

Conflict of Interest & Related Party Transactions Policy

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1. Introduction

The objective of the policy is to define the scope of conflicts of interest and related party transactions conducted by the Directors and Senior officers of MCB Group Limited and its subsidiaries (collectively the “Group”) and to set out prudent rules and limits for granting credit (referred as ‘Credit Exposure’) to related parties.

The rules established by the Bank of Mauritius Guideline on Related Party Transactions will take precedence over this policy for subsidiaries falling under the purview of the Bank of Mauritius.

This policy is posted on the organisation’s website.

2. Conflict of Interest

Directors have a legal obligation to act in the best interest of the Company and should make their best effort to avoid situations where there may be a potential conflict of interest or situations where others might reasonably perceive there to be a conflict of interest.

The personal interests of a director, or persons closely associated with the director should not take precedence over those of the organization and its shareholders.

The aim of this policy is to protect both the organization and the individuals involved from any appearance of impropriety.

3. Definition of conflicts of interest

Conflict 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.

4. Definition of Related Party Transaction

For the purposes of this policy, a “Related Party Transaction” is any financial transaction, arrangement or relationship or any series of similar transactions, arrangements or relationships in which:

- 1 The Company, the holding company or any of its subsidiaries is a participant; and
- 2 Any ‘Related Party’ has or will have a direct or indirect interest.

For the purposes of this policy a “**Related Party**” is

1. Directors of the organisation, its parent organisation, affiliated or sister companies and associates;
2. A parent organisation and any subsidiary or affiliated organisation that is not wholly owned;
3. The Chief Executive Officer (CEO) or General Manager, and key officers, including anyone who directly reports to the Board or the CEO;
4. Any significant shareholder owning or controlling more than 10% of the voting shares having the ability to control, or exercise a significant influence on, the outcome of resolutions voted on by shareholders or governing Board members of the organisation, its parent organisation, affiliated or associated companies;
5. Immediate family members, father, mother, sons, daughters, husband or wife of any of the natural persons listed in 1,2 and 3 above;
6. Any business, and the governing Board members , CEO and key officers of any business, in which the natural persons listed in paragraphs 1 to 5 own jointly or severally at least 10% of the voting rights; and
7. Any person whose judgement or decisions could be influenced as a consequence of an arrangement or relationship between or involving themselves and any of the person in paragraph 1 to 6.
8. The parent company and its subsidiaries.

5. Governance

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

The Board exercises this responsibility through:-

- Delegation of oversight questions relating to conflict of interest and related party transactions which may involve discussions with the auditors
- The formal review and ratification of the Conflicts of Interest and Related Party Transactions Policy as applicable;
- Monitoring and reporting by Senior Management within the Company and its subsidiaries in respect of related party transactions

- Regular review of related party exposure, including the Senior Management at the level of the Company and its subsidiaries.

6. Management of Conflict of Interest and Related Party Transactions

- Upon appointment, each Director will make a full, written disclosure of interests which will be handed over to the Company Secretary who will be responsible for maintaining an interests' register.
- It is the responsibility of each director to ensure that any interests be reported to the Company Secretary so as to be recorded in this register. Full and timely disclosure of any conflict, or potential conflict, must be made to the Board. This written disclosure will be kept on file and will be updated annually or as appropriate.
- In the course of meetings or activities, Directors shall forthwith after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose same to the Board and cause same to be entered in the interests register. If in doubt, the potential conflict must be declared anyway and clarification sought.
- Any Board member having a conflict of interest will not vote or use his or her personal influence on the matter and will not be present when the matter is discussed by the Board. The minutes of the meeting will reflect that a disclosure was made, and the abstention from voting.
- The Board has developed a corporate code of ethics that addresses issues that relate, inter alia, to conflicts of interest, particularly relating to directors and management.
- All transactions in which there are conflicts of interest with Board Members shall be agreed on terms that are customary for arm's length transactions in the organization business. Decisions to enter into transactions in which there are conflicts of interest with Board members require the approval of the Board.

7. Limits on credit facilities to related parties

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

8. Reporting

Transactions with related parties of the Group should be reported to the Corporate Governance and Sustainability Committee on quarterly basis.