



## Responsible behaviour

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## Fédération Mauricienne de Cyclisme

The FMC aims to promote and develop cycling as a sport in Mauritius. They organise cycling events, train athletes and support the growth of the cycling infrastructure. They are also engaged in creating the next generation of elite riders, raising awareness of cycling among young women and achieving visibility on the global stage through their top riders. Recently the FMC has had impressive achievements, including 10 medals won in March 2024 at the African Games for the Elite Team, a 1st place ranking in the Indian Ocean Cycling Championships in July 2024 and three cyclists were selected to compete in the Paris Olympics 2024.

Responsible behaviour is fundamental to secure our stakeholders' trust. Over the years, we have embedded corporate policies and procedures that comply with rules, relevant regulations, and codes of conduct to ensure a strong ethical culture. Our corporate values are critical in shaping strategy, and we continue to engage employees to promote ethical business practices.

### Alignment with the SDGs, UNGC, UNEP FI PRB



Principle 10



Principle 3

## Business ethics

### We have various policies in place to guide our approach to business ethics.

The Group remains committed to conducting its business ethically, responsibly, and in compliance with all applicable legislation, regulations, adopted industry codes and standards, and adhering to all internal policies and sound corporate governance principles.

#### Policies applicable to MCB Group

**Code of Ethics:** provides directors and employees with information on how to always conduct business with the highest levels of integrity while ensuring we understand how a strong ethics culture differentiates us in the marketplace.

**Whistleblowing Policy:** provides the framework for employees and other parties to raise concerns about potential breaches of laws, rules, regulations, or compliance without risk of victimisation, discrimination, or disadvantage.

**Anti-Bribery and Corruption Policy:** recognising that bribery and corruption negatively impact social and economic growth and opportunity, this policy outlines our commitment to prohibiting bribery and corruption and zero tolerance for bribery and corruption. Read more about our approach to preventing bribery, corruption, fraud and money laundering on page 143.

#### Policies applicable to MCB Ltd

**Conflicts of Interest and Related Party Transactions Policy:** The personal interests of a director or persons closely associated with a director should not take precedence over those of MCB or its stakeholders. The aim of this policy is to protect MCB and the individuals involved from any impropriety.

**Environmental and Social Risk (ESR) Policy:** MCB Ltd recognises its potential to set the best environmental and social standards and bring a positive impact on the sustainable development of Mauritius. This policy aims to ensure we implement the appropriate risk management system for environmental and social considerations in our banking activities.

**Information Security Policy:** covers different spheres of information security, information systems, the administration of logical and physical access to information processed and stored as well as information transmission. The policies and their related procedures are regularly updated to reflect requirements and best practices.

**Customer Acceptance Policy:** The policy sets out the criteria for customer acceptance, with the objective of managing money laundering and terrorist financing (ML/TF) risk that the Group's banking subsidiaries (local and overseas) may be exposed to when providing services to customers; preventing the Group's banking subsidiaries from being used intentionally or unintentionally for ML/TF purposes; and identifying customers who are likely to pose a high ML/TF risk. We regularly provide training on this policy to all Group bank subsidiary employees.

**Financial Promotions Policy:** The policy ensures that the Bank acts in the best interest of its customers and the general public when advertising its products and services.

Our policies are available at [www.mcbgroup.com/corporate-governance](http://www.mcbgroup.com/corporate-governance)

**We ensure that all policies required to uphold business ethics are regularly reviewed and approved, as well as effectively communicated to the relevant internal and external stakeholders.**

Our policies undergo a thorough review process to ensure they align with current best practices, legal requirements, and our strategic and reputational goals. This review happens at various levels depending on the policy's scope and impact.

Designated employees within the business conduct initial reviews for policies specific to their areas of expertise and skill.

The MCB Group Board of Directors or its subcommittees are ultimately responsible for reviewing and approving all company-wide policies.



Senior management then reviews the policies and their broader implications, ensuring alignment with the company's strategy.

This year, our Code of Ethics and Whistleblowing policies underwent our review process, and we revamped both policies to ensure these remain fit for purpose.

For our Code of Ethics, the key outcome was enhancing transparency on our Group's values and behaviours, supporting our engagement towards the highest levels of fair, lawful, and ethical business conduct.

For our Whistleblowing Policy, the key outcome was strengthening our whistleblowing mechanisms and arrangements to give our employees and other stakeholders confidence that they can report their concerns without fear of victimisation or retaliation.

Read more about our Whistleblowing Policy on page 148.

