



Summary of Related Party Transaction Policy

Standard Bank (Mauritius) Limited

1. Introduction and Purpose of the Related Party Transaction Policy

The Board Risk Management and Conduct Review Committee has approved a Related Party Transaction Policy which establishes and defines the framework for the governance, risk management and reporting of related party transactions.

The Policy fulfils the requirements of the Bank of Mauritius (BoM) guideline on Related Party Transactions to effectively monitor and control related party transactions within Standard Bank (Mauritius) Limited and to take appropriate steps to mitigate the risks arising from these transactions.

Related party transactions include intragroup transactions as well as the following transactions:

- Credit, non-fund-based commitments such as documentary credits, guarantees on behalf of a related party, acquiring a loan made by a third party;
- Placements made by the Bank with the related party;
- Vendor agreements with related parties;
- Consulting or professional service contracts with directors and related parties;
- Investment in equity of a related party;
- Deposits placed by related parties with the Bank; and
- Acquisition, sale or lease of assets with related parties.

2. Identification of Related Parties

The list of the bank's related parties, as defined in the BoM Guideline on Related Party transactions, is set out below:

Related Parties of Standard Bank (Mauritius) Limited

1. A person who has significant interest in the Bank
2. A person in whom the Bank has significant interest
3. Directors of the Bank
4. Directors of the body corporate that controls the Bank
5. Senior Officers of the Bank
6. Senior Officers of the body corporate that controls the Bank
7. The spouse, a child, the parent or ascendant (grandparent) or descendant (grandchild) of the directors of the Bank and of the body corporate that controls the Bank
8. The spouse, a child, the parent or ascendant (grandparent) or descendant (grandchild) of the senior officers of the Bank and of the body corporate that controls the Bank
9. An entity that is controlled by the body corporate that controls the Bank
10. An entity that is controlled by the directors of the Bank or their spouse, child, parent, grandparent and grandchildren
11. An entity that is controlled by the directors of the body corporate that controls the Bank or their spouse, child, parent, grandparent and grandchildren
12. An entity that is controlled by the senior officers of the Bank or the senior officers of the body corporate that controls the bank or their spouse, child, parent, grandparent and grandchildren
13. A person or class of persons who has been designated by the BoM as a related party because of its past or present interest in or relationship with the financial institution being such that it might be reasonably expected to affect the exercise of best judgment of the financial institution in respect of a transaction

Declarations of outside business interests and significant shareholdings are updated by Senior Officers and by the Directors on an ongoing basis. The onus remains on Seniors Officers and Directors to keep their declarations up to date.

Self-disclosure forms have been implemented to capture transactions between the Bank and the close relatives of Directors and Senior Officers which would fall under the definition of a 'related party transaction'.

3. Roles and Responsibilities

3.1 Risk

The Risk function is responsible for ensuring that appropriate processes and controls are in place for identifying, managing, monitoring and reporting of related party transactions and complying with the Bank of Mauritius Guidelines on related party transactions.

3.2 Internal Audit

Internal Audit shall provide independent oversight and report on any issues of non-compliance identified through the internal audit process in respect of related party transactions and lending to related parties.

3.3 Finance

Finance is responsible to monitor that the Bank complies with regulatory limits for supervisory purposes.

3.4 Business Units

Business Units are required to ensure that all business practices and processes comply with the related party transactions policy.

3.5 Compliance

Compliance will monitor adherence to the BoM Guideline on related party transactions.

4. Governance and Reporting

- All related party transactions should be conducted at arm's length.
- In case transactions are not at arm's length, prior approval is required from the Board Risk Management and Conduct Review Committee (BRMCRC).
- Where in doubt whether a transaction is at arm's length (for e.g. group services such as IT service fees), approval must be sought from BRMCRC.
- Related parties involved in the said transactions must be excluded from the approval, execution and monitoring process.
- Declarations of outside business interests and significant shareholdings are updated by Senior Officers and by the Directors on an ongoing basis. The onus remains on Seniors Officers and Directors to keep their declarations up to date.
- Executive Management Committee sights monthly confirmations from relevant Heads of Departments that any related party transaction has been conducted at arm's length.
- BRMCRC delegates, to the Management Credit Committee, the approval of all credit exposures to related parties subject to arm's length conditions being applied. BRMCRC ratifies such credit exposures on a quarterly basis.
- Board Credit Committee notes credit exposures to related parties on a quarterly basis.
- Write-offs of any related party credit exposures are subject to the prior approval of the Board of Directors.

5. Key definitions

'arm's length basis' means, in relation to exposure to related person of a bank or controlling company, terms or conditions no more favorable than a corresponding loan or exposure to a person not related to the said reporting bank or controlling company, which terms or conditions may relate to matters such as credit assessment, tenor, interest rate or a requirement for collateral, unless the related person is an employee of the bank or controlling company and the relevant loan or exposure that is granted on beneficial terms forms part of that person's remuneration package.

'related party' shall have the same definition as per the Banking Act 2004 and the Bank of Mauritius Guideline on Related Party Transactions.

'control' has the same meaning as in the Companies Act 2001.

'significant interest' as per the Bank of Mauritius Guideline on Related Party Transactions means ownership of interest of 10% or more of the capital or of the voting rights of a financial institution or, directly or indirectly, exercising a significant influence over the management of the financial institution (as the central bank may determine of voting rights or capital held) or controlled entity.

'Senior Officer' refers to the Chief Executive, members of the Executive Management and the Money Laundering Reporting Officer.