Our sustainability approach

Mauritian Wildlife Foundation (MWF)

Through an annual contribution of Rs 5 million, we support MWF's programme to save four endemic species from extinction. They are the Pink Pigeon, the Echo Parakeet, the Günther's Gecko and the Round Island Boa. Our annual contribution, which started in 2019, also helps in protecting the fragile biodiversity of our islets. To mark MWF's 40th anniversary in 2024, we sponsored the publication of an educational book, the 'Dodo's Legacy'.

Our sustainability approach is grounded in our commitment to Success Beyond Numbers. This means driving material and measurable change that helps people succeed by responsibly providing financing and banking solutions, championing innovation, and using our expertise to make a positive difference to economies, people, communities and the environment.

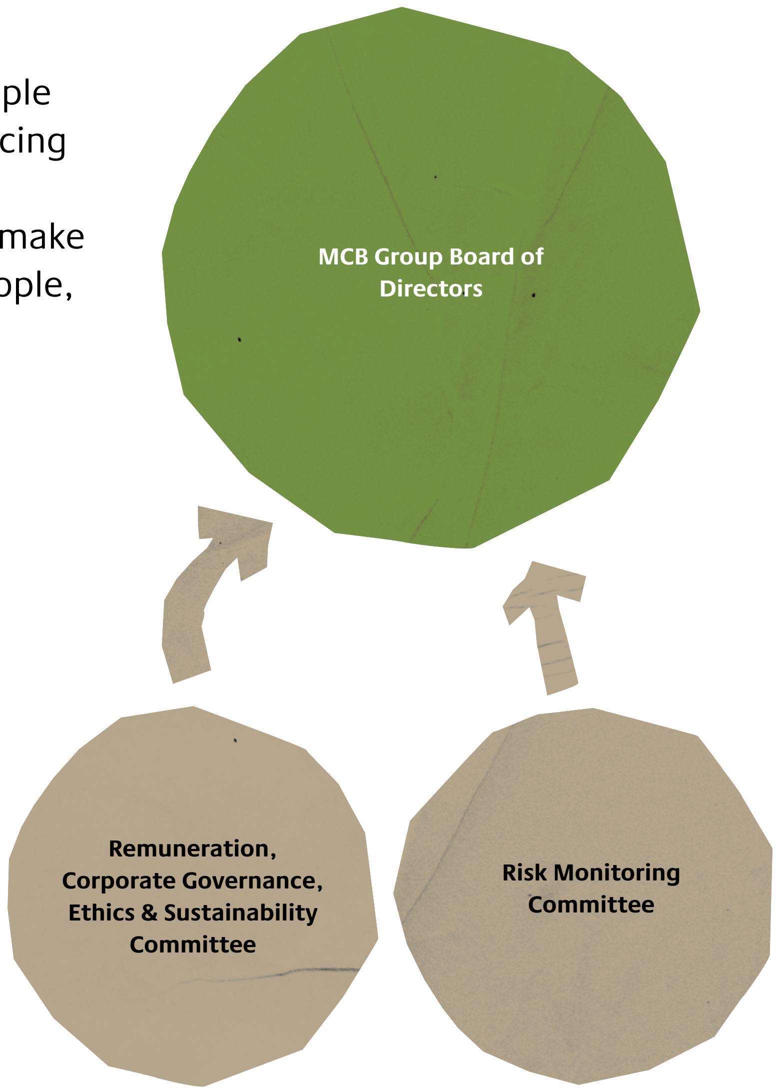
How we govern sustainability and climate, environmental and social risks

Our Board is committed to upholding the highest standards of corporate governance to support long-term business sustainability and create lasting value for our stakeholders.

In response to growing calls for greater transparency on how organisations are responding to sustainability-related risks and opportunities, we continue to refine and enhance our governance framework. This includes integrating climate-related and environmental financial risk management as per the requirements of the Guideline on Climate-related and Environmental Financial Risk Management (published by the Bank of Mauritius, effective 1 April 2022). With the elevation of the sustainability function at Group level, as communicated last year, a new Strategic Business Unit (SRE), Sustainability, Reputation and Engagement SBU, was created in December 2023. This reinforces our commitment to mainstreaming sustainability matters throughout the Group.

The Head of Sustainability, Reputation and Engagement function sits at the Group Executive Committee. This committee has been set up to to drive organisational alignment, appraise developments in our operating environment and to manage issues impacting the Group.

We provide a high-level overview of our governance framework alongside, with more detail on the following pages.



The **Remuneration, Corporate Governance, Ethics & Sustainability Committee** (RCGESC) has ultimate governance oversight of our sustainability strategy and assists the Board with discharging its duty to monitor the progress of our sustainability engagement.

The **Risk Monitoring Committee** (RMC) reviews and recommends the risk appetite to the Board, assists in setting up risk strategies and assesses and monitors the Group's risk management process. It also advises the Board on risk issues, including maintaining ultimate governance oversight of environmental and social risks, and monitors the risk of different portfolios against the set risk appetite.

The Board provides effective leadership in the formulation and delivery of the Group's strategy within a framework of robust risk management and internal controls, alongside ensuring adherence by the Company and its overseas banking subsidiaries to relevant legislation, policies and norms, including sustainability principles.

The Board is supported by five committees, which are mandated to provide counsel, recommendations and specific expert guidance on matters affecting the Group's activities. Alongside, we outline the primary committees with ultimate governance oversight of our sustainability strategy and our climate, environmental and social risks.

Each committee is supported by various sub-committees, functions and working groups, which assist with executing our sustainability agenda (unpacked on the following pages). Each committee reports its findings and recommendations to the Board after every scheduled meeting or at an *ad hoc* committee meeting should the need arise.

