



**CONFLICTS OF INTEREST
& RELATED PARTY
TRANSACTIONS POLICY**



CONTENTS

1. INTRODUCTION	3
2. CONFLICTS OF INTEREST	3
3. GOVERNANCE	3
4. MANAGEMENT OF CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS	3
5. ROLES AND RESPONSIBILITIES OF THE SECRETARY OF THE CONDUCT REVIEW COMMITTEE	4
6. LIMITS ON CREDIT FACILITIES	4
7. REGULATORY COMPLIANCE	4

1. INTRODUCTION

The primary function of this policy is to set out the principles, roles and responsibilities with regard to conflicts of interest and related party transactions of the Mauritius Commercial Bank Ltd. It shall be governed by the rules established by the Bank of Mauritius Guideline on Related Party Transactions.

This Policy is posted on the organisation's website.

2. CONFLICTS OF INTEREST

Conflicts of interest can be defined as any situation in which an individual or company is in a position to exploit a professional or official capacity in some way for their personal or corporate benefit. A conflict of interest occurs when an individual or organisation is involved in multiple interests, one of which could possibly create unfavorable influence for an act in the other.

Personal interests of a Director/Senior officer or persons closely associated with the Director/Senior officer must not take precedence over those of the Bank and the shareholders. Directors and Senior officers should make the best effort to avoid conflicts of interests or situations which others may reasonably perceive to be conflicts of interests.

3. GOVERNANCE

The Board is ultimately responsible for establishing and implementing appropriate policies on conflicts of interests and related party transactions and administering the process for handling the transactions.

The Board exercises this responsibility via the Conduct Review Committee through:

- Delegation of oversight questions relating to conflict of interest and related party transactions. These issues may also involve discussions with the auditors.
- The formal review and ratification of the Conflicts of interest and Related Party Transactions Policy.
- Monitoring and reporting by Senior management in respect of related party transactions.
- Regular review of related party exposure, including to General Management.

The Board also delegates the sanctioning authority for facilities granted to General Management to the Executive Credit Committee as defined under Section 4.3.3 Approval and Review of Credit Sanctioning Powers of the Bank's Credit Risk Policy.

4. MANAGEMENT OF CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS

4.1 Identification of related parties:

- 4.1.1 The Secretary of the Conduct Review Committee will be responsible for keeping the Register of related parties updated. Information pertaining to Directors will be provided by the Company Secretary.
- 4.1.2 It is the responsibility of each Director/Senior officer to ensure that any interests be reported to the Company Secretary and the Secretary of the Conduct Review Committee.
- 4.1.3 Full and timely disclosure of any conflict or potential conflict must be made to the Board.
- 4.1.4 The updated register will be circulated to and approved by the Conduct Review Committee on a yearly basis. The roles and responsibilities of the Conduct Review Committee are defined in the Charter of the Committee, approved by the Board of Directors.
- 4.1.5 When there are nominations to the Board of Directors or new appointments to the General Management of the Bank, where such appointees fall within the definition of related party, as determined by the Guidelines of Bank of Mauritius and approved by the Conduct Review Committee, written confirmation from the individuals concerned of all persons and entities related to them, as defined in the guidelines, shall be obtained.

4.2 Lending and Deposit Rates to Related parties:

- 4.2.1 Rates applicable to transactions carried out with related parties will be no more favourable than those applied to other customers of the Bank with similar profiles, characteristics and on similar transactions.
- 4.2.2 In particular:
 - Lending rates to individuals, other than members of the General Management of the Bank and Executive Directors, will not be lower than those applicable to retail customers, with similar risk profiles.

- Lending rates to entities will not be lower than those applicable to comparable corporate customers.
- Deposits rates will not be higher than those paid on deposits of other customers of the Bank, bearing in mind the level of the deposit, its duration and currency in which it is stated.
- Fees and commissions charged will not be lower than those applicable to retail or corporate customers, as may be the case.
- Amounts paid to related parties for consultancy and other professional services rendered will follow the rules and regulations applicable to standard supplies of goods and services, as defined by the Bank's internal policy on procurement and these amounts will not exceed those dictated by market terms and conditions for such services.

5. ROLES AND RESPONSIBILITIES OF THE SECRETARY OF THE CONDUCT REVIEW COMMITTEE

The Secretary of the Conduct Review Committee will be responsible for:

- Collecting information on all related party transactions.
- Ensuring market terms and conditions are applied to all such transactions, as defined above and reported accordingly.
- Reporting the transactions to the Conduct Review Committee and to the Bank of Mauritius, as and when required.
- Ensuring that credit facilities to related parties are performing at all times through scrutinizing weekly exceptions reports and triggering appropriate corrective actions, when necessary.

6. LIMITS ON CREDIT FACILITIES

The granting of credit facilities to related parties will be governed by the same risk assessment procedures and processes as those applicable to the Bank's customers, retail or corporate, as the case may be. In addition, internal rules on credit applicable to members of the General Management of the Bank as well as to Directors, as approved by the Board, shall be applicable.

7. REGULATORY COMPLIANCE

- Related party transactions will be governed by any relevant guidelines issued by the Bank of Mauritius and the Banking Act 2004 which defines 'related party' as a person who has significant interest in the financial institution or the financial institution has significant interest in, or controls, the person.
- "Significant interest" means
 - (a) owning, directly or indirectly, alone or together with a related party, or otherwise having a beneficial interest amounting to, 10 per cent or more of the capital or of the voting rights of a financial institution;
 - (b) having the ability, directly or indirectly, alone or together with a related party or the power, to appoint 20 per cent or more of the members of the board of a financial institution; or;
 - (c) directly or indirectly exercising a significant influence over the management of a financial institution as the central bank may determine.
- The Committee will ensure that Management of the Bank reports to the Bank of Mauritius on a quarterly basis, information relating to credit exposures to related parties including exemptions from the regulatory limits detailed in the Bank of Mauritius Guideline on Related Party Transactions.