### **Communication**

We believe in transparent communication and take steps to ensure all employees and relevant external stakeholders are informed about our policies.

For our employees and internal stakeholders, we use various channels to communicate our policies, such as the company's intranet, internal communication platforms, and through acknowledgement campaigns and training sessions.

For all policies that are relevant to external stakeholders, we use communication channel such as the company website. We also use direct, dedicated communication channels with affected parties when appropriate.

## We continue to embed a culture of business ethics across all levels of the business.

The Remuneration, Corporate Governance, Ethics and Sustainability (RCGESC) Committee oversees our approach to promoting an ethical business culture across the organisation.

Our employees play a vital role in maintaining the Group's reputation and contributing to responsible governance. We foster employee awareness regarding ethics and the associated policies through induction training for new recruits, regular tailored sessions for middle and senior management and directors, and a comprehensive induction programme for new directors joining the Group.

In FY24, 231 employees were trained on 'Confidentiality: setting out the legal and ethical standards for confidentiality in the workplace and towards clients'.

As a key move to strengthen the risk governance and oversight, the Risk and Compliance functions of MCB Ltd have been elevated at the Group level since August 2023. Subsequently, the latter functions initiated a gap assessment exercise across our local and overseas subsidiaries during the year with the objective of reinforcing and aligning risk management practices within the organisation.

The Group made no political donations during FY24.

The Group received no fines, settlements or penalties relating to ESG incidents or breaches during FY24.

The Group received no compliance notices or warnings during FY24 and was not involved in any investigations.

## Prevention of bribery, corruption, fraud and money laundering

**We integrate anti-bribery, anti-corruption, anti-fraud and anti-money laundering strategies into our organisation, ensuring we comply with relevant legislation and government initiatives.**

Our **Anti-Bribery and Corruption Policy** outlines what we expect from our employees regarding integrity-based business practices. This policy helps to ensure we avoid improper or illegal conduct and encourages ethical behaviour when providing financial services to our customers.

No incidents of bribery or corruption were reported during FY24.

Complying with relevant rules and standards in personal and business conduct is the responsibility of every MCB employee. Our **Fraud Policy** outlines our approach to managing compliance risk.

We regularly advise our clients on fraud prevention via the Group's website, mailing system and communication campaigns. We closely monitor any applications or requests associated with or suspected of fraudulent activity.

Our **Anti-Money Laundering Policy** outlines the process of identifying, preventing, and managing the risk of money laundering and terrorism financing when providing financial services or products to customers or performing any other activities within the Group.

## Anti-Money Laundering, Counter Financing of Terrorism and Proliferation

As part of the Bank's induction programme, employees receive mandatory training on Anti-Money Laundering /Combating the Financing of Terrorism and Proliferation (AML/CFT) to better equip them on money laundering, terrorism and proliferation threats in daily business operations and draw attention to their role in fighting these threats.

We also provide targeted employees with thematic training courses that we deliver as needed to ensure we remain responsive to emerging risks and regulatory changes or to address any learning gaps we identify during the year. These courses include, for example, cash transactions, compliance risk management, and financial crime risk management alerts.

In June 2024, we launched the annual AML/CFT training for MCB Group's directors and leadership team in line with regulatory requirements. We will roll out a refresher course on AML/CFT Proliferation for all employees during FY25.

### **During the year, we undertook various anti-bribery and anti-corruption, fraud prevention and anti-money laundering training and awareness campaigns across the Group:**

- On-the-job training for six graduates to help them understand the Bank's value chain and identify high-risk banking activities.
- Fraud awareness training at MCB Maldives (20 employees) and MCB Seychelles (50 employees).
- Organised a workshop on cybercrime with representatives from our Cybersecurity Emergency Response Teams, who are the first responders in the event of a cyberattack.
- Undertook various awareness and training sessions with MCB Group employees during International Fraud Awareness Week in November 2023 and launched an e-flyer concerning fraud prevention for employees.
- Hosted ten training sessions, reaching 389 employees.

### **In May 2024, our Fraud Prevention Business Unit (FPBU) conducted a roadshow across our local retail network to improve knowledge and understanding of fraud prevention.**

The team hosted six sessions, which aimed to equip our retail network employees with the latest fraud prevention strategies and foster collaboration between the retail network and FPBU.

The sessions, which included targeted presentations and interactive case studies, were met with enthusiasm and active participation. Our colleagues demonstrated a strong commitment to safeguarding our clients and operations. The roadshow was a great success, significantly enhancing our collective fraud prevention capabilities and strengthening the partnership between the retail network and FPBU.