Read more about our governance approach in our **Corporate Governance and Risk and Capital Management reports, available in our 2024 Annual Report**.

Board diversity

The Board recognises the importance of ensuring diversity in its membership to provide the full range of perspectives and insights needed to encourage debate and support good decision-making and strategy execution. The Board diversity profile includes gender, culture, age, fields of knowledge, skills and experience, competencies, philosophies, and accomplishments. Female representation on the Board is 27% (in line with the minimum prescribed by the Mauritius Companies Act).

More information about the Board's composition, including its mix of skills and experience, is available in our **2024 Annual Report**.

Training and awareness

We rolled out an ESG awareness training programme to upskill our employees and integrate ESG principles into our operations. We also refined our employee induction programme to include a session on our purpose, Success Beyond Numbers.

Read more about these initiatives on page 42.

How we govern our sustainability strategy

MCB Group Board of Directors

Our RCGESC has ultimate governance oversight of sustainability-related matters.

Corporate Sustainability Committee (CSC)

A sub-committee of the RCGESC, the CSC assists the Board with discharging its duty to oversee our sustainability engagements. The CSC assesses all aspects of sustainable development and ensures we implement relevant and appropriate strategies.

Sustainability Strategic Council (SSC)

Ensures that proposed initiatives are aligned with the objectives of our sustainability agenda, sponsors and facilitates the implementation of identified action plan items and approves the budget for their implementation. The SSC comprises the Chief Executives (Bank and Group), Heads of SBUs and our CSO.

Transition Task Force (TTF)

Monitors our progress in implementing the requirements of the Guideline on Climate-related and Environmental Financial Risk Management and our sustainable finance mainstreaming endeavours. The TTF comprises the Chief Executives (Bank and Group), Head of SRE, Chief Risk Officer (CRO) and the Head of Corporate Institutional Banking (CIB).

CSC FY24 composition

Jayananda NIRSIMLOO - Chairperson (MCB Group)
Didier HAREL (MCB Group)
Maya MAKANJEE (MCB Group)
Johanne HAGUE (MCB Ltd)
Jean-François DESVAUX DE MARIGNY (MCB Ltd)
Jean Michel NG TSEUNG (MCB Group)
Thierry HEBRAUD (MCB Ltd)

Central Sustainability Office (CSO)

Responsible for developing and driving the implementation of the Group's purpose. The CSO reports to the Head of Sustainability, Reputation and Engagement, who in turn reports to the Group CEO.

Local and Regional Sustainable Finance Working Group

Supports our ambitions to mainstream sustainable finance locally and internationally – meeting on an *ad hoc* basis should the need arise. Read more about our sustainable finance framework on page 43.

How we govern climate, environmental and social risks

MCB Group Board of Directors

The **RMC is the primary Board committee overseeing financial and legal risk matters**. It assists the Board in setting up risk strategies as well as assessing and monitoring MCB's risk management process, including environmental and social risks.

Executive Credit Committee (ECC)

Principal responsibility for the management of credit risk portfolios within MCB Ltd and sanctioning or declining credit applications. Ensures that the objectives of our Environmental and Social Risk (ESR) Policy are integrated in the relevant credit committees and processes and resources are in place for its implementation. The ECC comprises the Chief Executive, Chief Risk Officer, Head of Credit Management and the Heads of SBUs (especially Corporate and Institutional Banking and Business Banking) – ensuring that environmental and social risks are adequately covered by the ECC.

Climate Risk Working Group

Drives the implementation of climate-related financial risk within our risk management framework as per the Bank of Mauritius guidelines. Provides updates to the TTF (as necessary) and comprises team members from our Climate Risk, Sustainability, and Strategy, Research & Development SBUs.

Environmental and Social Management (ESRM) Team

Sits within our Risk SBU, responsible for identifying environmental and social risks in our financing activities and providing recommendations on environmental and social-related matters to relevant decision-making committees and the coverage team. Ensures the implementation of the Environmental and Social Risk (ESR) policy through proper identification and mitigation of environmental and social risks, monitors relevant environmental and social conditions in transactions, and provides training.

Our ESRM Team reports environmental and social risks within our portfolio to the RMC on a quarterly basis, including highlighting any sensitive environmental and social risk areas on specific transactions.

Our sustainability strategy

The pillars of our sustainability strategy are integrated into our corporate strategy. Our actions are guided by our purpose, Success Beyond Numbers, with the key objective being to deliver a positive economic, social, environmental and cultural impact. Our sustainability strategy is founded on the material environmental, social and governance issues facing the Group across regions where it operates.

Read more about our approach to determine these material issues on page 40.

Our strategy in action

Living our purpose

Every day we will help people succeed by providing financing and banking solutions responsibly, championing innovation, and using our expertise to make a positive difference to economies, people, communities and the environment.

Our strategic objectives

Becoming more diversified

Strengthening our position in local markets

Growing our international footprint

Expanding our non-bank activities

Becoming more digital

Refining our value proposition

Supporting the transition to cash-lite

Modernising internal capabilities

Becoming more sustainable

Developing vibrant and sustainable local and regional economies

Contributing to our cultural and environmental heritage

Promoting individual and collective well-being

Our key value drivers

Customer experience

People and culture

Risk and compliance

Supported by our 'Shared Ways of Working' page 111

Developing vibrant and sustainable local and regional economies

Our key focus areas:

- Responsible finance that supports economic growth and development
- Promoting financial literacy and inclusion
- Serving our customers
- Promoting local procurement

Read more on page 54.

Promoting individual and collective well-being

Our key focus areas:

- Talent management
- Performance management
- Employee well-being
- Diversity and inclusion
- Community support

Read more on page 100.

