



## **Communication on Progress**

**Year: 2018**

### **STATEMENT**

MCB Ltd is committed to making a sound and sustained contribution to the economies, environments and communities in which it is involved. To this end and while adhering to regulatory rules, the Bank has a well-established governance and operational framework to ensure that engagement with its stakeholders is optimally managed, in alignment with good international practices.

Since its signature of the United Nations Global Compact in December 2007, MCB Ltd fully supports the ten principles of the Global Compact and is committed to making them part of its strategy, culture and day-to-day operations.

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Global Compact Principle	Action Taken & Impact Achieved and/or Plans for the upcoming Year								
<p><b>1:</b> Businesses should support and respect the protection of internationally proclaimed human rights;</p>	<ul style="list-style-type: none"> <li>▪ The Bank is an equal opportunity employer and has in place an Equal Opportunity Policy, aimed at minimising the risk of any form of discrimination against an employee. The Bank ensures that no employee receives less favourable treatment and that opportunities for employment, training and promotion are accessible to all candidates irrespective of their status (i.e. age, caste, colour, creed, ethnic origin, impairment, marital status, place of origin, political opinion, race, sex or sexual orientation). In addition, the Bank ensures that selection for employment, promotion, transfer and training and access to benefits, facilities and services are fair and equitable and are based on merit.</li> <li>▪ The Bank is committed to providing the highest standards of safety and health throughout its business activities as far as it is reasonable. The Bank has an Occupational Safety and Health Policy which aims to foster a safe and healthy working environment, system of work and equipment for employees, customers and other assets and safeguard them from any potential risks or hazards. Amongst others, the Policy caters for: <ul style="list-style-type: none"> <li>○ prevention of accidents and cases of work-related ill health and provision of adequate control of health and safety risks arising from work activities;</li> <li>○ provision of advice and supervision on occupational health;</li> <li>○ implementation of emergency procedures - evacuation in case of fire or other significant incident;</li> <li>○ periodic verification of first-aid box and accident investigation; and</li> <li>○ reporting of accidents and ill health at work.</li> </ul> </li> <li>▪ MCB employees benefit from a medical scheme and a 24-hour insurance cover for personal accidents, as well as an assurance catastrophe cover. Besides, the Health, Safety and Wellness Unit carries out audits on a regular basis and the findings are escalated to the Leadership Team and the Audit Committee for actions and follow-up. Moreover, it has a wellness programme in place with the aim of promoting a healthy balance of the mind, body and spirit among its employees. The main activities conducted in FY 2016/17 include the 'Health Week' - whereby staff benefited from free health checks for an early screening of potential diseases, informative sessions on health related topics - and staff hiking trips. Moreover, an in-house counsellor is available to help employees to cope with their personal or professional problems.</li> </ul> <p><b>Talent management and employee engagement</b></p> <ul style="list-style-type: none"> <li>▪ The Bank has conducted dedicated programmes to step up the quality of its human capital, including the conduct of training courses and lectures held by international experts at its Learning and Development Centre. Employees benefit from training courses to develop both their technical and soft skills.</li> </ul> <div style="text-align: center;"> <p>Types of training</p> <table border="1"> <caption>Types of training</caption> <thead> <tr> <th>Training Type</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>External</td> <td>78%</td> </tr> <tr> <td>Internal</td> <td>17%</td> </tr> <tr> <td>Overseas</td> <td>5%</td> </tr> </tbody> </table> </div> <div style="text-align: right; margin-top: 20px;"> <div style="border: 1px solid black; border-radius: 50%; padding: 10px; display: inline-block;"> <p><b>TOTAL NUMBER OF TRAINING COURSES</b></p> </div> <span style="font-size: 2em; font-weight: bold; margin-left: 10px;">➡ 191</span> </div>	Training Type	Percentage	External	78%	Internal	17%	Overseas	5%
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- In 2015, the Bank initiated a Management Development Programme in partnership with the University of Stellenbosch Executive Education (USB-ED), which targeted high potential employees aspiring to leadership positions. Three batches of participants (88 in total) graduated over the past three years. In the same spirit, a programme for supervisors was developed, targeting 60 colleagues. These initiatives aim at creating and promoting a common and coherent leadership language across MCB. Furthermore, the Bank has initiated, for the first time, a Workers' Empowerment Programme for manual employees, with more than 350 employees having benefited therefrom.
- The Bank operates an Employee Share Option Scheme providing eligible employees with the opportunity to partake in the growth and prosperity of the Group through the acquisition of shares in the Company. Under the scheme, employees are granted non-transferable options to buy MCB Group Ltd shares with up to a maximum of 25% of their annual performance bonus. The options, which can be exercised over a period of one year through four specific windows, carry a retention period of three years. With respect to the 759,444 share options offered in the financial year ended 30 June 2016 to employees of the Group, there has been a take-up of some 49%.
- The Bank holds strongly to the belief that an engaged workforce is a prerequisite to achieving sustainable growth. An MCB-wide Employee Engagement Survey, branded 'PULSE' was carried out in February 2016. More than 2,200 individual surveys were completed, resulting in an overall response rate of 94%, well above the international benchmark of 50-60% participation rate to such initiatives. It enabled the Bank to obtain the perception of employees about its leadership, its organisational processes and policies, job satisfaction displayed by staff as well as prevailing working relationships. Subsequently, interactive sessions were held with business units to develop necessary action plans. The Bank will conduct further employee engagement surveys as appropriate.

