



**TERMS OF REFERENCE
BOARD OF DIRECTORS**

TABLE OF CONTENTS

1.	Introduction	1
2.	Composition of the Board	1
3.	Chairperson	1
4.	Managing Director	2
5.	Role, Powers and Responsibilities of the Board	3
5.1	Role of the Board	3
5.2	Powers of the Board	3
5.3	Responsibilities of the Board	3
5.4	Ethical Standards and Corporate Value	5
6.	Board Sub-Committees	6
7.	Membership	6
8.	Attendance at Meetings	6
9.	Frequency of Meetings	7
10.	Quorum	7
11.	Remuneration	7
12.	Conflict of Interest	8
13.	Review	8

1. Introduction

Board Members are the link between the Shareholders and the Management of the financial institution and are collectively responsible to lead and control the organisation to enable it to attain its strategic objectives. In discharging its duties, the Board of Directors ('the Board') shall be guided by the interests of the Financial Institution and its business, whilst taking shall take into account the interest of the stakeholders. The Board is ultimately accountable to the Shareholders.

AXYS Leasing Ltd is managed by a unitary Board of not less than four and not more than ten members (or as defined in the Constitution) of appropriate calibre, with the necessary skills and experience to assist in providing leadership, integrity and judgment in managing the affairs of the Financial Institution.

The following updated Terms of Reference of the Board of Directors were adopted by the Board on 27th March 2015.

2. Composition of the Board

The Board shall be comprised of at least 5 natural persons and a minimum of 40 per cent of independent non-executive Directors. The Board shall also consist of a fair share of independent non-executive, non-executive and executive directors.

The Board functions independently of management and there is a clear separation of the roles of the Chairperson and the Managing Director.

3. Chairperson

The members of the Board shall elect for a pre-agreed period a Chairperson, who must be able to provide firm and objective leadership. The Chairperson shall be an independent non-executive director and shall not be involved in the day-to-day running of the business.

In view of the increasing supervisory functions required of the Board, detailed in the various Bank of Mauritius guidelines, the Chairperson shall devote sufficient time to the Financial Institution to enable the Board to diligently discharge its duties and responsibilities. The main roles of a Chairperson shall be to:

preside over meetings, encourage participation of Directors in board matters and mediate differences of opinion;

participate in the nomination of Directors to ensure that the Board has the right mix of competencies, skills, objectivity and expertise;

monitoring and evaluating board and director appraisals;

guide the Board and Senior Management, ensuring time for consultation, preparing of Agenda and minutes, and supervision of implementation of resolutions;

ensure adequate succession planning for the Directors and Management;

ensure that all relevant information on financial and operating matters are placed before the Board to enable Directors to reach informed decisions; ensure adoption of good corporate governance practices;

ensure adoption of good corporate governance practices;

maintain relations with the Shareholders of the Financial Institution and ensure that information is clearly communicated to them through appropriate disclosure;

issue a compliance statement to the Bank of Mauritius for each financial year, certifying that the Financial Institution has complied with the provisions of the law and regulations issued by the Bank of Mauritius.

4. Managing Director

The Board will appoint a Managing Director and his responsibility, amongst others, shall be to: develop and recommend to the Board a long-term strategy and vision for the Financial Institution that would generate adequate Shareholder value;

develop and recommend to the Board annual business plans and budgets that support the long-term strategy of the Financial Institution;

provide to the Board all relevant financial and operating information to enable them to assess performance;

strive to achieve the Financial Institution's financial and operating goals;

serve as the chief spokesman for the Financial Institution on all operational issues, except where the Board decides otherwise, for communication with Shareholders and other stakeholders;

maintain a positive and ethical work climate that is conducive to attracting retaining and nominating a diverse group of top-quality employees at all levels of the Financial Institution;

Foster a corporate culture that promotes best practices, offers equal opportunities, encourages individual integrity and fulfills social responsibility objectives.

The Managing Director shall be a member of the Board of Directors and of the Board Risk Management Committee.

