

MauBank Ltd

Charter & Terms of Reference of the Board of Directors

March 2024

Approved by the Board of Directors on 25 April 2024

Charter & Terms of Reference

Reference to 'the Board' shall mean the Board of Directors of MauBank Ltd (the 'Bank')

This charter provides the terms of reference for the Board and describes how the Board operates. As the focal point of the corporate governance system, the Board is ultimately responsible and accountable for the performance and activities of the Bank. The role of the Board is to oversee executive management and the proper functioning of the Bank. To fulfil this role, the Board must have clear, well-defined and understood responsibilities and these are defined in its charter.

This charter should be read in conjunction with the Bank's constitution and in case a dispute in content or meaning arises, the wording of the Constitution shall prevail. This Charter will be governed by the relevant guidelines issued by the Bank of Mauritius and will not, in any way, conflict with same.

This charter is posted on the Bank's website.

1. Mandate

- 1.1 The Board has the ultimate responsibility for the safety and soundness of the Bank. It must oversee the Bank's business strategy, internal organisation and governance structure, its risk management and compliance practices, and key personnel decisions. It is essential that there be a clear demarcation of responsibilities and obligations between the Board and Management. The Board should be independent from Management.

2. Membership

- 2.1 The Board shall have a minimum of five (5) and a maximum of thirteen (13) members. 40 percent of the members shall be independent directors. The number and nature of directors shall at all times comply with the provisions of the Banking Act 2004.
- 2.2 The Board shall appoint the Chairperson of the Board who shall be an independent or a non-executive director.
- 2.3 When the Chairperson is not an independent director, the Board shall be composed of at least 50 per cent of independent directors.
- 2.4 The CEO shall be a member of the Board but not its Chairperson.
- 2.5 A Board member may serve for a maximum term of six years. This limitation shall not apply to an Executive Director.
- 2.6 In the absence of the Chairman, the remaining members present shall elect one of the non-executive or independent members to chair the meeting.

3. Secretary

- 3.1 The Company Secretary or someone else nominated by the Board shall act as the Secretary to the Board.

4. Methods of holding meetings

- 4.1 A meeting of the Board may be held either:
- by a number of the directors who constitute a quorum, being assembled together at the place, date, and time appointed for the meeting; or
 - by means of audio, or audio and visual, communication by which all directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

5. Quorum

- 5.1 The quorum necessary of the transaction of business shall be by a majority of directors. A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Board.
- 5.2 A resolution in writing, circulated and approved, by all the members shall be as valid and effectual as if it has been passed at a Board meeting duly called and constituted.

6. Voting

- 6.1 Every director has one vote. The Chairperson shall have a casting vote.
- 6.2 A resolution of the Board is passed if it is agreed to by all directors present without dissent or if a majority of the votes cast on it are in favour of it.
- 6.3 A director present at a meeting of the Board is presumed to have agreed to, and to have voted in favour of, a resolution of the Board unless he expressly dissents from or votes against the resolution at the meeting.

7. Resolution In Writing

- 7.1 A resolution in writing, signed or assented to by all directors then entitled to receive notice of a Board meeting, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held.
- 7.2 Any such resolution may consist of several documents (including facsimile or other similar means of communication) in like form each signed or assented to by one or more directors.
- 7.3 A copy of any such resolution must be entered in the minute book of Board proceedings.

8. Frequency of Meetings

- 8.1 The Board shall meet:
- (i) At least on a quarterly basis
 - (ii) At the request of the Chairman of the Board; and
 - (iii) At the request of any Director in consultation with the Chairman of the Board.

9. Notice of Meetings

- 9.1 Meetings of the Board shall be convened by the Company Secretary (or designate) as per section 8.1 above. The notice of each meeting of the Committee, confirming the venue, time and date and enclosing an agenda of items to be discussed, shall, subject to paragraph 9.2, be forwarded to each member of the Board with at least 2 days' notice.
- 9.2 The minimum notice period required to convene meetings of the Board under paragraph 9.1 may be waived, where all the members entitled to receive notice of meetings agree to the waiver.