Contributing to our cultural and environmental heritage

Our key focus areas:

- Responsible finance that supports environmental sustainability
- Creating awareness about climate change
- Managing our direct and indirect operational environmental impacts
- Our key environmental and cultural impact partnerships

Read more on page 72.

The three pillars of our sustainability strategy are underpinned by our commitment to **responsible behaviour** and ethical business practice.

- Business ethics
- Prevention of bribery, corruption, fraud and money laundering
- Customer privacy and information security
- Whistleblowing
- Tax responsibility
- Protecting human rights
- Fair and responsible remuneration

Read more on page 138.

The following guide our sustainability approach and strategy:

SUSTAINABLE DEVELOPMENT GOALS

The SDGs reflect an international agreement to eradicate poverty and inequality, protect health and prevent climate change by Agenda 2030 through 17 universally recognised outcomes. Following the materiality analysis for MCB Ltd, we identified 16 SDGs where we believe we can make and have impact.

United Nations Global Compact

We became a participant to the UNGC in 2008. The UNGC is a pact encouraging businesses worldwide to adopt sustainable and socially responsible policies. We are committed to complying with the Ten Principles of the UNGC.

EQUATOR PRINCIPLES

We adopted the Equator Principles in 2012. The Equator Principles serve as a common baseline and risk management framework for financial institutions to identify, assess and manage environmental and social risks when financing projects. Read more about how we are applying these principles within our operations on page 45.

UN environment programme finance initiative
Principles for Responsible Banking

MCB Ltd became a signatory to the UNEP FI PRB in 2019. These principles provide a framework to ensure that our strategy and business practices align with the visions set out by the SDGs and the Paris Climate Agreement. Our self-assessment against the UNEP FI PRB is available in the Additional Information section.

Our materiality approach

As we recognise that sustainability risks and opportunities are evolving rapidly, alongside growing complexity with regards to sustainability disclosure guidance, we undertook an extensive materiality analysis to determine the material sustainability-related risks and opportunities for MCB Ltd. We provide a high-level overview of the purpose, approach and outcomes of this analysis below, with the full report available on our website.

MCB Ltd defined its material sustainability topics using the GRI Standards, GRI 3: Material Topics 2021. In accordance with the GRI Standards, the materiality process involved inclusive and participatory stakeholder engagement to determine the Bank's direct and indirect impacts. In summary, these reflect the most significant socio-economic and environmental impacts of our business activities on our stakeholders and the broader impacts of our products and financing activities outside of our control.

The outcomes of our materiality analysis will inform our corporate strategy and reporting approach, with the aim of promoting MCB Ltd's corporate sustainability performance and increasing transparency and accountability.

Our materiality approach further aims to facilitate alignment with the reporting requirements of the IFRS Sustainability Standards S1 and S2 and the European Sustainability Reporting Standards (aligned with the requirements of the Corporate Sustainability Reporting Directive).

These standards look at the concept of 'double materiality'. By reworking the data we collected, we have presented information on our most significant impacts on the environment and people (impact materiality) as well as the significant sustainability-related dependencies, risks, and opportunities that could reasonably be expected to affect MCB's prospects in the short, medium, and long term (financial materiality). We provide more detail on this alignment and the relevant results in our full materiality analysis for MCB Ltd is available online.

We designed and implemented a multi-stakeholder engagement process to carry out materiality analysis for MCB Ltd, including a combination of internal and external stakeholders.

Stakeholder group	Participants
Board members	5
Employees (across all levels of the Group)	123
Investors (local)	6
Clients (Retail)	88
Clients (Business Banking)	29
Clients (Mauritian and Regional Corporate)	100
Suppliers	20
Authorities and regulatory bodies	7
Business partners	8
Media and Communication	9
Correspondent banks[1]	20
Civil Society Organisations and Non-governmental Organisations	16

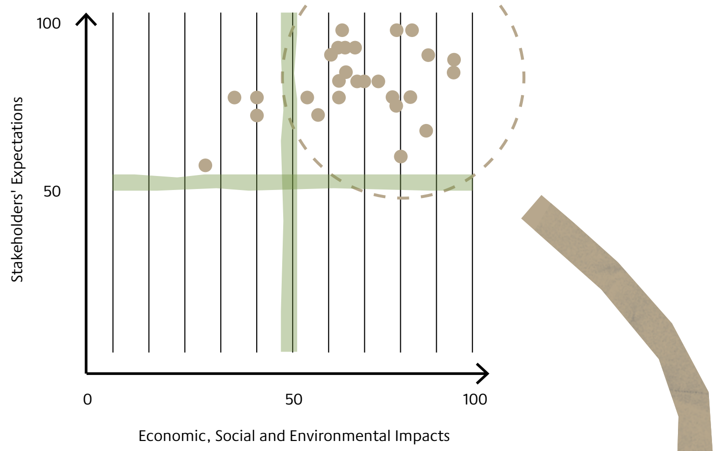
Our materiality process was conducted using a combination of in-person focus group discussions and via an online application designed in-house. Over several months, we engaged in meaningful conversations with more than 400 individuals from across the various stakeholder groups. This included distributing more than 5,000 emails and requests for participation – demonstrating the broad and extensive nature of engagement.

[1] This group of stakeholders participated in an online session during which the objectives of the discussions were described, and participants were then requested to complete a survey form. Out of the twenty participants, only three completed the survey.