5. Role, Powers and Responsibilities of the Board

5.1 Role of the Board

The key role of the Board is to determine the Financial Institution's direction, monitor its performance and oversee risks. The Board of Directors ensures that the Board effectively sets policies and supervises the management of the Financial Institution, either directly or through the Board Sub-Committees, for more in-depth analysis and review of various issues.

5.2 Powers of the Board

- a) Subject to any restrictions in the Companies Act or the Constitution of the Financial Institution, the business and affairs of the Financial Institution shall be managed by or under the direction or supervision of the Board.
- b) The Board shall have all the powers necessary for managing, and for directing and supervising the management, the business and affairs of the Financial Institution except to the extent that the Constitution of the Financial Institution or the Companies Act expressly requires those powers to be exercised by the Shareholders or any other person.
- c) The Board shall moreover have all the powers of the Financial Institution as expressed in section 27 of the Companies Act and clause 7 of the Constitution of the Financial Institution, including, but not limited to, the power to purchase and sell property, to borrow money and to mortgage, pledge or create charges on its assets and to issue debentures and other securities, whether outright or as security for any debt, liability, or obligation of the Financial Institution or of any third party.
- d) The Board shall be authorised to investigate any activity it deems appropriate. It is authorised to seek any information from any officer or employee of the Financial Institution all of whom are directed to co-operate with any request made by the Board.
- e) The Board shall also be mandated to engage any firm of accountants, lawyers or other professionals as it deems fit to provide the independent counsel and advice and to assist in any review or investigation on such matters as it deems appropriate.

5.3 Responsibilities of the Board

The broad responsibilities of the Board are to:

- set the Financial Institution's vision, mission and values;
- approve the objectives, strategies and business plans of the Financial Institution;
- monitor and evaluate the implementation of strategies, policies and performance measurements;
- determine the risk appetite of the Financial Institution;
- identify and assess key risk areas of the business and ensure measures are taken to mitigate those risks;
- ensure that effective internal controls and risk management systems are in place to safeguard the Financial Institution's assets;
- ensure that the Financial Institution's business is conducted prudently and within the framework of law, applicable code of business practice, prudential regulatory guidelines, including risk management and corporate governance practices and disclosure requirements, and Board policies;
- ensure that any deviation is reported to an appropriate level of Management, or if necessary, to the Board, and that Management reports any deviations to the Board;
- assess auditors' work, both internal and external;
- approve the annual report;
- approve the budget;
- approve important capital investment of the Financial Institution, including new products and services;
- ensure that capital is fully optimized;
- review and monitor the investment in information technology and strategic assets and ensure that they are prioritized according to the Financial Institution's strategy;

- approve the organizational structure and ensure clear assignments of authority and responsibility, segregation of duties, effective communication and adequate succession planning at all levels of the organisation; and
- always exercise leadership, enterprise, integrity and judgment in directing the Financial Institution.

The Board shall also:

- retain full and effective control over the Financial Institution and be responsible for the appointment and monitoring of Management in its implementation of the approved plans and strategies;
- With regards to the delegation of day-to-day operations of the financial institution to management, the Board shall be required to ensure that proper mechanisms are in place to monitor the exercise of the delegated power.
- ensure the continuous financial soundness of the Financial Institution; and
- ensure that licensing requirements are satisfied.

5.4 Ethical Standards and Corporate Value

The board members, in keeping with their responsibilities to the shareholders and other stakeholders, shall

- commit to the achievement of business success and enhancement of long term shareholder value with the highest standards of integrity and ethics and to safeguard depositors interest. Each director as well as each member of senior management is therefore expected to lead by example in an environment that emphasizes trust, interest, honesty, judgment, respect, responsibility and accountability
- ensure senior management implements the strategic plans and procedures that are designed to promote a good and acceptable ethical balance; ensure that the policies prohibit
 - discrimination of any kind
 - improper use of the institution's property and/or information
 - unfair dealing with customers/clients, employees and other stakeholders; and
 - any other unfair and /or unethical practices
- ensure that a policy is put in place that encourages employees to freely communicate concerns about illegal, unethical or questionable practices to the board or committee thereof or to senior management, without fear of reprisal;

- adopt and publish a written code of ethics that sets out explicit expectations for decision making and personal behaviour by all board members and employees in the performance of their duties; and
- require the audit committee to establish and maintain policies and procedures for employees of the financial institution to submit confidentially information respecting accounting, internal control, compliance, audit and any other related matters of concern to the employees.

