



28 September 2017

António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

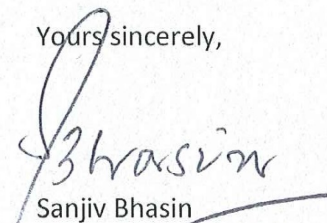
Dear Mr Secretary General,

On behalf of AfrAsia Bank, I am pleased to confirm our ongoing support to the ten principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption.

With this communication, we express our intent to advance those principles within our sphere of influence. We have committed to instill the principles of UN Global Compact in our strategy, culture and day-to-day operations, and to engaging in collaborative projects which will advance the broader development goals of the United Nations. We have since last year informed our employees, partners, clients and the general public of our continuous commitment, which was initiated in 2015.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the 10 principles. We support public accountability and transparency, and therefore commit to report annually on our progress through the COP.

Yours sincerely,


Sanjiv Bhasin
Chief Executive Officer
AfrAsia Bank Limited.

AfrAsia Bank Limited: Communication On Progress (Year 2017)



INTRODUCTION

In today's emerging dynamic global economic environment, financial reporting alone does not adequately capture how organizations are responding to the changing externalities and creating value for their stakeholders.

Striving to pave the way towards one of our objectives 'Responsible Bank 2020' AfrAsia Bank has integrated sustainability into its business strategy since 2016 and has led the shift within the industry, from building a sustainability strategy to a corporate strategy that is sustainable, whereby the Bank creates value through solutions created for its customers and also addresses current global issues and decreases the stress on natural resources through innovation.

Today's business landscape is characterized by an unprecedented, accelerating and complex mix of risks and opportunities. Every industry and every sector – in every country – is facing new challenges, which they must confront in a changing operating environment. For companies to navigate the critical developments of the new millennium, it takes a keen sense of emerging trends, a grounding in ethics and values that consumers and other stakeholders are increasingly invested in, and sustainable operations from start to finish. Companies around the world – large and small – have already started transforming their business models to responsibly serve societal needs and tap into new markets, and are seeing success at the same time.

AfrAsia Bank build its Sustainability strategy in line with the Sustainable Development Goals of the United Nations to work towards 4 main pillars: Marketplace, Workplace, Social and Environmental responsibilities. We are putting in place by next financial year a Sustainability Committee to come up with the integration of Sustainability issues within our working environment. One of the main aspect of our 2020 strategy will be enhancing our reporting with UN Global Compact and developing the Global Reporting Initiative by next year.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure that they are not complicit in human rights abuses.

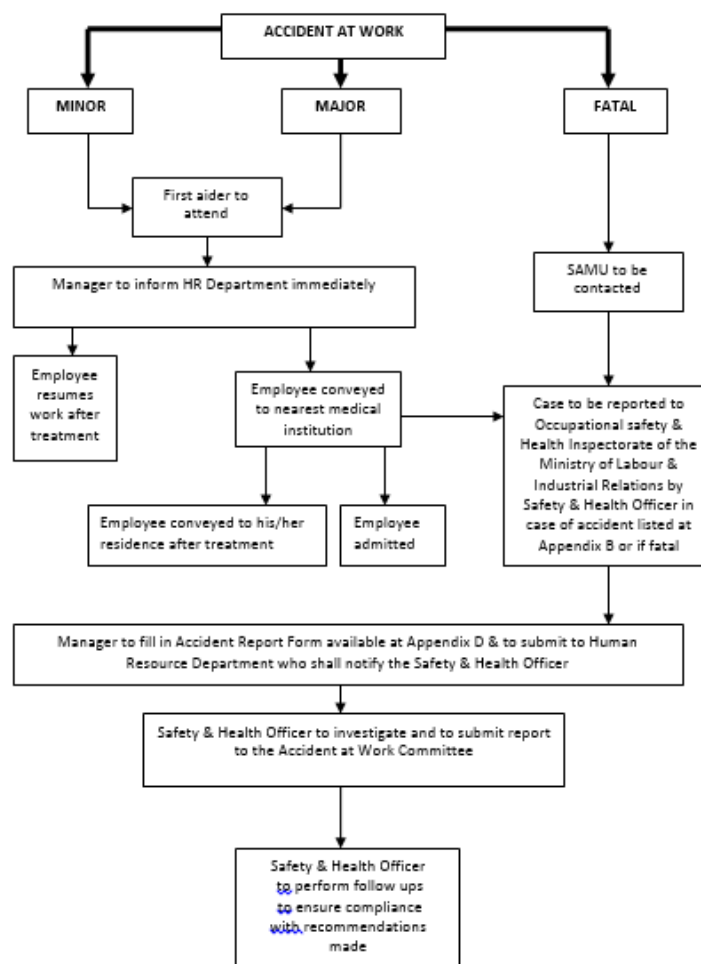
AfrAsia Bank Limited (ABL), being incorporated in Mauritius, is in compliance in all material respects with the laws and regulations applicable to it and its business and property. ABL also has internal policies to reinforce the principles of existent laws within its culture.