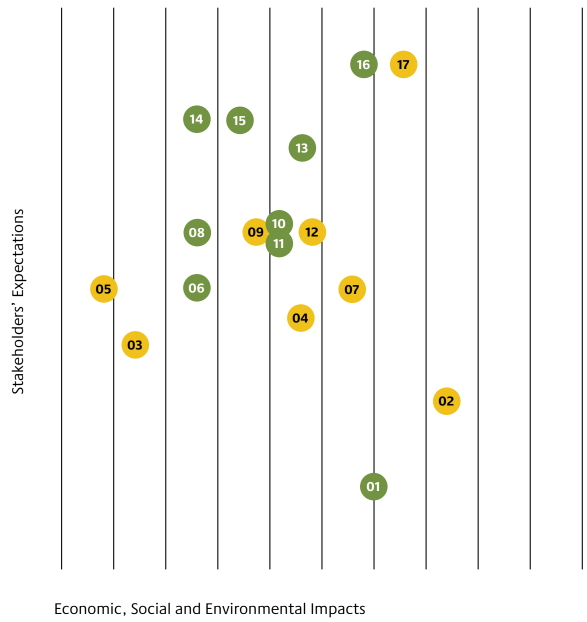
MCB has opted to set the threshold for material topics as the space where both 'influence on stakeholder decisions and expectations' and 'significance on the organisation's economic, social and environmental impacts' are high (i.e. total score > 50) in the two-dimensional materiality matrix. This is reflected by all the topics captured in the top right-hand quadrant of the materiality matrices, and they are represented in the two graphs below as direct and indirect impacts.

The main difference between the two matrices is that environmental topics are not material when the Bank's direct impacts are considered. The implication is that the significance of the environmental impacts is high through the Bank's financing of economic activities.

Indirect Impacts



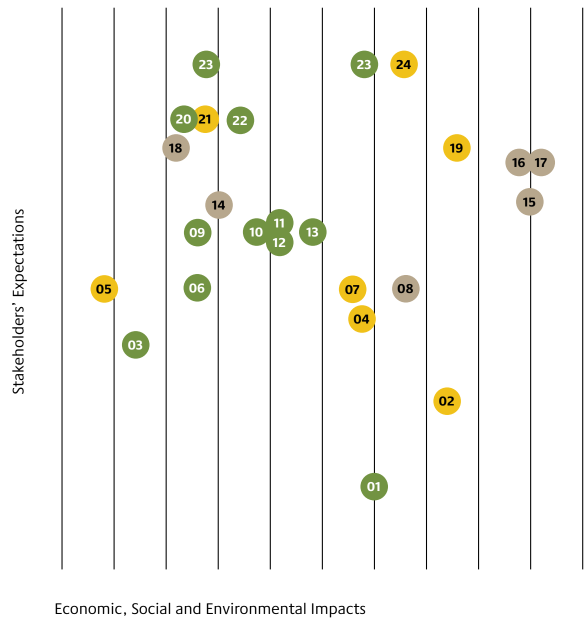
GRI-aligned materiality matrix (direct impacts) with material topics



Social topics   Economic topics

1. Local communities
2. Taxation
3. Marketing and Labeling
4. Marketing Presence
5. Procurement practices
6. Labour / management relations
7. Indirect economic impacts
8. Freedom of association and collective barganing
9. Employment
10. Training and education
11. Occupational health and safety
12. Economic performance
13. Customer health and safety
14. Diversity and equal opportunity
15. Non-discrimination
16. Customer privacy
17. Anti-corruption

GRI-aligned materiality matrix (indirect impacts) with material topics



Social topics   Economic topics   Environment topics

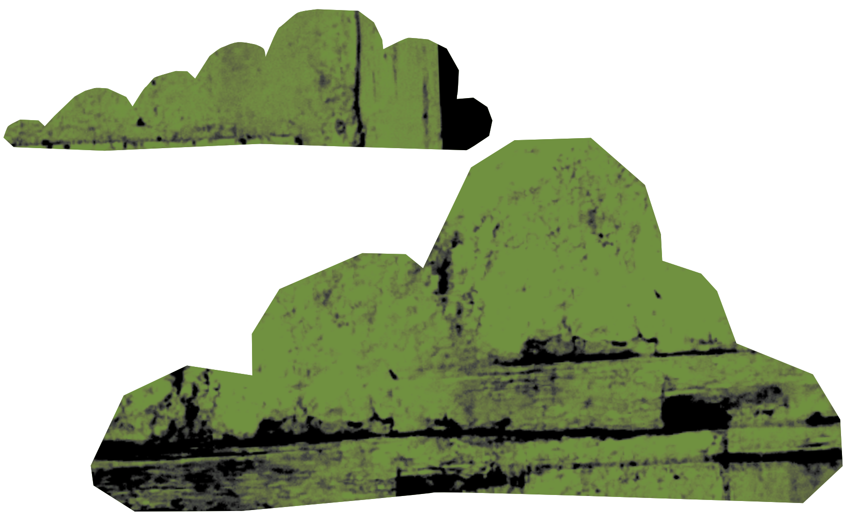
1. Local communities
2. Taxation
3. Marketing and Labeling
4. Market Presence
5. Procurement practices
6. Labour and management relations
7. Indirect economic impacts
8. Water & effluents
9. Freedom of association and collective relations
10. Employment
11. Occupational health and safety
12. Training and education
13. Customer heath and safety
14. Waste
15. Materials
16. Energy
17. Emissions
18. Biodiversity
19. Economic performance
20. Diversity and equal opportunity
21. Anti-competitive behaviour
22. Non-discrimination
23. Child labour
24. Forced or compulsory labour
25. Customer privacy
26. Anti-corruption

Access our full Materiality Analysis for MCB Ltd on our website: mcbgroup.com/sustainability

Fostering a purpose-driven culture

This year, we **revised our induction programme for new employees** to include insight into our sustainability strategy, centred around our purpose of Success Beyond Numbers.