**This year, our overseas banking subsidiaries undertook various actions to strengthen their internal controls.**

### **MCB Seychelles**

- Reinforced its governance processes and procedures related to risk strategy and management.
- Established a Fraud Committee to track and monitor trends in incidents of fraud as well as ensure the business remains responsive to threat trends in its local market.

### **MCB Madagascar**

- Conducted onsite and electronic awareness campaigns, supplemented by e-learning materials on our online learning platform, KnowBe4.
- Reinforced risk management and internal control framework by establishing new BUs that will focus on financial, credit, and operational risk.
- Updated the majority of its compliance policies to ensure these remain responsive and fit for purpose.

### **MCB Maldives**

- Two employees certified in Anti-Money Laundering/ Combating the Financing of Terrorism and Proliferation.
- Launched a campaign to promote online banking and reduce reliance on paper-based requests (progress will be monitored via an online performance dashboard)

In addition to the above, all overseas banking subsidiaries undertook ongoing cyber and IT security awareness to build employees' capacity to respond to these threats. Activities included mandatory training and internal competitions bolstered by Group-wide awareness campaigns.

## Customer privacy and information security

The Group prioritises the confidentiality, integrity, and availability of information, recognising our responsibility to safeguard the privacy and security of our customers' and employees' personal and financial data.

We understand that data privacy is fundamental in the banking and financial services industry, and we are committed to maintaining a consistent framework for the benefit of our employees, customers, suppliers and other business stakeholders.

Our **Data Privacy Policy** outlines our approach to managing data privacy risk in accordance with the Mauritius Data Protection Act 2017 and the European Union General Data Protection Regulation. Currently, our Data Privacy Policy applies to MCB Ltd. However, we require our overseas banking subsidiaries to comply with this policy to the best of their ability. Looking ahead, we plan to adjust our Data Privacy Policy to ensure it applies to MCB Group.

Our approach to governing data protection and processing is available on our website.

### How we ensure customer privacy and information security

#### **We outline our customers' rights regarding the control of their data.**

For example, customers have the right to request, among others, access to customer data processed by the Group or any Group entity, confirmation of whether customer data has been processed, restrictive use of customer data on legitimate grounds, and information related to conversations or recordings.

Our approach is clearly outlined on our website: <https://mcbgroup.com/legal-notices>

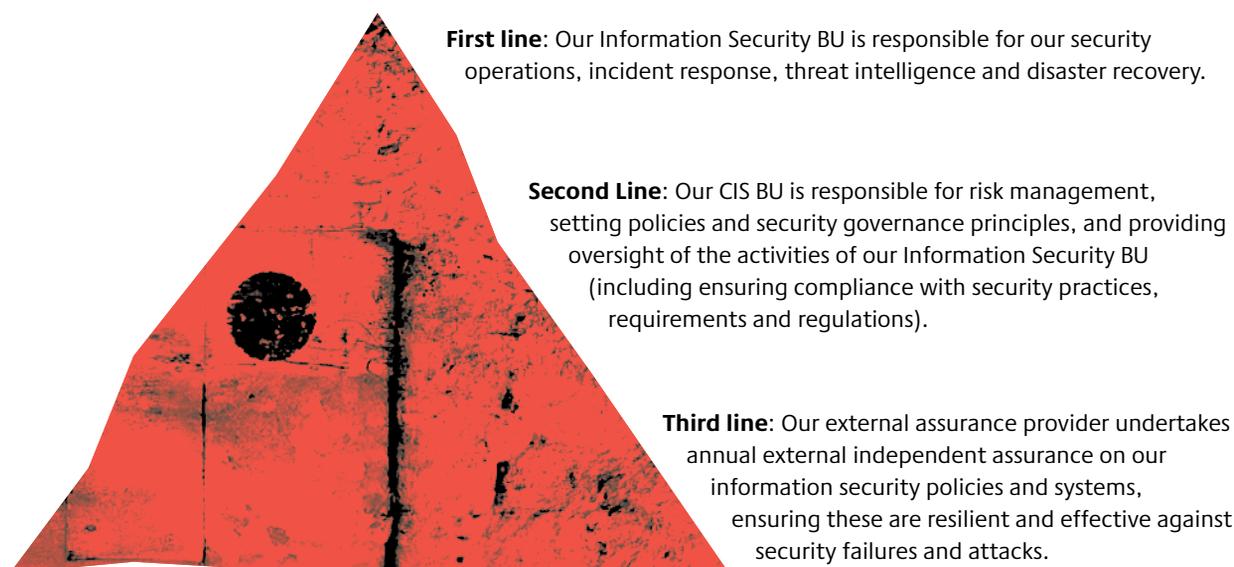
#### **We advanced our cybersecurity controls and robust incident response plans remain in place.**

