



**CONDUCT REVIEW
COMMITTEE CHARTER**



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1. OBJECTIVES

The Committee is responsible for monitoring and reviewing related party transactions, their terms and conditions and ensuring the effectiveness of established procedures and compliance with the Bank of Mauritius Guideline on Related Party Transactions.

This Charter is posted on the organisation's website.

2. COMPOSITION

- 2.1. The Committee shall consist of between 3 and 5 independent Directors of the Bank.
- 2.2. The members and the Chairperson will be designated by the Board, under the recommendation of the Nomination and Remuneration Committee.
- 2.3. Each member of the Conduct Review Committee must be financially aware and the Board should satisfy itself that the Chairperson has relevant financial experience and expertise.

3. MEETINGS

- 3.1 The Committee will meet at a minimum four times per year to review related party transactions.
- 3.2 Any 3 members shall form a quorum.
- 3.3 The Chairperson of the Committee may in case of absence designate an alternate. In case of absence of the Chairperson and where no alternate has been designated, the Nomination and Remuneration Committee or the Chairperson of the Board shall appoint another member to chair the meeting.
- 3.4 In addition, the Committee may be called at any time to review and approve certain transactions that are material, as defined under below, and which may need the Committee's scrutiny.
- 3.5 After each meeting the Conduct Review Committee shall report to the Board of Directors on matters reviewed by the Committee.

4. ROLES AND RESPONSIBILITIES

The Committee is responsible for monitoring and reviewing related party transactions, their terms and conditions, and ensuring the effectiveness of the established procedures and compliance to the Bank of Mauritius Guidelines.

The mandate of the Committee will include the following:

- Ensure that a policy on related party transactions is submitted to and approved by the Board;
- Seek the approval of the Board for any write-off of related party credit exposure;
- Review such policy at least once a year, to ensure their continuing adequacy and submit proposed changes to the approval of the Board;
- Require the management of the bank to establish procedures to comply with the requirements of the Bank of Mauritius guideline;
- Review the procedures periodically to ensure their continuing adequacy and enforcement, in the best interest of the bank;
- Take cognizance, review and ratify each credit facility granted to related party with a view to ensuring compliance with the Bank of Mauritius Guideline and the Related party policy;
- Ensure that market terms and conditions are applied to all related party transactions;
- Review the practices of the bank to ensure that any transactions with the related parties that may have a material effect on the stability and solvency of the bank are identified and dealt with in a timely manner;
- Report periodically and in any case not less frequently than on a quarterly basis to the Board of directors on matters reviewed by it, including exceptions to policies, processes and limits.

5. DEFINITION OF RELATED PARTIES

Interpretation of the Guideline of Bank of Mauritius on Related Parties leads to the identification of the following categories of related parties:

Category I

This includes credit exposures to

- (a) a person who has significant interest in the Bank;
- (b) a director of the Bank;
- (c) a director of a body corporate that controls¹ the Bank;
- (d) the spouse, child and parent of a natural person covered in (a) or (b) or (c) above;
- (e) any entity that is controlled² by a person described in (a) or (b) or (c) or (d) above; and
- (f) any entity in which the Bank has significant interest, excluding a subsidiary of the Bank as mentioned in Category 2 (e) below.

Category 2

This includes credit exposures to

- (a) senior officers, which are outside the terms and conditions of employment contracts;
- (b) the spouse, child and parent of senior officers;
- (c) senior officers of a body corporate that controls³ the Bank;
- (d) any entity that is controlled⁴ by a person described in (a) or (b) or (c) above; and
- (e) a subsidiary of the Bank with no shareholder (natural person) holding directly or indirectly more than a significant shareholding in the parent Bank.

Category 3

This includes credit exposures to senior officers, which are within the terms and conditions of employment contracts.

The regulatory limits for each category are defined in Section 18 of the Guideline.

In addition, as part of its internal policy, the Bank considers its external auditors as related party, both at firm level and at individual level as far as partners are concerned.

6. LIMITS ON TRANSACTIONS WITH RELATED PARTIES AND THEIR INTERESTS

- The Committee will ensure that transactions with related parties are regularly reported to it.
- It should ensure that regulatory limits defined in the Bank of Mauritius Guideline are adhered to at all times.

7. OTHER PROVISIONS

7.1. Professional advice

It is recommended that the Board has an agreed procedure whereby members of the Committee are able to seek independent professional advice, should the need arise. The professional services procured would be at the Company's expense and prior approval of the Chairperson is required.

7.2. Access to information

The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required.

7.3. Reporting

- The Chairperson of the Committee shall report to the Board in a timely manner on major issues that could have an impact on the affairs of the Bank.
- Any significant issues having an impact on the affairs or reputation of the Bank shall be reported by the Chairperson of the Board to the Boards of the relevant holding companies.
- Regulatory:
The Committee will ensure that Management of the Bank reports to Bank of Mauritius on a quarterly basis, information relating to credit exposures to related parties including exemptions from the regulatory limits detailed under paragraph 21 of the Guideline.

^{1, 3} For this purpose, 'control' has the same meaning as in the Companies Act 2001.

^{2, 4} For this purpose, a natural person shall be deemed to control an entity if he/she owns, directly or indirectly, 10 per cent or more of the capital or voting rights of that entity. In other cases, it has the same meaning as in the Companies Act 2001.