



**CONDUCT  
REVIEW  
COMMITTEE –  
TERMS OF  
REFERENCE**

The Revised Terms of Reference of the Conduct Review Committee (the “Committee”) was adopted by the Board on 2 October 2024.

## OBJECTIVES

- (a) Oversee Management’s activities in managing credit activities / any other transactions to related parties and actions to mitigate risks and to ensure an effective credit management process, functioning and monitoring;
- (b) Approve related party transactions in accordance with the Bank’s policy on related party transactions; and
- (c) Ensure reporting including any corrective actions taken to be provided to the Board of Directors for review and approval.

### 1. Membership/Composition

- 1.1. It shall consist of a minimum of three members and a maximum of five members.
- 1.2. The members of the Committee shall be distinct from the members of the Audit Committee.
- 1.3. One member of the Committee may be a member of the Risk Committee but should not be the Chairperson of either of the aforementioned committees.
- 1.4. **Chairperson** - Any member of the Committee but neither the Chairperson of the Audit Committee nor the Chairperson of the Board.
- 1.5. In the absence of the Chairperson, the remaining members present shall elect one of them to chair the meeting.

### 2. Meetings

- 2.1. Frequency of Meetings - At least once every quarter or more frequently as circumstances require.
- 2.2. Meetings of the Committee shall be convened by the Secretary of the Committee, in his absence by his Deputy or any authorised officer, at the request of the Chairperson or by any of its members.
- 2.3. The notice of each meeting of the Board Sub Committee confirming the venue, time and date and enclosing an agenda of items to be discussed shall, other than under exceptional circumstances, be forwarded to each member of the Committee at his known registered address or electronic communication/email or Board Vantage.
- 2.4. Agenda, supporting documents and a prior written notice of at least four (4) business days shall be sent to every member for any meeting. In case of urgent matters, a prior notice of two (2) business days will be given.
- 2.5. The requirements provided above may be varied subject to the written consent of all members.
- 2.6. Proceedings of all Board Committees shall be reported periodically to the Board of Directors preferably on a quarterly basis.

### 3. Secretary

- 3.1. The Company Secretary shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

### 4. Quorum

- 4.1. The quorum for any meeting shall be a majority of its members.
- 4.2. Related party files and any other approval required shall be approved by majority votes at a meeting.

4.3. Approve related party files and any other approval required could also be done by circulation provided it is unanimously assented and validated.

## 5. Minutes of Meetings

- 5.1. The Secretary shall minute the proceedings and decisions of all meetings of the Committee, including recording the names of those present and in attendance.
- 5.2. Draft minutes of Committee meetings shall be circulated to all members of the Committee within 15 Business days of the Meeting.

## 6. Role & Responsibilities

- 6.1. Require Management of the Bank to establish policies, systems and procedures to comply with the requirements of the Bank of Mauritius Guideline on related Party Transactions;
- 6.2. Ensure the review of the policies and procedures periodically to ensure their continuing effectiveness, adequacy and enforcement, in the best interests of the Bank prior to submission for Board of Directors' approval;
- 6.3. Ensure that the Bank has suitable framework, process and policy approved by the Board of Directors to ensure that Board members and staff with conflict of interest are excluded from the approval and monitoring process of related party transactions;
- 6.4. Ensure approval authorities and processes are in place for related party transactions in accordance with the Bank's policy;
- 6.5. Review and approve each credit exposure to related parties;
- 6.6. Ensure that the Board of Directors is promptly apprised of any material development on related party transactions;  
Ensure that market terms and conditions are applied to all related party transactions;
- 6.7. Ensure that the Bank has a robust system for checks and balances to monitor compliance with regulatory limits with respect to related party transactions; uphold impartiality and prevent credit activities of any kind to override established credit approval policies and procedures when granting credit facilities to related parties;
- 6.8. Review the practices of the Bank to ensure that any transaction with related parties that may have a material effect on the stability and solvency of the Bank is identified and dealt with in a timely manner;
- 6.9. Ensure that Write- Offs of Related party credit exposure are reviewed and subject to the prior approval of the Board of Directors;
- 6.10. Review and escalate to the Board on a quarterly basis control reports on related party transactions covering;
  - new related party transactions;
  - the performance of the Bank's related party exposures including compliance with policies and procedures (including internal/ regulatory limits), breach of covenants, deterioration in credit quality, impairment of assets and non-perfection of collateral;
  - the performance of services provided by related parties and other arrangements/ contracts with related parties including compliance with agreed service level agreements;
  - the findings and status of recommendations of control functions, the Audit Committee and the Risk Management Committee in respect of related party transactions; and
  - Credit facilities to staff which are not in line with the terms and conditions as approved by the Board.

## **7. Reporting Responsibilities**

- 7.1. The Chairperson shall report to the Board on its deliberations periodically on all matters within its duties and responsibilities as well as ensuring that any approvals be obtained in compliance to BOM Guidelines.
- 7.2. The Committee shall make relevant recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

## **8. Other matters**

- 8.1. The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Bank's secretariat for assistance as required.
- 8.2. The Committee is authorised to seek any information from any officer or employee all of whom are directed to co-operate with any request made by the Committee.
- 8.3. Regular training on any relevant areas should be provided to the members for continuous development. The Committee may decide on the focus areas.
- 8.4. The Committee shall have access to outside or other independent professional advice as it considers necessary to carry out its duties at the Bank's expense within any reasonable budgetary guidelines as indicated by the Board.
- 8.5. The Committee shall give due consideration to laws, regulations and any published guidelines or recommendations.
- 8.6. The Committee shall arrange for periodic reviews of its own performance and review its terms of reference on an annual basis to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.