The following plans are in place within MCB Ltd. These plans are regularly tested and adjusted (including simulation testing):

- Cyber Incident Response Plan
- Disaster Recovery Plan
- Business Continuity Plan
- Crisis Management Plan

## We undertake annual independent audits of our information security policies and systems.

We follow a three lines of defence model to manage cybersecurity risk:



## We ensure that our customers have clear access, control and protection over their personal data.

In addition to a secure login password, we provide additional security measures to limit unauthorised account access. These measures include, for example, a highly secure automatically-generated one-time password (OTP). In addition, our security measures are underpinned by secure technology such as encryption, firewall mechanisms, temporary access denial, and automatic timeouts.

We provide a detailed breakdown of the security mechanisms we have in place for our customers on our website: <https://mcb.mu/security-centre/>

## We do not rent, sell or provide personal data to third parties for any purpose other than completing required transactions and/or services.

## We actively minimise our data collection and retention.

At MCB Ltd, we follow the principle of deleting (or anonymising) personal information after the stated periods defined in associated policies. Our approach aligns with the requirements of the Mauritius Data Protection Act 2017 and the European Union General Data Protection Regulation.

## We conduct regular employee training and awareness sessions on data privacy and security issues.

Training is provided on our KnowBe4 platform, which we use to promote online training on matters such as cyber security, compliance and fraud prevention, among others. The platform contains more than 600 different training courses, and training is mandatory for specific employees and business units. Read more on page 118.

## Whistleblowing

**We conduct all activities to the highest professional and ethical standards and in accordance with applicable laws and regulations.**

Our **Whistleblowing Policy** is supported by a whistleblowing hotline, which is managed by the Compliance SBU. The hotline is a confidential, 24/7 whistleblowing service that operates 365 days a year.

We incorporate training on our **Whistleblowing Policy** and whistleblowing hotline in our compliance training material, which forms part of the induction training for new recruits and for any new directors joining the Group.

We encourage our employees and external stakeholders to provide feedback on the effectiveness of our whistleblowing service.

In addition to our whistleblowing hotline, internal and external stakeholders can contact the Group with any concerns via letter, email or through the MCB Contact Centre.

We ensure and continue to strengthen protection for whistleblowers so that there is no adverse consequence for any employee who reports a concern in good faith. If required, an independent panel investigates all incidents and complaints and reports these to the Audit Committee for remedial action.

### For the year ending 30 June 2024:

| 0  | 1,164   | 175,838  | 4,281                                  |
|--|---|--|--|
| Concerns reported via our whistleblowing hotline (FY23: 0) | Suspicious internal transaction reports were investigated, out of which 671 were filed at the Financial Intelligence Unit (FY23: 210) | Financial crime risk management alerts investigated and closed (FY23: 175,097) | Fraud cases investigated (FY23: 3,424) |

In FY25, we will provide training and awareness on our revamped Whistleblowing Policy. Our intended outcome is for our staff to be confident in reporting any concern without fear of victimisation or retaliation.

## Tax responsibility

### MCB is among Mauritius' largest taxpayers, and our tax contributions help generate public revenue that supports local economic and community development.

Our approach to tax emphasises ethical, responsible and transparent behaviour. We comply with all local legislation by continuously reinforcing existing controls, processes and reporting. The Group's risk management and internal control framework ensure we adequately manage tax risks while ensuring compliance with established internal policies and procedures and relevant laws and regulations. We promptly handle any assessments raised by tax authorities with due escalation to the Board via the Audit Committee.

We keep up to date with any developments in tax legislation and integrate these changes into our tax strategy while ensuring tax optimisation. To support this, the relevant teams across our organisation regularly attend training and seminars on tax and participate in various tax forums. We also seek assistance from external local and international tax advisers to address complications or high-risk tax matters.

The Bank's external auditors review our tax computations and tax disclosures, during which we provide supplementary information or clarification as required.

