

BANK ONE

NOMINATION & REMUNERATION COMMITTEE

TERMS OF REFERENCE

Owner: Corporate Affairs

December 2018

These Terms of Reference encompass the following:

- 1. Overall purpose and objectives**
- 2. Organisation**
 - 2.1 Appointment & Membership**
 - 2.2 Meetings & Proceedings**
 - 2.3 Voting**
- 3. Duties**
- 4. General**

Appendix 1 – Members of the Committee

Appendix 2 – List of Executive / Senior Management

1. OVERALL PURPOSE / OBJECTIVES

The Nomination & Remuneration Committee (the "Committee") 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 of not less than 4 Directors appointed by the Board, all of whom shall be Non-Executive Directors including a minimum of 2 Independent Directors.

The current membership is as shown in Appendix 1.

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 Executive / Senior Management staff;
- b) Establish formal, clear and transparent selection criteria for Executive / Senior Management staff;
- c) Finalize, in consultation with the CEO, appointments at Executives / Senior Management levels (positions defined in Appendix 2), 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 Compliance and Chief Risk Officer), in which cases, the prior approval of such Board Sub Committees shall be sought.For the avoidance of doubt, it is clarified that NRC would still be involved in the process of interviewing and shortlisting of candidates for those positions mentioned in (a) and (b) above and would make the appropriate recommendations to the Board /Board Committee/(s).
- 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 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 NRC 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 and Executive levels, including the Chairperson of the Board and the Chief Executive Officer.

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 NRC 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 the performance assessment of individual Executive Committee members as carried out annually by the CEO, 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 make recommendations with regards to training needs;
- 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 Reporting Obligations

- a) The Committee shall report to the Board, subsequent to each NRC meeting, on matters reviewed by it;
- b) The minutes of proceedings of the Committee meetings shall be tabled at the subsequent Board Meetings;
- c) 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.

APPROVED BY BOARD ON

5th December 2018

CHAIRPERSON OF THE COMMITTEE

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CHAIRPERSON OF THE BOARD

COMPANY SECRETARY

APPENDIX 1

Nomination & Remuneration Committee

The Members of this Committee, as at present date, are:

<u>Chairperson:</u>	Ms. Gauri Ajay GUPTA	Non-Executive Director
<u>Members:</u>	Mr. Nikhil TREEBHOOHUN	Independent Director
	Mr. Marc Emmanuel VIVES	Non-Executive Director

APPENDIX 2

List of Executives / Senior Management Positions

Positions	Recruitment Authority
Chief Executive Officer	Board
Chief Operating Officer	NRC
Company Secretary	Board
Chief Financial Officer	NRC
Internal Audit Manager	Audit Committee
Chief Risk Officer	BRMC
Head of Compliance	BRMC
Head of Treasury	NRC
Head of Legal & Credit Administration	NRC
Head of Retail Banking	NRC
Head of Corporate Banking	NRC
Head of International Banking	NRC
Head of Private Banking & Wealth Management	NRC
Head of Human Resources	NRC