#### **Sustainable socio-economic development**

- The Bank is also committed toward promoting sustainable socio-economic development principles and continues to live up to its engagement as a social responsible and caring corporate identity. The Bank devotes funds to the MCB Forward Foundation, which is the Group's dedicated vehicle and ISO certified, for the design, implementation and management of Corporate Social Responsibility (CSR) initiatives. During FY 2016/17, the MCB Forward Foundation financed 77 projects, encompassing absolute poverty and community empowerment, social housing, socio-economic development, welfare of children, education and health. The five largest projects financed by the MCB Forward Foundation in FY 2016/17 related to:
  - Integrated housing project;
  - MCB Football Academy to support the personal development of children of underprivileged areas;
  - Technical Training to students;
  - Therapeutic and Legal Services for victims of Domestic Violence; and
  - Support to primary school children out of mainstream system of education.
- With respect to sustainability practices, it is worth noting that the ultimate holding company of MCB Ltd, i.e. MCB Group Ltd, is one of the constituents of SEMSI. This sustainability index of the Stock Exchange of Mauritius, launched in August 2015, tracks the price-performance of listed companies which demonstrate strong sustainability practices.

<p><b>2:</b> and make sure that they are not complicit in human rights abuses.</p>	<ul style="list-style-type: none"> <li>▪ The Bank is committed to conducting business in accordance with the highest ethical standards and in compliance with all applicable laws, rules and regulations. As such, it adheres to the 'Code of Ethics' of MCB Group Ltd, which has been devised to provide directors and employees with the required information to understand their ethical responsibilities and on how to always conduct business with the highest levels of integrity. As such, the Bank ensures that business operations do not violate human rights principles. Where the Bank deems it appropriate, disciplinary or preventive actions may be taken to address existing or potential violations of the Code.</li> <li>▪ The Bank has a Leaves Policy whereby all employees are entitled to annual leaves (including local, sick, examination, wedding, maternity, paternity, injury etc...).</li> <li>▪ The Bank has a Flexible Working Arrangements (FWA) Policy, in line with MCB's commitment to promote staff welfare and work-life balance, as well as the need to adapt to the constantly evolving business requirements. Employees are offered the flexibility of the start and end hours of work, provided that they adhere to the rules of the FWA policy. Even though flexible working arrangements are offered to the organisation at large, its implementation depends to some extent on the business needs of each business unit and the particularities of each position within the organisation.</li> </ul>
<p><b>3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p>	<ul style="list-style-type: none"> <li>▪ Any employee can join the MCB Employees' Association, which currently comprises 1,335 members, and whose objectives are to: <ul style="list-style-type: none"> <li>○ regulate relations and settle disputes by conciliatory methods whenever possible between MCB employees and their employer and, whenever necessary, between the members and other workers;</li> <li>○ protect the interests of its members as set out in the Procedure Agreement entered between the Union and MCB;</li> <li>○ maintain funds for these purposes and for the purpose of protecting the rights of members in relation to their contract of employment; and</li> <li>○ co-operate with other trade unions having for one of their objects the promotion of the interests of employees within the scope of the Employment Relations Act 2008.</li> </ul> </li> <li>▪ In FY 2016/17, the Employees' Association negotiated successfully with the Leadership Team for better preferential interest rates on loan and for free access to WIFI for all employees, amongst others.</li> <li>▪ The MCB Manual Workers Association is also well entrenched among the manual workers and has established a very good line of communication with the HR and the Leadership Team of the Bank. Results from the PULSE survey administered in 2016 regarding this category of employee were as follows: 71.8% are satisfied at work, with an intention to stay with the MCB of 83.7%.</li> </ul>
<p><b>4:</b> the elimination of all forms of forced and compulsory labour;</p>	<ul style="list-style-type: none"> <li>▪ All individuals who are proposed a job are presented with an employment contract. The contract stipulates the conditions of employment relating to the job proposed. All the conditions are read through by the HR representative and agreed to by the individual by signing the documents. Moreover, the Bank ensures that business operations do not violate any human rights principles, as stipulated in the Group's 'Code of Ethics' to which the Bank adheres.</li> </ul>