Our CSO conducts the sessions, which include an overview of key environmental and social topics affecting the Group, such as climate change-related risks and opportunities and sustainable development. Participants also take part in collaborative, interactive discussions where they are encouraged to put forward innovative ideas on how we can further promote and embed a culture of sustainability within our business. Since launching this programme, we have seen a positive increase in engagement on sustainability matters, and new employees have expressed their enthusiasm for becoming sustainability ambassadors in their new roles. In FY24, 370 new employees participated in this programme, which was spread across ten sustainability-focused induction sessions.



Integrating and embedding a robust understanding of ESG across our business

We launched a **comprehensive ESG training programme** across MCB Group this year. Designed in collaboration with Moody's, the programme bridged the gap between ESG theory and practical implementation. Our aim was to empower each of our employees to make informed decisions, proactively manage risks, identify opportunities, and drive meaningful change within our organisation and communities.

14 in-person sessions

One online session with MCB Madagascar (hosted in French to boost accessibility)

24.5 hours of training

3,123 employees reached

Following the training, we launched an ESG Knowledge Test to assess our collective grasp of ESG-related concepts, demonstrating our commitment to integrating and embedding a thorough understanding of ESG across our business. We made the test accessible to all employees (including new recruits) and translated it into French for our MCB Madagascar employees.

We have since launched a consolidated list of frequently asked questions related to ESG on our internal communication platform to ensure that employees can quickly and easily access supplementary information on key topics. 3,636 employees completed the test.

We remain committed to bringing our employees along with us on our transformative journey on sustainability.

Integrating sustainability into our products and services, underpinned by robust environmental and social risk management

We are creating a sustainable offering of financial products and services that are in line with our sustainable finance framework. We believe this is an important growth driver and will accelerate the transition towards a more inclusive, socially responsible and climate-friendly economy.

In February 2023, we launched our MCB Sustainable Loan as part of our sustainable finance offering. Our aim is to accompany our clients on their sustainability journeys and incentivise potential clients to adopt sustainable practices. To determine the eligibility of projects included in the loan offering and ensure these disbursements are classified as sustainable finance, we developed a preliminary sustainable finance framework in March 2023 that set out our green eligibility criteria, methodology and process.

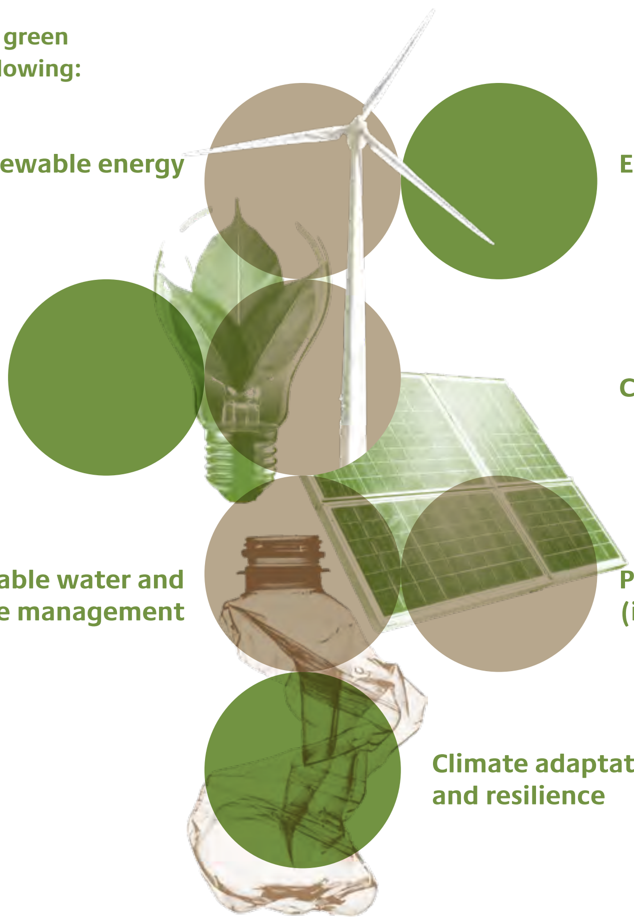
This year, together with two leading partner global banks, we are working on updating our sustainable finance framework to include an enhanced green taxonomy as well as a new social taxonomy (read more on the following page).

A Second Party Opinion (SPO) on our sustainable finance framework has been opined which confirms its alignment with international best practices and principles, including the International Capital Market Association Green, Social and Sustainability Bond Guidelines.

Our updated sustainable finance framework shall be available on our website by the end of 2024 (calendar year).

To provide guidance on our financing offer, we developed a green taxonomy last year that sets out the criteria for how we define environmentally sustainable financing. We continued to refine and enhance our green taxonomy this year.

The key categories of our green taxonomy include the following:



Renewable energy

Energy efficiency

Green buildings

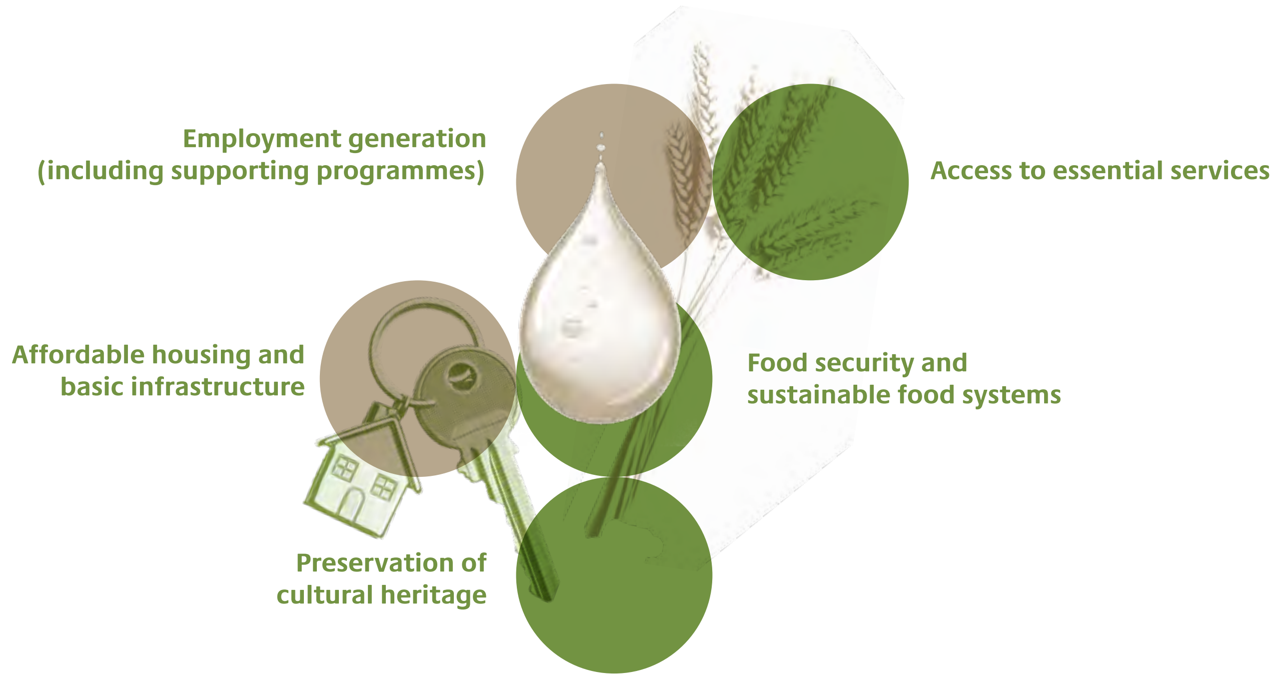
Clean transportation

Sustainable water and waste management

Pollution prevention and control (including circular economies)

Climate adaptation and resilience

We are currently developing a social taxonomy to supplement and enhance our green taxonomy. The key categories of our social taxonomy include:



We developed our green and social taxonomies in accordance with the following principles:

- International Capital Market Association Green Bond Principles ('GBP') 2021 (with June 2022 Appendix I)
- ICMA Social Bond Principles, 2023
- ICMA Sustainability Bond Guidelines, 2021
- Loan Market Association 2023 GLP
- LMA Social Loan Principles

Both taxonomies will broaden the scope of our sustainable financing opportunities and support our clients as we transition to a circular, low-carbon, and socially-resilient economy. In the year ahead, we will increase client engagement on matters such as circular economies and climate adaptation to promote sustainable financing, focusing on key sectors within our portfolio. We will also implement training and awareness initiatives to ensure our employees understand the core principles of our sustainable finance framework.

In FY24, we reviewed our governance and organisational structure around sustainable financing projects as follows:

- Our CSO identifies sustainable finance opportunities and performs eligibility assessments to ensure that proposed projects and transactions comply with our green or social taxonomies.

- Once projects are classified as eligible for sustainable financing, our ESRM team independently assesses the environmental and social risks according to our ESR Policy (Read more on page 45).

- Supporting our clients with developing and executing their sustainable financing strategies is one of our key priorities, particularly for our Corporate and Institutional Banking (CIB) SBU. This year, we created a Sustainable Finance function within CIB and appointed a Sustainable Finance Team Leader. Our Relationship Managers and the Sustainable Finance Team Leader together with the CSO will focus on advising our clients about transition strategies and co-creating sustainable offerings to ensure our sustainable financing offer remains relevant and responsive to our clients' needs.

To find out more about the governance processes that oversee our sustainable finance framework and guide our actions and investments, refer to page 34.

Environmental and social risk (ESR) management

We strive to play a key role in contributing to sustainable economies in countries where we operate, recognising that we are exposed to environmental and social risks in our financing activities. We therefore continue to pursue environmental and social risk management in our credit value chain to promote positive impacts and reduce any potential negative impacts on people, communities and the environment.

Our Board-approved **ESR Policy** highlights our engagement to ensure that our exposure to environmental and social risks through our financing activities is identified and managed by internal and external stakeholders.

We have developed an Exclusion List for activities with potentially damaging impacts on the environment and human rights. Our ESR Policy also stipulates the type of transactions considered eligible for ESR assessment, which covers all sectors within our risk appetite.

The Bank is committed to capturing emerging environmental and social risks such as biodiversity loss, climate, gender and other working conditions present in sectors such as agriculture, oil and gas, metals and minerals, manufacturing, property development and renewable energy. Irrespective of the project costs or loan amount, projects concerned with these emerging risks undergo an ESRM assessment.

While our scope of application is aligned to Equator Principles, a lower financial materiality threshold has been applied for Project Finance facilities to reflect our local and international operating context. This approach has also been adopted for financing types and products targeted for corporate, mid-market and small-market clients.

Our ESR Policy is reviewed annually, followed by compulsory training and assessments for relevant stakeholders that include our client-facing, legal, climate risk, compliance and credit risk teams, among others. In FY24, 586 stakeholders participated in training.

Our ESR Policy, including our Exclusion List, is available on our website.