10. Minutes of Meetings

- 10.1 The Company Secretary (or designate) shall minute the proceedings and resolutions of all Board meetings, including the names of those present and in attendance.
- 10.2 Minutes of the Board proceedings shall be reported to the Board at its next meeting for approval.

11. Duties

The Board has responsibility for the matters set out below:

11.1 Strategy and Management Supervision

- 11.1.1 Provide strategic direction to the Bank.
- 11.1.2 Approve the Bank's corporate plan covering short-term and long-term business objectives and strategy together with appropriate policies to execute the strategy, including those relating to risk management, capital adequacy, liquidity, risk appetite, compliance, internal controls, communication policy, director selection, and orientation and evaluation.
- 11.1.3 Appoint and monitor senior management, question and scrutinise its performance in the achievement of corporate objectives.
- 11.1.4 Require Management to review periodically the effectiveness of the established corporate plan and report results to the Board.
- 11.1.5 Approve the Banks's annual operating plan and ensure that the operations are conducted prudently and in line with the laws and Board approved policies and that any deviations are reported to the Board.
- 11.1.6 Oversee the management of the business and affairs of the Bank ensuring:
- the achievement of the Bank's objectives;
 - competent and prudent management;
 - appropriate policies and procedures and adequate systems and sound planning to ensure compliance with statutory and regulatory obligations;
 - Management to review and assess periodically the efficiency and effectiveness of policies, systems and controls and report results to the Board.
 - the effectiveness of policies, systems and controls adequate accountancy and other records.
 - that there are adequate monitoring and assessment of risks;

- adequate structure and operation of the internal risk management, and audit and control systems.

11.1.7 Review the performance of the Bank in the light of its strategy, objectives, plans and budgets and ensure that any necessary corrective action is taken.

11.1.8 Approve any extension of the Bank's activities into new business or geographic areas.

11.1.9 Approve any decision to cease to operate all or any material part of the Bank's business.

11.2 Capital

11.2.1 Approve the capital and operating budgets of the institution, capital adequacy assessment process, capital and liquidity plans.

11.2.2 Review and approve proposals for the allocation of capital and other resources within the Bank.

11.3 Financial Reporting

11.3.1 Responsible for the preparation and fair presentation of the Bank's financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act and Banking Act.

11.3.2 Approve the Bank's financial statements, annual report and accounts.

11.3.3 Approve any significant changes to accounting policies or practices.

11.4 Compliance, Risk and Internal Control

11.4.1 In keeping with BOM Guideline on Maintenance of Accounting and Other Records and Internal Control Systems, maintain a sound system of compliance, internal control and risk management including:

- receiving reports on, and reviewing the effectiveness of the Bank's risk and control processes to support its strategy and objectives;
- ensuring that policies and systems in place are effective to achieve a prudential balance between risks and returns to shareholders;
- ensuring that the Bank has implemented effective systems and practices to achieve compliance with legal requirements, including regulations and guidelines issued by the Bank of Mauritius;
- approving policies of the Bank as required by the prevailing Banking laws and guidelines and ensuring that all staff operate within strict accordance with the Bank's standards and policies, particularly in relation to AML/CFT in accordance with the Bank's Anti-Money Laundering and Combatting the Financing of Terrorism & Proliferation Policy (AML/CFT) and in line with s.5.13 of the Bank of Mauritius Guideline on AML/CFT;
- carefully considering and, if accepted, putting into effect any recommendations made by the external auditor. This will include recommendations by the external auditor on the Bank's internal controls, as expressed in the 'management letter'.

11.5 Major Contracts and Engagements

11.5.1 Approve material acquisitions and disposals of businesses, assets or shares which are

outside the ordinary course of business of the Bank and significant in terms of the business of the Bank.