5: the effective abolition of child labour;	<ul style="list-style-type: none"><li>▪ In accordance with the existing labour laws in Mauritius, no employee below 18 years is employed.</li><li>▪ The following tables depict the gender distribution by age groups and by level of hierarchy (professional bands) of all the employees of the Bank. Figures below shows employees working on a permanent basis as well as on short and long term contracts, as at December 2017.</li></ul> <table><tr><th rowspan="2">Age Distribution</th><th colspan="2">Gender</th><th rowspan="2">Grand Total</th></tr><tr><th>Female</th><th>Male</th></tr><tr><td>18-29</td><td>545</td><td>320</td><td>865</td></tr><tr><td>30-39</td><td>464</td><td>467</td><td>931</td></tr><tr><td>40-49</td><td>167</td><td>358</td><td>525</td></tr><tr><td>50-60</td><td>90</td><td>247</td><td>337</td></tr><tr><td>&gt;60</td><td>6</td><td>19</td><td>25</td></tr><tr><td>Grand Total</td><td>1,272</td><td>1,411</td><td>2,683</td></tr></table> <table><tr><th rowspan="2">Grade</th><th colspan="2">Gender</th><th rowspan="2">Grand Total</th></tr><tr><th>Female</th><th>Male</th></tr><tr><td>Ungraded</td><td>167</td><td>88</td><td>255</td></tr><tr><td>Technical</td><td>5</td><td>261</td><td>266</td></tr><tr><td>Business Support</td><td>647</td><td>391</td><td>1,038</td></tr><tr><td>Business Associate</td><td>245</td><td>330</td><td>575</td></tr><tr><td>Business Professional</td><td>176</td><td>247</td><td>423</td></tr><tr><td>Business Manager</td><td>27</td><td>70</td><td>97</td></tr><tr><td>Business Executive</td><td>-</td><td>6</td><td>6</td></tr><tr><td>Business Leader</td><td>5</td><td>18</td><td>23</td></tr><tr><td>Grand Total</td><td>1,272</td><td>1,411</td><td>2,683</td></tr></table> <ul style="list-style-type: none"><li>▪ The demographic analysis confirms how well the organisation makes good use of experience and diversity at different levels of hierarchy.</li></ul>	Age Distribution	Gender		Grand Total	Female	Male	18-29	545	320	865	30-39	464	467	931	40-49	167	358	525	50-60	90	247	337	>60	6	19	25	Grand Total	1,272	1,411	2,683	Grade	Gender		Grand Total	Female	Male	Ungraded	167	88	255	Technical	5	261	266	Business Support	647	391	1,038	Business Associate	245	330	575	Business Professional	176	247	423	Business Manager	27	70	97	Business Executive	-	6	6	Business Leader	5	18	23	Grand Total	1,272	1,411	2,683
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6: and the elimination of discrimination in respect of employment and occupation.	<ul style="list-style-type: none"><li>▪ The Bank ensures that no employee receives less favourable treatment and all advertisements are open to existing employees and the population in general. In interviews, no question relating to the age, marital status, religion, ethnicity and physical impairment are asked and, as such, these factors are not determinant in the selection process. Complaints based on discrimination, if any, are escalated to the Head of Human Resources. They are investigated and appropriate actions are taken wherever possible.</li></ul>																																																																								
7: Businesses should support a precautionary approach to environmental challenges;	<ul style="list-style-type: none"><li>▪ One of the missions of the Bank is '<i>We will do what we can to make the world a better, greener place</i>'.</li></ul> <p><b>Adoption of environment-conscious and energy-saving practices in our operations and activities</b></p> <ul style="list-style-type: none"><li>▪ Since 15 May 2012, the Bank has adopted the Equator Principles, which is a voluntary and internationally recognised risk management framework, espoused by many financial institutions worldwide, for determining, appraising and managing environmental and social risks in project financing. This framework stands as the foundation and guiding principle of the Bank’s Environmental and Social Policy, which articulates the principles, policies, roles and responsibilities through which the Bank ensures the environmental and social risks management of its lending activities, in particular regarding any project or undertaking entailing loans of an aggregate amount greater than or equal to USD 2 million and with</li></ul>																																																																								