In 2013, ABL has implemented an Equal Opportunities Policy, which aims at providing a healthy working environment, where each individual feels respected and valued. The policy was set up to ensure that, no employee is treated more favourable or less favourable manner, as compared to his fellow colleagues, with respect to his age, caste, colour, creed, ethnic origin, impairment, marital status, place of origin, political opinion, race, sex or sexual orientation. In the same line of thought, the policy guarantees the transparency, fairness and equity of any opportunity or selection process from the recruitment to the termination of contract, so that each person be treated equally, as stated in Article 7 of the Universal Declaration on Human Rights (UDHR).

With respect to Article 3 of the UDHR, which states that everyone has the right to security, and with respect to Section 3 of the Occupational Safety and Health Act 2013, every company shall include health and safety in its organization. Further to this, a health and safety policy was adopted to promote a preventive and cooperative attitude with respect to safety issues; it sets out ABL's duties, duties of employees and acceptable workplace behaviour. A Health and Safety officer is employed on a part time basis, to monitor all the issues in this matter, and a committee meets every two months to discuss any issue arising. In an attempt to involve staff in the process, employees are selected and designated as first aiders and are given the necessary training to deal with any emergency situation. Additionally, employees are given an opportunity to report any grievance pertaining to health and safety, through the Human Resource Department.

HUMAN RIGHTS

An “Accident at Work Procedure”, has also been put in effect to guide employees in responding quickly and effectively in case of accidents. The procedure, as shown in the below diagram, englobes provisions for First Aid. It states that firstly first aid boxes should be well equipped and secondly that employees, qualified as first aiders, should get regular first aid training to ensure that they are up to date with all the required information on the subject.



Moreover, ABL’s Conduct and Ethics Policy was put into action to serve as a central guide to support day-to-day decision making at work. It provides for guidance on what is considered as appropriate conduct and the level of discipline needed for the workplace. It is specified in the policy that employees should behave in a responsible manner towards colleagues and clients, make their best to be efficient in their work and prioritise ABL’s interest over their private ones during office hours.

HUMAN RIGHTS

The Conduct and Ethics Policy further provides for a disciplinary procedure to be followed and includes a verbal caution, formal interview, final written warning, final review meeting and disciplinary committee. The employee is given the chance to a fair hearing, through a grievance procedure, which also allows employees to speak out about any grievance they may have; it consists of written notification, written response within seven days, meeting with Senior Manager and HR Manager and discussion with HR Committee which will communicate the outcome. These procedures are in line with Article 8 of the UDHR which provides for the right for effective remedy.

As per the Human Resource General Policies, all permanent employees benefit from Pension schemes, Medical Schemes and Employer's Liability Cover; the same policy states that employees' hours of work are flexible, with forty five minutes of lunch time per day. Also, any significant amounts of excess working hours, which is not remunerated as overtime, can be converted into time off. Furthermore, as per the Leaves of Absence Policy, all confirmed employees are entitled to annual leaves, sick leaves, wedding leaves, compassionate leaves, study leaves, employee exit proportionate leaves, maternity leaves and paternity leaves (where applicable). Moreover, as part of HR initiatives, ABL has conducted an Employee Engagement Survey in 2016 to obtain the feedback and satisfaction level of each employee with respect to his work and working environment. These implementations are in line with Article 24 of the UDHR, which states that everyone has the right to rest and leisure. These policies are under constant review and are updated with respect to national legislations and to ever changing culture of employees.