In line with our objectives and the growing importance of managing environmental and social risks to businesses, MCB Ltd has developed its ESR management methodology to systematically identify, assess, manage and monitor the environmental and social risks to which it is exposed through its lending activities. Procedures have been developed to detail the ESRM process applicable to different risk categories of projects and how these steps are integrated in the overall credit cycle of the Bank, from initiation to monitoring phases. We outline our methodology and approach to ESR management below:

Initiation (new client or new lending request)

We conduct a preliminary assessment to verify compliance with our Exclusion List. This includes, for example, projects involving forced labour destruction of critical habits, or the production of hazardous materials, amongst others.

Risk identification and categorisation

Risk identification is an integral part of the ESR management process and will be conducted at different stages of a credit cycle by applying the criteria defined by the IFC and the Equator Principles to categorise projects as per the magnitude of their potential impacts. These categories are described as follows:

- Category A: Projects with potential significant adverse environmental and social risks or impacts that are diverse, irreversible or unprecedented.
- Category B: Projects with potential limited adverse environmental and social risks or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
- Category C: Projects with minimal or no adverse environmental and social risks or impacts.

Credit approval

We provide our recommendations on environmental and social risks for decision-making at the relevant committees.

Risk evaluation (post-credit approval)

Projects undergo environmental and social due diligence to establish compliance with the following:

- All applicable environmental and social laws, regulatory frameworks and necessary permits
- The Equator Principles, including UN Guiding Principles on Human Rights and Climate Change
- Applicable IFC Performance Standards
- Industry-specific human rights, environment and health and safety guidelines

Due diligence establishes the level of compliance, including preventative measures in place to manage environmental and social risks. As outlined in our ESR policy, if any measures are required to bring a project to compliance, we shall require the client to implement preventative or mitigation measures to manage or reduce any potential negative environmental or social impacts. We develop environmental and social monitoring and action plans, specifying key deliverables and timelines to ensure the project is in compliance with applicable standards and our requirements.

Risk monitoring (post disbursement)

We include relevant environmental and social covenants in contractual agreements with clients. We monitor these covenants, which are supported by ongoing client engagement and site visits. Any covenant breach will be escalated to the relevant committees.

Escalation process for decision-making

The established governance for decisions related to the Bank's exposure to risks, including environmental and social risks is shown below.

Board

Ultimate responsibility for ensuring that risks are properly identified, measured, monitored, mitigated and managed.

RMC

Sets up risk strategies and assesses and monitors the Bank's risk management process.

Chief Risk Officer

Ensures oversight and implementation/execution of the risk appetite and that all business lines are aligned with the ESR Policy in decision-making committees.

Head of Credit Management

Ensures that the objectives of the ESR Policy are integrated in the relevant credit committees and processes and resources are in place for its implementation.

ESRM team

Ensures the implementation of the ESR policy through proper identification and mitigation of environmental and social risks, monitors relevant environmental and social conditions in transactions, and provides training.

Read more about how we govern climate, environmental and social risks on page 34.

Environmental and social risk incidents

During FY24, the Bank encountered environmental and social risk incidents on one cross-border client (in which MCB is a participant in a syndicated facility) and one local client. As detailed in our ESRM management process alongside, independent consultants were engaged to investigate these incidents and define an environmental and social action plan to bring the projects into compliance with our ESR Policy. Progress is being monitored by these consultants, supported by regular engagement with MCB.

Our ESR Policy, available on our website, provides more information on our environmental and social risk escalation process.

Disbursed facilities eligible under ESRM as MCB ISR Policy (FY24)

Projects	Sectors	Geographies
Category A		
6 (FY23: 22)	Oil and gas, power and infrastructure	Africa and Europe
Category B		
17 (FY23: 9)	Hospitality, construction, telecommunications, and renewable energy	Africa and Europe
Category C		
27 (FY23: 15)	Telecommunications, construction, property development, and private equity	Africa and Europe

Our approach to managing climate risks

Climate risk may directly or indirectly affect banks through exposures to customers, resulting in financial and non-financial impacts. At MCB, we assess the impact of climate change on financial risks through physical and transition risk factors.

Physical risk	Transition risk
This refers to potential losses and economic costs, which may arise due to the increased severity of extreme weather events such as cyclones and floods (acute risks) and longer-term shifts in climate patterns such as sustained higher temperatures and rising sea levels (chronic risks).	This refers to potential losses and economic costs that may arise due to significant and rapid policy changes, disruptive technology development, or market sentiment shifts as part of the transition towards a lower carbon economy.

In line with the requirements of the Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk Management, we defined a roadmap to integrate climate-related financial risk into our risk management framework. We submitted this roadmap to the Bank of Mauritius in September 2022 and provide updates on our progress on a half-yearly basis.

Our climate risk roadmap focuses on three priority areas:

Governance	Risk management	Risk reporting
Setting out the governance structure to integrate physical and transition climate-related risks within our risk framework	Developing capabilities to identify, measure, monitor and mitigate relevant physical and transition climate-related risks	Integrating climate-related risks into our strategy and decision-making

Last year, we created a Climate Risk Working Group, which aims to drive our climate risk initiative, submit progress reports on the roadmap to the Bank of Mauritius and coordinate with our enlisted international service provider (read more alongside).

Read more about our governance framework for climate-related risk management on page 34.

Measurement, monitoring and management

MCB has enlisted a service provider to assist in the measurement of climate-related physical and transition risks within our portfolio. Our preliminary assessment, initiated in FY23, covered a sample of corporate clients across key portfolios and sectors.

Physical risk	Transition risk
The physical risk assessment aimed to assess the potential impact of climate-related physical risk hazards under various scenarios based on the Intergovernmental Panel on Climate Change (IPCC) pathways.	The transition risk assessment focused on modelling the impact of potential carbon taxes on our clients.
↓	↓
Temperature extremes, tropical cyclones, droughts, and coastal flooding hazards are identified as being more relevant to our portfolios, given that our exposure is largely related to assets based in Mauritius and Africa.	While the oil and gas sector is perceived as a carbon-intensive industry, our exposure is mostly short-term and self-liquidating, lowering the transition risk profile.