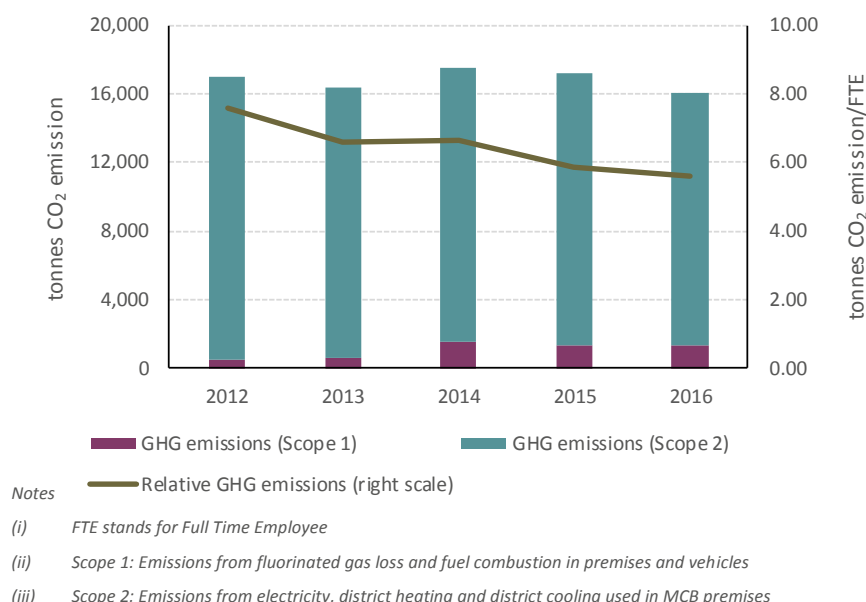
maturity of at least 24 months.

- The Bank is also intent on ensuring that all suppliers comply with its Procurement Charter. The latter essentially defines sustainable procurement as encompassing the social and environmental aspects of the products the Bank procures as well as the attitude of the supplier towards sustainability. By engaging with suppliers on sustainability issues, the Bank is able to work towards identifying and implementing sustainable business solutions.
- With a view to minimising the impact of its activities on the environment, the Bank has established a set of environment targets spanning until 2025 and covering water, paper and waste. It is committed to influence and engage its employees, stakeholders and suppliers by concentrating its resources towards notably (i) managing its direct carbon footprint; (ii) driving eco-efficiency performance; and (iii) greening the supply chain. To date, appreciable progress has been made, as described below, in respect of the set goals and targets, principally a result of efficiency initiatives delivered across property sites and branches.

#### Managing direct carbon footprint

- Towards improving its environmental impact, the Bank has, since 2009, initiated the carbon footprint measuring programme and started reporting on its carbon emissions a year later. In fact, Bank-wide energy audits are regularly conducted to pave the way for increased energy efficiency. In 2016, following the Blue Carbon certification received from Rexizon Consulting by all its branches and sites during the previous year, the Bank successfully renewed such certification after passing the relevant validation and mitigation assessments. Reflecting the commitment to minimising its operational environmental impact, emissions of carbon dioxide of the Bank were further reduced by 5.4% in 2016.

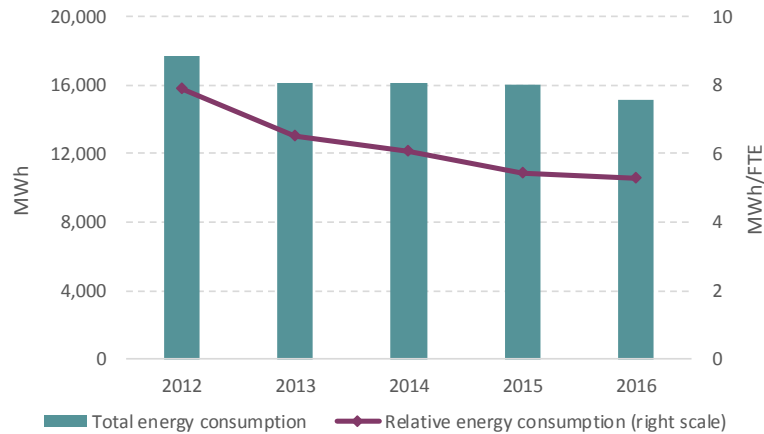
Carbon emissions



#### Minimising energy use

- The Bank is committed to purchasing electricity from renewable sources where available, feasible and reasonably affordable. The Bank's consumption of renewable energy has risen from 394.8 MWh in 2012 to reach 676.7 MWh in 2016. During the same time period, the Bank's total energy consumption fell by some 14%.