Since 2017, AfrAsia Bank Limited has adopted a responsible procurement policy, whereby a "KYC" is made with all suppliers, to ensure that none of them are involved in child trafficking, child abuse or other human right abuses.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

With respect to Principle 3, even though ABL does not encompass any trade union, it respects and aligns with Article 13 of the Constitution of Mauritius, which provides for freedom of assembly and association, by ensuring that no policy contravenes with the latter.

To support Principles 4 and 5, ABL respects legislation on forced labour, compulsory labour and child labour; this is included in ABL's Anti-Money Laundering Policies and Procedures. Furthermore, through our support to local NGOs like Ti-Rayons Soleil, ABL, through AfrAsia Foundation, has opened a pre primary school in order to inculcate the culture of education among the poor and vulnerable populations. Through this endeavour, ABL aims at encouraging child literacy and preventing child labour.

ABL has a Hiring Policy, which clearly states that recruitment and selection decisions are based solely on merit and that any form of discrimination, whether direct, indirect or by victimisation, is not practiced. Furthermore, to support the elimination of forced labour, ABL recruits individuals based on contracts, to ensure that both parties are agreeable to all terms and conditions as stipulated in the contract. However, ABL does, as a motivation factor, advertise internally first, but opportunities are open to all candidates irrespective of their statuses.

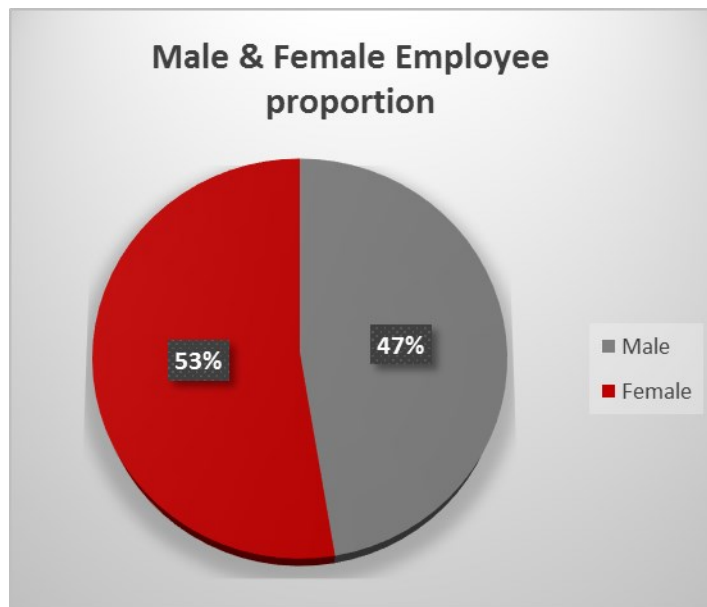
Our induction programme has been running since 2015, it aims to give new recruits the basics in terms of the internal legal, compliance, risk, IT, systems frameworks and processes. We are currently reviewing the process to make it more meaningful and memorable to new employees. The programme will be three pronged - online training, classroom exposure and an event. In addition, the buddy programme has been piloted and will be introduced so as to give support and guidance to new colleagues before in their initial weeks.

Furthermore, ABL respects each of its employees and it does not discriminate between staff members. Presently, there are three disabled employees in ABL's head count. ABL will work alongside the Government of Mauritius and local authorities to provide employment opportunities to job seekers with disabilities. We are currently working closely with the Mauritius Bankers' Association, a local NGO and consultants from overseas on a project to intergrate people with disabilities into the banking sector, they will be upskilled to cater for specific jobs across the industry. The project will be fully implemented in our the coming months

Quality of work life, learning and growth opportunities, pay and benefits, the introduction of new policies and adjusting exiting practices as well as employee welfare are some of the drivers guiding our action plan.