### Tax paid by the Group banking subsidiaries for the year ended 30 June 2024:

| Rs 4,890 million                    | Rs 87 million                           | Rs 91 million                         | Rs 380 million                           |
|-------------------------------------|---|---------------------------------------|--|
| MCB Ltd<br>(FY23: Rs 2,277 million) | MCB Madagascar<br>(FY23: Rs 84 million) | MCB Maldives<br>(FY23: Rs 64 million) | MCB Seychelles<br>(FY23: Rs 184 million) |

### Introducing Mauritius' New Corporate Climate Responsibility Levy

On 7 June 2024, a Corporate Climate Responsibility Levy (CCR Levy) was introduced as part of the Mauritius National Budget 2024/2025. The CCR Levy was gazetted in the Finance (Miscellaneous Provisions) Act 2024 on 27 July 2024. The Mauritius government will use the income from the CCR Levy to support national initiatives to protect, manage, invest and restore Mauritius' natural ecosystems and combat the effects of climate change.

The CCR Levy is applicable for companies with a turnover of Rs 50 million or more and is therefore applicable to MCB Ltd. The CCR Levy is 2% and applicable to a company's chargeable income as from the year of assessment commencing on 1 July 2024. The CCR Levy shall be paid together with the annual return.

For MCB Ltd, the CCR Levy will increase our effective tax rate to between 20% and 21.6% for FY25.

**We encourage public and private sector efforts to rehabilitate our shoreline and protect our coral reefs and marine ecosystems. This is critical to sustain our tourism sector, which plays a vital role in fuelling economic growth and creating jobs and business opportunities in the country.**

## Protecting human rights

In line with our commitment to comply with the Ten Principles of the UNGC <sup>1</sup>, we integrate human rights throughout our value chain. We engage with our key stakeholders at all levels, including employees, customers, suppliers and the communities we serve, to mitigate any potential risks related to human rights.

### Our people

We provide a healthy and safe working environment for our employees, visitors, and customers and ensure compliance with internal policies, rules, and applicable regulations, such as the Workers' Rights Act 2019 (Mauritius).

Our employees have the right to freedom of association and collective bargaining.

The Group has an **Equal Opportunity Policy** to promote diversity and inclusion, including gender equality, and a fair and robust remuneration philosophy to reward its employees.

As outlined in our **Grievance Policy**, our employees have the right to make use of our grievance procedure to ensure all grievances are settled quickly and fairly. According to this procedure, employees shall first report grievances to their Line Managers. If not resolved, grievances are escalated to BU Managers. If still not resolved, a committee is established representing the relevant SBU Manager and HR representatives. At this stage, all parties must ensure that they reach an agreement that is reasonable, fair and equitable to both the employee and the business. For step two and three, employees may request the presence of their Union representative.

### Our customers

We conduct due diligence before undertaking any business transactions.

Our **ESR Policy** provides guidance to identify and manage human rights risks in our financing activities. Complying with the Equator Principles also contributes to managing human rights.

### Our suppliers

When selecting and working with suppliers, we consider human rights aspects. We undertake due diligence for suppliers according to applicable regulations.

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Further details on actions regarding human rights, in accordance with the UNGC Principles, are highlighted throughout this Sustainability Report.

<sup>1</sup> The UNGC principles were founded on the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

**Spotlight: We-Recycle**

MCB has been a partner of We-Recycle since December 2022. We-Recycle is a non-profit NGO that collects recyclable waste throughout Mauritius to help support cleaner environments. The organisation also engages with Government and local authorities to help shape recycling policy and legislation in Mauritius.

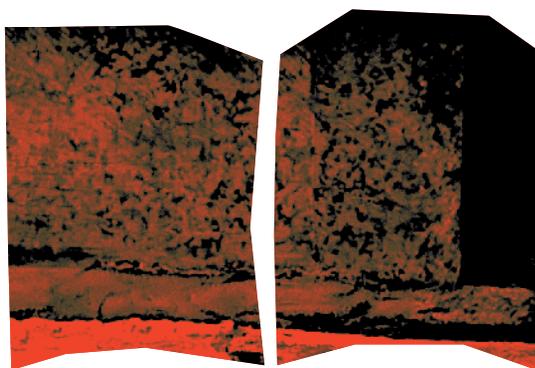
We support We-Recycle with an annual sponsorship of Rs 500,000. This year, funding was used for the following:

Maintaining a recycling collection station at the entrance to the Le Morne Heritage Trail, a UNESCO World Heritage site

177 kg of waste was collected in FY24



Organising a community clean-up activity in the south of Mauritius



Rolling out an interactive programme for primary school learners to create awareness about the different types of plastics, their environmental impact and the 3Rs of recycling (reduce, reuse and recycle).

In FY24, 386 sessions were hosted at 253 primary schools across Mauritius, reaching 8,999 primary school learners.