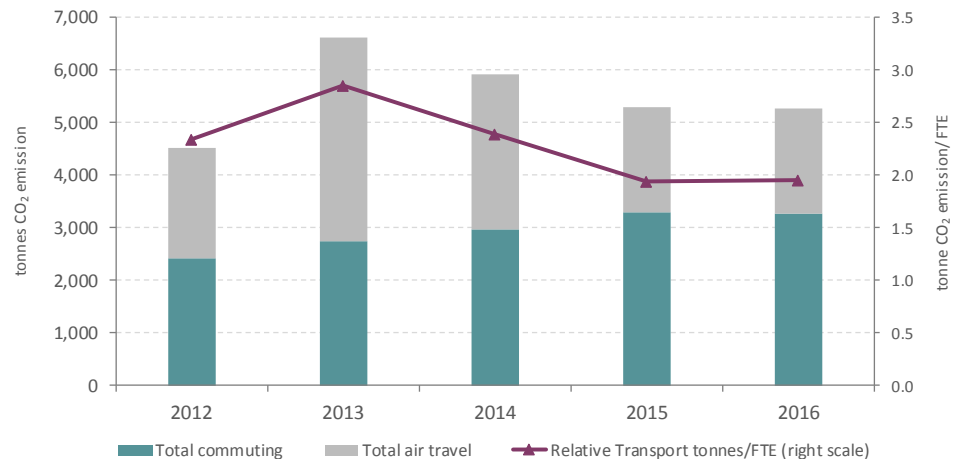
### Energy consumption



### Reducing travel expenses

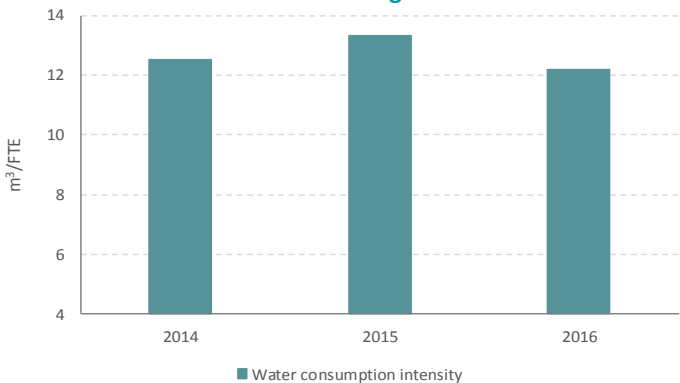
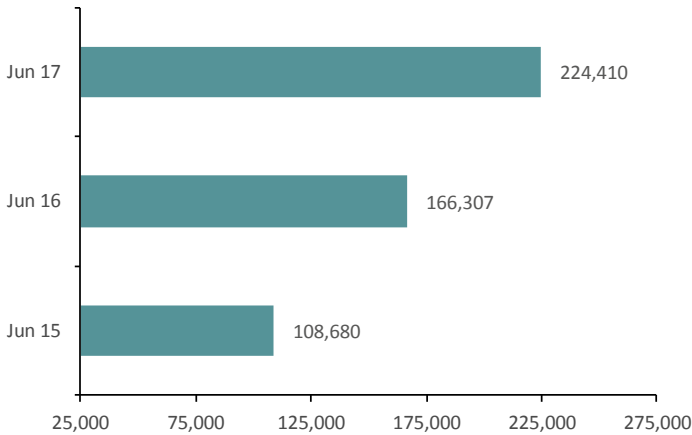
- The Bank has further leveraged its use of video and audio conferencing to reduce unnecessary business travel, costs and carbon emissions. The Bank has invested in a range of solutions from personal video units to small and large video rooms and high-end teleconferencing facilities. In addition, the Bank is committed to eliminating unnecessary travel and to making necessary business travel as energy-efficient as possible. Following the introduction of an electric car to MCB's lease fleet, a dedicated charging station connected to the PV farm has been installed at MCB St Jean to encourage employees to opt for greener and energy-efficient cars.

### Transport



### Scaling down water consumption

- The Bank actively monitors its water usage and seeks to reduce the consumption thereof. In 2016, its water consumption intensity dropped to 12.2 m<sup>3</sup> per full time employee, compared to 13.3 m<sup>3</sup> per full time employee in 2015.