LABOUR

With respect to diversity of staff, 53% of the employees are female and 47% are male, showing that the diversity of gender is more or less proportional, as shown below, and has been constant.



ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Bridging the gap between our current practices and environmental realities, is also an important aspect of the Bank's Marketing and PR initiatives. From using recycled paper for our annual report, engaging in client education with regards to health and environment issues, or the re-use of old items for the branding of office space, we have for a few years now embarked in green marketing activities in line with our sustainability strategy.

Following the "Reduce, Reuse and Recycle" project, that has been sustained since 2015, ABL has an ongoing corporate environment programme which aims at having a direct environmental impact on a short lapse of time, through principles 7 and 8. The programme consists of two phases; Internal and External. The internal phase has already been implemented at ABL and each department has been provided with waste sorting bins meant to classify waste as plastic, paper, batteries and general waste.

To show its commitment to the project, ABL has gathered its employees for a clean-up event, during which 400kg of waste was collected in a period of 105 minutes. Among this waste, 59 Kg were classified as recyclable.

As a value added to the internal project, ABL is working on reducing the general paper consumption by shifting to electronic reports such as E-statement, E-advise and E-payslips, among others. Moreover, clients and shareholders are being prompted to opt for softcopies of the annual report. The Bank has made a saving of MUR 7 millions during the last financial year, through reduction of paper using the above mentioned electronic services, 50% of which, will be redirected towards environment sustainability.

Our Environmental Sustainability is based on the SDGs 13, 14 and 15, which concern the following:

1. Integrating climate change and resource efficiency issues in our business decisions.
2. Lowering by half our carbon footprint by increasing the share of renewable energy, improving energy efficiency and steering travelling towards more environmentally friendly alternatives.
3. Promoting good health and well-being for companies in Ebene through our AfrAsia Think Green Programme
4. Influencing clients and other stakeholders in making sustainable choices

In an effort to align to the Sustainable Development Goals (SDGs) 2030, AfrAsia Foundation, the entity which caters for the environmental and social aspects of ABL, has committed to attain an objective 2020 in all its corporate programmes.

Since 2017, ABL has adopted a responsible procurement policy, whereby a "KYC" is made with all suppliers, to ensure that none of them are involved abuses of the natural resources such as depletion of natural resources.

ENVIRONMENT

To further support the “Reduce, Reuse and Recycle” program, ABL has agreed to donate unused items, such as filing cabinets and drawers, to NGOs, in order to give a new life to these objects. This initiative will not only help reduce technological and general waste but it can also benefit the less fortunate. The implementation of the project has permitted the reuse of 1370.9kg of unused office equipment.

**1370.9 Kg of Office Equipment
have been Reused**

In addition to the environmental projects, ABL has in place, policies and procedures that restrict investment or funding in activities linked to production of dangerous chemicals and destruction of the environment and wildlife, such as destruction of habitat or prohibited fishing. ABL also ensures that all its investments are in accordance with international standards like the Basel Convention and the Convention on International Trade in Endangered Species of Wild Fauna and Flora

ANTI-CORRUPTION

***Principle 10:* Businesses should work against corruption in all its forms, including extortion and bribery.**

ABL's anti-corruption standards are based on legislation and regulations, such as:

- The Bank of Mauritius Guidance Notes (BOM)
- Financial Intelligence and Anti Money Laundering Act 2002 (FIAML Act 2002)
- Financial Intelligence and Anti Money Laundering Regulations 2003 (FIAML Reg 2003)
- Prevention of Corruption Act 2002,
- Prevention of Terrorism Act 2002 (Section 11-17)
- Convention for the Suppression of the Financing of Terrorism Act 2003,
- Prevention of Terrorism (Special Measures) Regulations 2003.

Apart from national legislation, ABL also has an internal Anti Money Laundering Policy and Procedure, based on the BOM Guidance Notes and the Financial Action Task Force (FATF); these are reviewed with respect to amendments in relevant Acts, Guidance Notes and Regulations.