6. Board Sub-Committees

In order to meet all the legal and regulatory requirements and effectively discharge its duties including the exercise of adequate oversight over the activities of the Financial Institution, the Board may delegate some of its functions to specialised board sub-committees. From time to time, the Board may delegate specific assignments to Directors or other parties to better guide the Board in important matters requiring significant expertise. Delegation however does not discharge the Board from its duties and responsibilities and while delegating authorities, the Board shall bear in mind its fiduciary duties and responsibilities under the Companies Act.

The Board shall have the following sub-committees to which it can delegate some of its duties:

- Audit Committee
- Risk Management Committee
- Conduct Review Committee
- Corporate Governance and Nomination & Remuneration Committee
- Credit Committee
- Assets and Liabilities Committee

7. Membership

Recommendations for the appointment of new directors to the Board and its sub-committees shall be made by the Nomination and Remuneration Committee and directors will be elected or re-elected at the annual meeting of Shareholders. Approval from the Financial Services Commission and the Bank of Mauritius, where applicable, shall be sought and obtained prior to the appointment of new directors to the Board.

8. Attendance at Meetings

The Board of Directors may invite such persons as the Head of Operations, the Business Development Manager, the Accountant, the Compliance Officer, the Internal Auditor and the

External Auditors to attend meetings as it deems necessary. All other Board members shall also attend meetings.

The Board may instruct any officer or employee of the Financial Institution to attend any meeting and provide pertinent information as necessary.

The Company Secretary shall be the secretary of the Board.

9. Frequency of Meetings

Meetings shall be held at least four times yearly or more frequently as circumstances require and the interval between any two meetings shall not be more than 110 days.

The Chairperson of the Board with the help of the Company Secretary shall convene a meeting upon request of any Board member who considers it necessary.

Whenever possible, Board meetings shall be scheduled in advance on an annual basis to allow for adequate time for Board business.

10. Quorum

A quorum for a meeting of the Board shall be as follows:

1. **THREE (3) Directors** when the Board shall consist of **FOUR (4) or FIVE (5) Members**;
2. **FOUR (4) Directors** when the Board shall consist of **SIX (6) or SEVEN (7) Members**;
3. **FIVE (5) Directors** when the Board shall consist of **EIGHT (8) or NINE (9) Members**;
4. **SIX (6) Directors** when the Board shall consist of **TEN (10) Members**

No business shall be transacted at a meeting of Directors if a quorum is not present.

A Director having an interest as specified in clause 26 of the Constitution, is to be counted in a quorum notwithstanding his interest.

11. Remuneration

In order to promote transparency, the compensation of the directors will be disclosed in the annual report. The remuneration of directors will be debated and recommended by the Nomination & Remuneration Committee to the Board for onward recommendation to the Shareholders. In common with managing any conflicts of interest, directors must not participate in discussions regarding their own packages.

12 Conflict of Interest

Directors must avoid instances that may give rise to conflicts of interests or which may be perceived by others as conflicting situations. Full information on any conflict or potential conflict of interest must be made known to the Board in accordance with applicable laws and the guidelines from the regulators, and the onus will be on the Directors to advise the Board on any change in their situation.

On declaration of his interest, the concerned Director shall not participate in the discussions and/or decision-taking process on the transaction in relation to which conflict arises. The transaction may however be concluded and approved at market terms and conditions. Related party transactions will also be disclosed in accordance with disclosure requirements and accounting policies and standards.

13. Review

The Board Charter may be reviewed as and when required with the introduction of, or amendment to laws, regulations and practices.