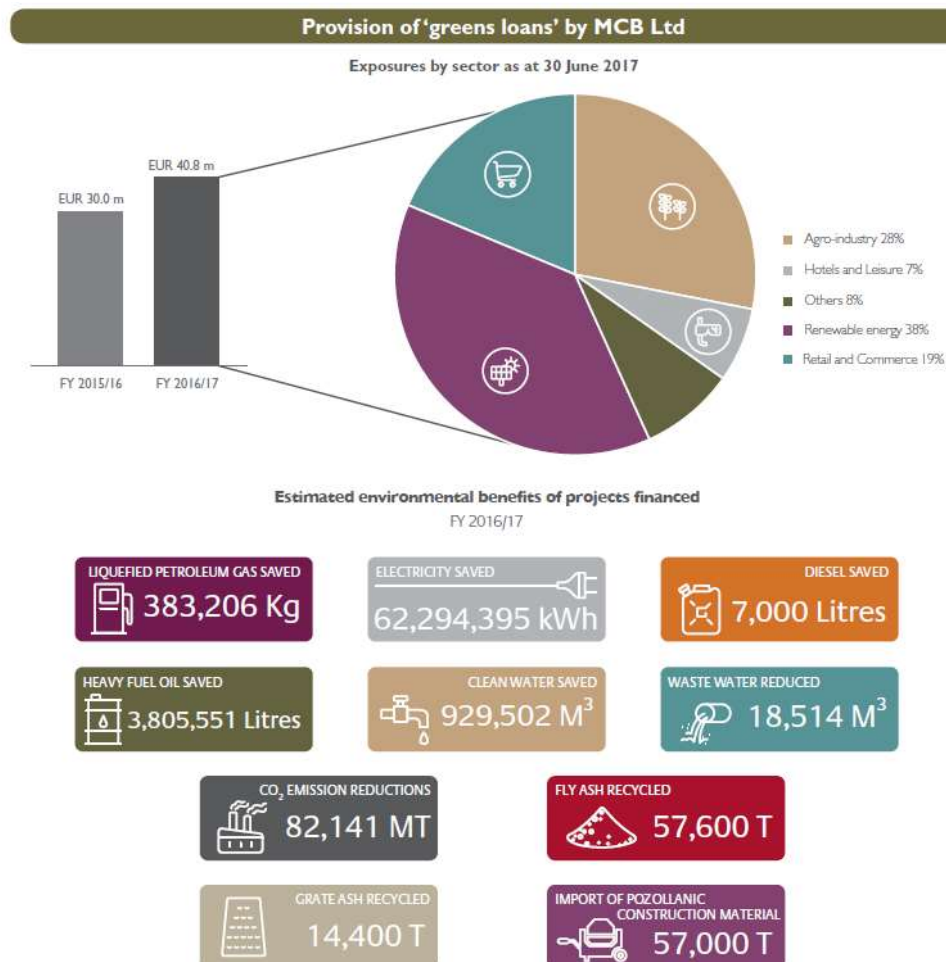
	<p style="text-align: center;"><b>Water usage</b></p>  <table border="1"> <thead> <tr> <th>Year</th> <th>Water consumption intensity (m³/FTE)</th> </tr> </thead> <tbody> <tr> <td>2014</td> <td>12.5</td> </tr> <tr> <td>2015</td> <td>13.2</td> </tr> <tr> <td>2016</td> <td>12.1</td> </tr> </tbody> </table> <p style="text-align: center;">■ Water consumption intensity</p>	Year	Water consumption intensity (m³/FTE)	2014	12.5	2015	13.2	2016	12.1
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<p><b>8:</b> undertake initiatives to promote greater environmental responsibility;</p>	<p><b>Promoting the eco-friendly awareness of our internal and external stakeholders</b></p> <ul style="list-style-type: none"> <li>▪ The Bank actively promotes the use of e-statements by customers. The total number of customers subscribing thereto increased by nearly 35% during the year ending June 2017. In the same vein, an electronic communication campaign was launched in June 2017 to encourage shareholders and bondholders to choose to receive corporate communications such as notices of meetings, credit advices, and annual reports from MCB Group by email. An appreciable response was received from shareholders and bondholders. Besides, employees and clients are encouraged to print less, both through installed software and awareness campaigns. In a number of offices, standalone desktop printers have been replaced with central printers on each floor. The Bank has proactively sought sustainable disposal solutions for IT hardware at the end-of-use phase. Multiple pilot schemes have been conducted to identify the most secure and sustainable options.</li> </ul> <p style="text-align: center;"><b>E-statements subscriptions for active customer accounts</b></p>  <table border="1"> <thead> <tr> <th>Period</th> <th>E-statements subscriptions</th> </tr> </thead> <tbody> <tr> <td>Jun 17</td> <td>224,410</td> </tr> <tr> <td>Jun 16</td> <td>166,307</td> </tr> <tr> <td>Jun 15</td> <td>108,680</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>▪ Specific initiatives have been undertaken to sensitise the employees on environment issues. The Bank conducted courses and conferences in relation to the theme of sustainable development so as to educate new staff on the initiatives deployed in this respect and explain how employees can contribute to that effect.</li> </ul>	Period	E-statements subscriptions	Jun 17	224,410	Jun 16	166,307	Jun 15	108,680
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**9:** and encourage the development and diffusion of environmentally friendly technologies.