Modelling these risks is inherently challenging due to data limitations, making the quantification of climate-related risks difficult.

MCB intends to leverage climate scenario analysis to assess climate-related risks and opportunities, as well as determine the potential implications of climate change for our strategy and business model. In this respect, we have incorporated climate considerations in the stress testing exercise we conducted during FY24 (on a qualitative basis).

Given the importance of understanding climate-related events, we are dedicated to continuously upskilling our employees at all levels on this topic through regular awareness sessions. Read more about how we are equipping our employees on page 85.

Read more about our approach to managing climate risk in our 2024 Annual Report.

Alongside the Bank of Mauritius Guideline on Climate-related and Environmental Financial Risk Management, we welcome the publication of IFRS Sustainability S1 General Requirements for Disclosure of Sustainability-related Financial Information and S2 Climate-related Disclosures and the Corporate Sustainability Reporting Directive. While the IFRS standards are not yet mandatory in Mauritius, MCB reviewed them during the year to understand their implications on our current reporting practices and disclosures, informed by a materiality analysis for MCB Ltd.

We remain committed to refining our reporting approach to provide our stakeholders with relevant and fit-for-purpose disclosure.

Stakeholder engagement

Our proactive stakeholder engagement model informs and guides our actions and behaviours. We embrace an integrated vision that aims to make a solid contribution to and meeting the needs and expectations of our valued stakeholders. The Group has a well-established governance and operational framework to ensure that stakeholder engagement is managed in a transparent way, in alignment with international practices and regulatory stipulations.

Employees

We act as an employer of choice and are committed to supporting the development and well-being of our people. Read more from page 100.

Customers

Through a tailored offering delivered through top-quality services and appealing digital platforms, we support the goals of our clients, in turn contributing to the development of local and vibrant economies. Read more from page 66.

Shareholders and investors

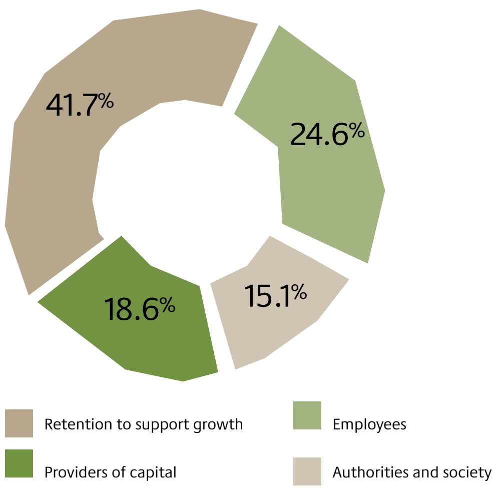
We deliver consistent returns for our shareholders and investors while operating within the precinct of our risk appetite. Read more in our 2024 Annual Report.

Economies, societies and communities

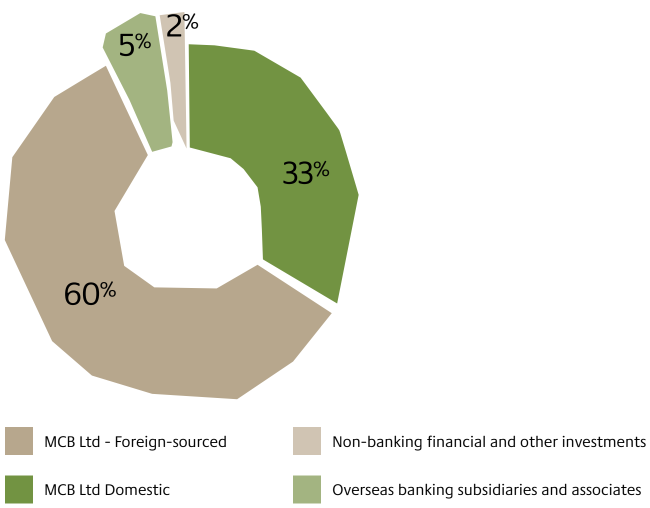
We foster financial stability by collaborating with authorities and economic agents while promoting social progress, inclusion, and environmental and cultural preservation in the countries where we operate. Read more from page 72.

For more information on stakeholder engagement, refer to MCB Group's Annual Report.

Distributable financial value
FY24: Rs 29.5 billion (FY23: Rs 25.5 billion)



Profit attributable to ordinary shareholders
FY24: Rs 16.0 billion (FY23: Rs 14.1 billion)



Spotlight: Small Step Matters

Small Step Matters is a crowdfunding platform dedicated to raising funds for social and environmental causes across Mauritius. As its founding member, MCB funded Small Step Matters with Rs 600,000 in FY 24 to cover its operational expenses, including salaries and running costs.

Find out more about this platform:
www.smallstepmatters.org/

Spotlight: REEF conservation

This year, MCB signed a two-year partnership with REEF Conservation, an organisation dedicated to conserving and restoring our local coastal and marine environment. We will provide Rs 3.6 million to fund two projects through Your Card for Change.

Bis Lamer: a caravan equipped with interactive tools, training displays and laboratory equipment. It visits schools, community centres, shopping malls and beaches to create awareness of marine and environmental issues.

Bis Lamer | MCB Group

Anse la Raie Voluntary Marine Conservation Area: a selected site in the lagoon at Anse la Raie where communities have pledged to no extractive or destructive activities. This project engages different stakeholders relying on marine resources, namely fishermen, skippers and residents, to actively participate in the protection of the site.

VMCA – Reef Conservation