11.6 Board Sub-committees

11.6.1 The Board shall establish specialized Board Sub-committees as appropriate. To this end the Board currently has the following Sub-committees to which it may delegate some of its duties:

- Audit Committee (AC)
- Board Investment & Credit Committee (BICC)
- Board Risk Management Committee (BRMC)
- Nomination and Remuneration Committee (REMCO)
- Corporate Governance Committee (CGC)
- Strategy & Finance Committee (SFC)
- Board Procurement Committee (BPC)
- Board Cybersecurity Committee (BCSC)

11.6.2 The Board shall set out the terms of reference of each Sub-committee of the Board and shall also determine its composition. The terms of reference and composition of the Committees are posted on the Bank's website.

11.6.3 Question, scrutinise and monitor the performance of board Sub-committees, and individual directors

11.6.4 Establish review and agree changes as appropriate to the terms of reference of the Sub-Committees of the Board.

11.6.5 Receive the minutes of and/or reports from the Sub-Committees.

11.7 Board Membership and Other Appointments

11.7.1 Review the structure size and composition of the Board and its Sub-committees from time to time and make any changes deemed necessary.

11.7.2 Approve the appointment and removal of designated senior officers of the Bank, including the Chief Executive Officer, and assessing periodically their performance in the context of established corporate objectives and plans.

11.7.3 Approve the organisation structure of the Bank, and its staff compensation policies.

11.8 Delegation of Authority

11.8.1 Approve delegated authorities for expenditure, day to day operations, and for lending and for other risk exposures.

11.9 Others

11.9.1 Ensure that there is a clear demarcation of duties and responsibilities between the Board and Management in order to implement an effective accountability regime. The Board should periodically hold Board meetings where Management officials are not present.

11.9.2 The Board will set out the criteria for measuring the CEO's performance in achieving the

approved corporate objectives. Such performance review shall be conducted annually. The CEO is responsible for implementing a performance and accountability regime for senior management personnel.

- 11.9.3 The Board (or by delegation, its Nomination and Remuneration Committee) shall implement a remuneration and incentive system to stimulate staff motivation to achieve the corporate objectives. The approach shall be reviewed periodically to assess its effectiveness and decide on any modifications, as necessary.
- 11.9.4 In compliance with section 48 of the Banking Act 2004 dealing with the disclosure of interest, the Board shall implement policies and procedures to identify conflict of interest situations and steps to redress such situations. This shall include:
- (a) an outline of potential conflict of interest situations involving different levels of staff and Board members;
 - (b) establishment of a process for identifying and reporting a conflict of interest situation which shall be investigated by designated officials followed by a report to Management or the Board, as appropriate; and
 - (c) establishment of a process for ultimate decision-taking by Management or the Board.
- 11.9.5 A Board member shall immediately report to the Chairperson of the Board any conflict of interest or potential conflict of interest and shall provide all relevant information, including information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. The Board member concerned shall not take part in the assessment by the Board of whether a conflict of interest exists. A Board member shall also not take part in any discussion or decision-making regarding any subject or transaction in which he/she has a conflict of interest with the Bank. A Board member shall, forthwith after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, cause to be entered in the interests register. Related-party transactions shall be disclosed in line with the Bank's Related Party Transactions Policy.
- 11.9.6 The Board's primary responsibility is to protect the interests of the Bank, and it should ensure that the decisions of the holding company/Head Office are not detrimental to the sound and prudent management of the Bank, its financial health and the legal interests of its stakeholders.
- 11.9.7 The Board should ensure that members participate in induction programmes and have access to ongoing training on relevant issues which may involve internal or external resources.
- 11.9.8 The Board shall, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness, from time to time, at least once every three (3) years.

12. Reporting Responsibilities

- 12.1 The Board shall report to the Shareholder/s at the Annual Meeting on matters of the Bank within its duties and responsibilities.

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