### Encouraging environment-friendly and energy-saving investments

- The Bank widened its involvement in respect of the provision of the second edition of its preferential credit facilities named as 'Green Loans', pursuant to the lending facility availed from Agence Française de Développement to stimulate the deployment of renewable energy and energy-efficient technologies, save energy and reduce carbon emissions. In respect of this financing product, an investment grant of 8% of the loan amount is offered to the client for investments in 'green' projects that can be 100% financed by the Bank.



### Driving eco-efficiency performance

- Efforts are being continuously made to improve the energy efficiency of offices and premises of the Bank. Equipment is replaced or upgraded regularly to support energy-efficient technologies, particularly those related to computers, air-conditioning, motion sensors, lighting and printers. Additionally, the Bank's Facilities Data Centre focuses on further improving power consumption and energy efficiency, by notably leveraging features that gain green certifications.

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

- The Bank operates within a clearly defined governance framework which provides for delegation of authority and clear lines of responsibility while enabling the Board to retain effective control. The Board is ultimately accountable and responsible for the performance and affairs of the Bank. In this respect, the Board is supported by five Committees tasked to provide specialist guidance namely: (i) Supervisory and Monitoring Committee; (ii) Audit Committee; (iii) Risk Monitoring Committee; (iv) Nomination and Remuneration Committee; and (v) Conduct Review Committee. A reporting mechanism is in place to ensure that matters affecting the affairs and reputation of the Bank are escalated to the Board by the Chairpersons of these Committees. In this way, the Board maintains an effective oversight process within a flexible and autonomous structure.

- Whilst the Risk Monitoring Committee assists the Board in setting up risk mitigation strategies and in assessing and monitoring the risk management process of the Bank, the Audit Committee is tasked for monitoring the internal control processes and ensuring compliance with relevant laws and regulations, alongside overseeing the financial reporting process. With respect to the latter, the Audit Committee ensures that Financial Statements are prepared in accordance with and comply with applicable International Financial Reporting Standards, the Mauritian Companies Act 2001 as well as the requirements of the Banking Act 2004 and the guidelines issued thereunder.
- In line with the effective delegation of authority emanating from the Board, the risk management framework of the Bank is anchored on the three lines of defence namely risk ownership, risk control and compliance and risk assurance. This approach promotes transparency, accountability and consistency through the segregation of duties as well as the clear identification and enforcement of the roles attached to different parties at the Bank.
- The creation of a 'Permanent Control' function - which will encompass Compliance, Operational Risk and Information Risk Management - will soon be put into place. It will provide the Bank with the necessary means to undertake a more rigorous identification, assessment and monitoring of risk events. While its precise naming and operational mandates are still being discussed, the function will report to the Audit Committee, alongside having a day-to-day reporting line for administrative purposes to the Chief Executive of the Bank.
- The Audit Committee (AC) has during FY 2016/17 undertaken numerous initiatives to ensure the effectiveness of the internal control processes, in line with relevant laws and regulations, as well as to ensure the balance, integrity and transparency of the financial information. The main activities covered by the Audit Committee were as follows:
  - examined and reviewed the interim and audited financial statements published by the Bank;
  - considered reports from internal and external auditors and monitored actions taken accordingly;
  - considered and reviewed the audit plan and compliance reports;
  - reviewed and discussed the adequacy of allowance for credit impairment;
  - considered the progress made in terms of the implementation of IFRS 9;
  - reviewed and approved the proposed audit scope and plan of the external auditor; and
  - recommended to the Board, the appointment of PricewaterhouseCoopers Ltd (PwC) as sole external auditor.

**Actions undertaken by relevant functions of the Bank towards combating corruption**

- The Compliance function of the Bank is tasked to keep non-compliance incidents at bay. Its main responsibilities are as follows:
  - promoting awareness of the Leadership Team and staff on requirements arising out of new or amendments to laws and regulations;
  - undertaking regular reviews to ensure ongoing adherence to the principles of good corporate governance;
  - shoring up processes and procedures to ensure that the Bank conducts its business in a manner that effectively mitigates the risk of money laundering and financing of terrorism;
  - designing a set of policies to promote strong ethical behaviours by staff; and
  - exercising close oversight over customer-related complaints.

