



BOARD RISK MANAGEMENT
COMMITTEE

TERMS OF REFERENCE

Owner: Corporate Affairs

December 2018

These Terms of Reference encompass the following:

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APPENDIX 1: Members of the Committee

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. CONSTITUTION

The Board has, at its meeting dated 22 February 2008, authorised the formation and the appointment of the BRMC. The Committee has been given the responsibility for establishing and implementing the Risk Management Process of the Bank in line with the Guidelines issued from the time to time by the Bank of Mauritius.

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

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.

3. COMPOSITION

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

The Committee shall comprise of a minimum of three 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 be an Independent Director as designated by the Board. 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 and qualifying as an Independent Director, shall be elected to chair the said meeting.

The COO, the Chief Risk Officer, the Head of Compliance / MLRO and the Head of Internal Audit should be in attendance and where necessary, 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 the composition of the BRMC and make any changes it deems appropriate.

4. ADMINISTRATION / MEETING

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 four 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 executive sessions.

4.1.4 The Chairperson of the Committee may, if so required, or at the request of any Committee Member, the regulators, 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 deliberate on 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, and to other members of the Board.

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:

- 6.1 Identify, review and assess the Principal Risks, including but not limited to credit, market, liquidity, operational, technological, legal, compliance and reputational risks, and the actions taken to mitigate the risks.
- 6.2 Formulate and make recommendations to the Board in respect of the overall current and future risk appetite, oversee the senior management's implementation of the risk appetite framework and report on the state of the risk culture in the Bank;
- 6.3 Receive periodic information on risk exposures and risk management activities from Senior Officers;
- 6.4 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;

- 6.5 Review the Bank's Impairment Measurement and Income Recognition policies and where necessary, consider and recommend for approval to the Board, changes in the level and in the adequacy of provision for NPA;
- 6.6 Ensure that the CEO facilitates training programmes for Directors and Senior Management to enable them to have a robust understanding of the nature of the business, the nature of the risks, the consequences of risks being inadequately managed and the techniques for managing the risks effectively;
- 6.7 Review and approve discussions and disclosure of risks;
- 6.8 To provide prior endorsement for the appointment and removal of the Chief Risk Officer and ensuring his / her independence from operational management without any requirement to generate revenues; The CRO shall have a line of reporting to the BRMC.
- 6.9 Determine country exposure/risk tolerance limits, review and ratify breaches;
- 6.10 Review / Monitoring of the Compliance Function:
 - To provide prior endorsement for the appointment and removal of the Head of Compliance and ensure that the Compliance Function is not unduly influenced or obstructed in the conduct of its responsibilities. The Head of Compliance reports directly to the BRMC and has a line of reporting to the CEO on any compliance issue / matter and should ensure permanent communication with the CEO on the compliance status within the Bank.
 - 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;
 - 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;
 - 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;
 - Certify 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;
 - Review the results of the confidential reporting process ("whistle blowing") covering fraud and other risks;
- 6.11 Ensure appointment of qualified/competent staff for risk management process.

6. OTHER

Consider any other matters that the Board may refer to the Committee from time to time.

APPROVED BY BOARD ON

CHAIRMAN OF THE BOARD

CHAIRMAN OF THE COMMITTEE

COMPANY SECRETARY

APPENDIX 1

BOARD RISK MANAGEMENT COMMITTEE

The Members of this Committee, as at present are:

<u>Chairperson:</u>	Mr. Juan Carlos ALBIZATTI	Non-Executive Director
<u>Members:</u>	Ms. Sandra MARTYRES	Independent Director
	Mr. L.A SIVARAMAKRISHNAN	Non-Executive Director
	Mr. Leonard MUSUSA	Independent Director
	Mr. Ravneet CHOWDHURY	CEO / Executive Director