The Financial Action Task Force (FATF) reinforces the principle of "Know Your Customer" (KYC), which helps prevent illegal and non-authorized transactions. Additionally, ABL has in place relevant policies, procedures and systems to comply with the FATF requirements and the KYC principle. This helps in preventing ABL from being exposed to undue legal, compliance, regulatory and reputational risks. Trilateral meetings are held between the Bank of Mauritius, Auditors and the Bank, following which, the Bank is subject to onsite and offsite inspections.

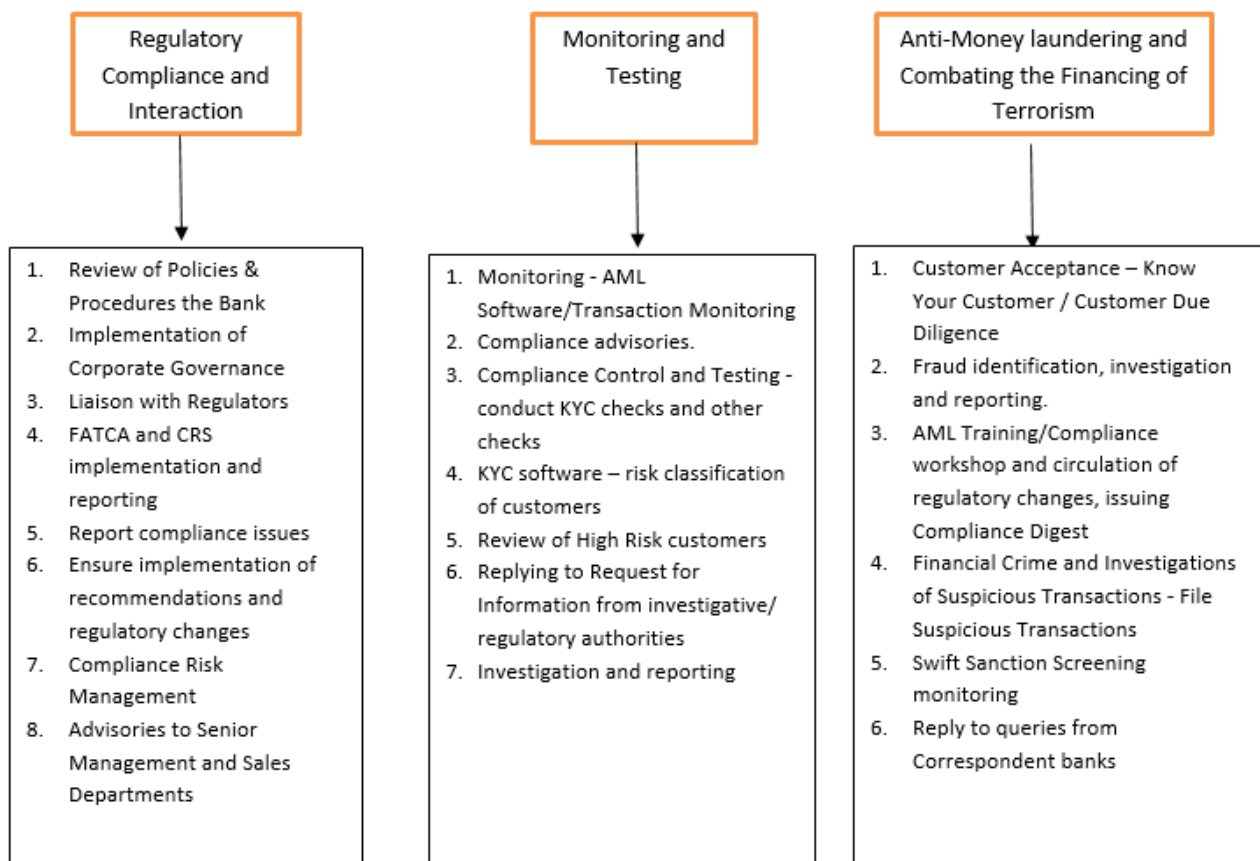
Being passive towards corruption is considered as an offence in Mauritius and thus, ABL has, in an attempt to prevent such activities within its milieu, ensures that Anti-money laundering trainings are included in induction sessions for all employees. These help introduce money laundering as an alarming issue to bank employees, in order to tackle the matter at its source.