- With regard to the Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) obligations of the Bank, the Compliance function is duty-bound to ensure that the Bank has adequate processes, systems and controls with a view to rendering its services inaccessible to criminals – including money launderers and terrorists or their financiers – alongside paving the way for suspicious transactions to be effectively tracked down. To that end, the function inter alia ensures that staff is given appropriate training to help them identify suspicious transactions in keeping with legal and regulatory requirements. The Bank has also invested extensively in automated systems to assist in tracking transactions which are not commensurate with the declared activities of the customer. It also automated the AML/CFT risk categorisation of its customer base. Of note as well, a separate section, namely the Anti-Money Laundering/Fraud Prevention BU (AMLFP BU), which reports to the Head of Internal Audit, seeks to promote staff awareness on fraud risks and conducts enquiries with respect to cases of suspected fraud perpetrated internally or by outsiders. The function also provides assistance to the Money Laundering Reporting Officer as regards filing of suspicious transaction reports to the Financial Intelligence Unit.
- Major initiatives undertaken by the Compliance BU during FY 2016/17 are as follows:
  - Training of staff on matters related to OECD's Common Reporting Standard (in collaboration with an External Service provider) and drafting of an FAQ document, made available to staff on our intranet;
  - Ring-fencing of the on-boarding process of foreign customers, who are directed to the Compliance BU for screening, via a workflow;
  - Use of workflows and e-working papers across a dedicated software to improve response time and follow up actions on Compliance recommendations to business lines;
  - Increased use of technological tools for monitoring exercises (e.g. SWIFT Traffic Profile for wire transfers analysis).
  - Visit of branches for compliance monitoring purposes;
  - Enhancement of the KYC checklist for the on-boarding of non-individuals;
  - Review of all correspondent banks in non-equivalent jurisdictions and not affiliated to a banking group in an equivalent jurisdiction to ensure that no dealings are made with shell banks; and
  - Issue of regular circulars on compliance-related matters, AML/CFT and governance (e.g. duty of confidentiality).

#### **Adherence to rules and regulations**

- The Bank's approach to governance is underpinned by its adherence to advocated norms, rules and relevant regulatory requirements. In this respect, the Bank complies with the revised Mauritius Bankers Association's Code of Ethics and Banking Practice (2016) and the Bank of Mauritius (BoM) Guideline on Corporate Governance, revised in May 2016. Besides, the Bank subscribes to the National Code of Corporate Governance (2004) which was applicable in the last financial year. In the same vein, the Board has assessed the implications of the new National Code of Corporate Governance for Mauritius (Code) launched in February 2017 which adopts an 'apply and explain' methodology based on eight governance principles and is applicable as from the reporting year ending 30 June 2018 (i.e. companies should apply the principles of this Code from July 2017 onward). The Board has thus satisfied itself that the Bank's current practices and disclosures are in compliance with the principles in all material aspects with actions undertaken to ensure adherence thereto. For instance, the Board has reviewed and approved the Board and Board Committee Charters while developing and endorsing other key governance documents, which have all been

posted on the Bank's website since July 2017.

- Moreover, the Anti-Money Laundering (AML) Policy is a key component of Operational Risk of the Bank. In addition, there is an AML Handbook which is compulsory for every employee to read carefully. A failure to do so, or a failure to adhere to its requirements, and to the Bank's established standards regarding customer acceptance, customer identification on opening of an account, record keeping, due diligence procedures, ongoing account monitoring, investigation of unusual or suspicious transactions and the reporting of such suspicious activities, is regarded as a disciplinary matter.
- The Bank has a Fraud Policy to facilitate the development of controls that will aid in the detection and prevention of fraud against MCB.
- The Bank has a Whistleblowing Policy, whereby an alternative reporting process is established for use by all employees in confidence, without the risk of subsequent retaliation, victimisation, discrimination or disadvantage. The Whistleblowing Framework at MCB is designed to assist employees who are deemed to have discovered malpractices or impropriety. In this respect, the reporting of undesirable conduct can be made to the Anti-Money Laundering/Fraud Prevention BU (AMLFP BU) by using the Bank's whistleblowing hotline, by email or directly to either: (i) the manager of the AMLFP BU; (ii) the Head of the Compliance BU; or (iii) the Chief Executive. Depending on the nature of the concern, it will be investigated by either the AMLFP BU or the Compliance BU. The investigation team maintains the confidentiality of anyone reporting a concern, subject to no external legal action following from the disclosure, and provides reasonable feedback to the originator of the concern.
- Members of the Leadership Team and employees sign the 'Oath of Confidentiality' which is a mandatory legal requirement under the Banking Act. This is their formal declaration maintaining that during and after their relationship with the Bank, they will not disclose directly or indirectly any matter or information relating to the affairs of the Bank.