technology risk the Bank is willing to assume in order to achieve business goals and the technology strategy.
15. Receive comprehensive periodic reports from the Management on the use of cloud computing services and satisfy itself that the cloud risk management framework put in place by the Management, including the controls and security arrangements in-premise and on cloud, are in place and efficient.
16. Receive regular and timely reports on material cyber and technology incidents, on the evolution of the threat landscape including current and emerging risks, on the findings of internal audits, external audits and testing exercises and on the overall status and effectiveness of the cyber and technology risk management framework.

**Compliance and AML / CFT Risks**

17. Ensure that the Compliance and AML 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. The MLRO, through the Head of Regulatory Affairs, shall provide the Committee with an update on all AML-related matters through reports submitted to the BRMC on a quarterly basis.
18. 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.
19. 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.
20. 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.
21. 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.
22. Consider the need, if any, for an independent assurance of the effectiveness of the risk management function within the Bank.
23. 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.

**Non-Performing Accounts, Impairment & Write Off**

24. 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.
25. Review the Bank's Write-Off, Credit Impairment Measurement and Income Recognition policies.

**Stress Testing**

26. Delegate to the Management, or to such external party as it may deem appropriate, the development and implementation of the stress testing framework. Whilst such delegation is in place, the BRMC should understand the framework and be able to challenge the models, including the modelling assumptions, the scenario selection and the assumptions underlying the stress tests.
27. Review the stress testing framework at least on an annual basis to ensure that it remains up to date and relevant.

**Other Additional Matters**

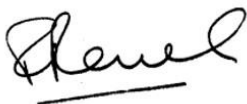
28. Review and recommend to the Board, the annual Internal Capital Adequacy Assessment Process.
29. Determine country exposure/risk tolerance limits, review and where appropriate, ratify breaches.
30. Appoint and remove the Chief Risk Officer (CRO) and Head of Regulatory Affairs (HRA) and ensure their 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.
  - In considering the appointment of the CRO or HRA, whether on an interim or permanent basis, the interview panel shall, unless otherwise agreed and for the sake of facilitating such interview sessions at the earliest possible time, consist of at least, the two Non-Executive Directors and one Independent Director.
31. Ensure appointment of qualified/competent staff and sufficiency of resources for adequate risk management processes.
32. Consider any other matters that the Board may refer to the Committee from time to time.

**12. AUTHORITY**

The Committee is authorized to:

- Seek any information it requires from any employee of the Bank in order to perform its duties;
- Obtain, at the Bank's expense, any independent legal, accounting, or other professional advice on any matter that the Committee deems appropriate to enable it to carry out its duties.

Reviewed and Approved by the Board of Directors on 05 September 2024.



Roselyne Renel  
Chairperson of the Board



Lakshman Bheenick  
Chairperson of the  
Board Risk Management Committee



Kareen Ng  
Company Secretary