Frontline staff, including tellers and the sales teams, as well as the Management, who are more involved in banking transactions and who directly deal with customers, have been provided special training about how to detect and report money laundering cases .

As per the Compliance Plan approved by the Board of Directors, Compliance reviews of department are conducted on a regular basis. Reports/findings are duly submitted to Senior Management, Audit Committee of the Board and the Board of Directors. Moreover the Compliance Function is responsible to provide assurance and advise the Management and staff of the bank concerning Compliance and regulatory matters. The bank hired more Compliance resources and thus it is able to better assist and support internal customers.

ANTI-CORRUPTION

The Compliance function monitors and overviews the following:



The Conduct and Ethics Policy of ABL also governs the issue of conflict of interest and clearly states that all employees should put ABL's interest before their own, while doing their duties. To ensure the smooth running of the bank, there is a Committees and Policy Making Framework, which provides for an Audit Committee, a Conduct Review Committee, a Corporate Governance Committee, a Risk Management Committee, an Executive Committee (EXCO), a Credit Risk Committee, a Human Resource Committee, an Asset and Liability Committee and a Treasury Committee.

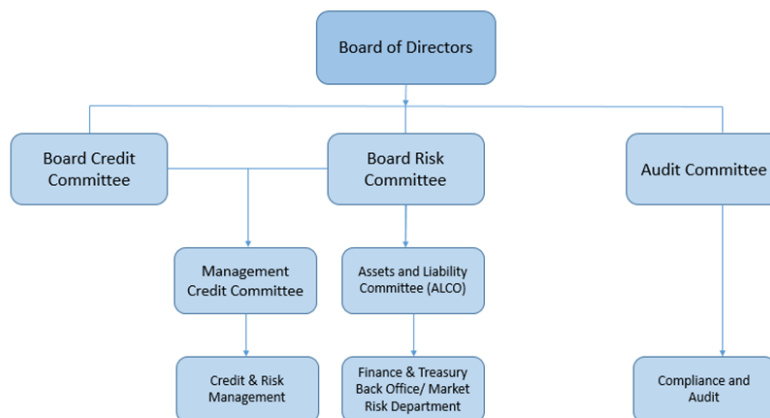
These committees meet up, on a frequency ranging from daily to quarterly per annum. They all consist of a number of different leaders of the business as well as directors, and sometimes of independent non-executive members, to ensure that there is no conflict of interest and that all decisions taken are made in accordance to ABL's interests.

ANTI-CORRUPTION

Through its risk management frameworks, the Board Risk Committee (BRC), sets our risk appetite, administers the establishment of robust enterprise-wide risk management procedures and sets risk limits to monitor our various portfolios. Adequate internal control mechanism and up-to-date and comprehensive risk policies which adherence to legal and regulatory requirements.

In designing policies and the risk management process, due consideration is given to the Bank's commitment to:

- create, monitor and manage risk in a manner that complies with the Bank of Mauritius
- Implement guidelines and AfrAsia Bank's risk policy;
- identify risk in each investment, loan or other activity of the Bank;
- utilize appropriate, accurate and timely tools to measure risk; and
- Set acceptable risk parameters.



Furthermore, ABL acknowledges the importance of proper and regular reporting, which gives a plus to the monitoring system already in place. Since our reporting towards the UNGC has been stable since two years, we have set to align our way of doing business to a **sustainable business model** – focusing on **Marketplace, Workplace, Social and Environmental**. We are putting in place our '**Sustainability Committee**', effective as from 1st of July 2017. The committee, chaired by the CEO, will bring forward a new perspective towards active reporting that will bring about considerations for sustainable issues in our day to day activities.

The Bank is further aiming at embarking on Global Reporting Initiative and reporting in line with the SDGs that reflects AfrAsia's values and governance model, to demonstrate the link between its strategy and commitment to a sustainable economy.

ABL also ensures accountability and transparency by communicating its financial information to its stakeholders each year, through its Annual Report.