



## Ethics and Integrity

MCB Group views responsible behaviour as a fundamental condition to secure the trust of its stakeholders. The organisation has built a strong ethical culture over the years by putting into place several corporate policies and procedures complying with all rules and relevant regulations and codes of conduct. The Group's corporate values have a critical role to play in shaping the strategy and in engaging employees in order to promote ethical business.

Values – Integrity, Customer care, Teamwork, Innovation, Knowledge and Excellence

Compliance with policies and rules and regulations:

- [Code of Ethics](#)
- [Whistleblowing Policy](#)
- [Conflicts of Interest and Related Party Transaction Policy](#)
- Mauritius Bankers Association's Code of Ethics and Banking Practice (2016)
- National Code of Corporate Governance for Mauritius (2016)
- Bank of Mauritius Guidelines
- Applicable local regulations
- International reporting requirements as applicable
- Basel principles

Our ethical culture is driven by the following key elements:

- Robust risk governance and internal control
- Prevention of corruption and money laundering
- Information security and customer privacy

Detailed information on the Group's corporate governance practices are available in the 'Corporate Governance Report' section of its Annual Report 2020.

## RISK GOVERNANCE AND INTERNAL CONTROL

The Board of MCB Group has the ultimate responsibility to maintain a robust risk management and internal control system, which it regularly reviews to cater for new emerging risks and threats emanating from the operating context. The Board ensures that the internal control framework in place results in an acceptable level of risk exposure whilst guaranteeing compliance with internal established policies and procedures and relevant laws and regulations. There are dedicated processes in place to ensure risk identification, mitigation and management. Independent assurance is provided by both internal and external auditors.

The main risks identified are grouped into: credit risk, country risk, market risk, interest rate risk, foreign exchange risk, funding and liquidity risk, operational risk, information risk, cyber risk, regulatory and compliance risk, reputation risk, strategic and business risk.

In line with our practices, any applications and requests suspected in fraudulent/illicit activities or associations are turned down. The Bank also raises awareness of its clients on fraud through its website mailing, communication campaigns and official letters. A 'Termination of Customer's Relationship' policy is currently being finalised with relevant internal stakeholders to formally address this issue.

## PREVENTION OF CORRUPTION AND MONEY LAUNDERING

The Head of the Legal Strategic Business Unit acts as the Money Laundering Reporting Officer (MLRO) to ensure strict independence. While reporting to the Head of Internal Audit, the Anti-Money Laundering/Fraud Prevention (AML/FP) Business Unit promotes staff awareness on fraud and money laundering risks. It conducts enquiries with respect to suspected fraud cases perpetrated internally or by outsiders. The Compliance function is also involved in promoting staff awareness in this area.

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### FOR THE YEAR ENDING 30 JUNE 2020

**0** Claim through whistleblowing

**29** Sessions on fraud awareness, cybercrime, and Anti-Money Laundering and Combating the Financing of Terrorism. Participation of **197** employees from the Group including local and overseas subsidiaries

**18,877** Financial crime risk management alerts investigated and closed

**230** Internal suspicious transactions reports investigated, out of which **208** were filed at the Financial Intelligence Unit

**1,993** Fraud/ alleged fraud cases investigated

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In 2020, Mauritius was included in the European Commission's list of High Risk Third Countries (that is those with deemed strategic deficiencies in their Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) regimes). It is important to highlight that no strategic deficiencies were identified by neither the Financial Action Task Force nor the European Commission regarding the Mauritian banking sector, which remains a highly regulated sector, and complies with international best practices and standards. Our Annual Report 2020 provides more information on this situation.

### INFORMATION SECURITY AND CUSTOMER PRIVACY

Information security and data protection for clients are critical for the Group. We are continuously strengthening and formalising the controls and processes associated with data privacy, data security and data subject rights, including compliance with national Data Protection Act (DPA) 2017 and the European Union General Data Protection Regulation (GDPR). We have also a 'Handling of Confidential Information' policy to guide employees in this area. The Information Risk Management team has been active in conducting online awareness sessions on Information security policy, prevention of social engineering attacks, GDPR and DPA for all employees of MCB Ltd. Some measures that were taken during the year on data handling were penetration tests, security reviews, continuous monitoring of technical controls and risk assessments.

### Human Rights

The Group has several responsibilities that are directly linked to the support of human rights. These include creating employment and engaging its workforce, responsible banking, provision of financial services to clients, the purchase of goods and services, and social investment and philanthropy. MCB has committed to the Ten Principles of the United Nations Global Compact since 2007. We continuously apply these principles to our operations to ensure that human rights are included and respected. By also adopting the Equator Principles for project financing, we have demonstrated a strong commitment to upholding human rights.

We have implemented many actions in this area by engaging with our stakeholders namely employees, clients, suppliers, subcontractors, and the communities we serve. These actions are highlighted throughout this Sustainability Report.

### Equator Principles

MCB Ltd has voluntarily adopted the Equator Principles in May 2012 to identify, assess and manage environmental and social (E&S) risks in projects financed by the Bank. Those principles aim at implementing due diligence to support responsible risk decision-making. The Bank's Environmental and Social Risk Management (ESRM) policy is founded on this framework and applies to any project entailing loans of an aggregate amount greater than or equal to USD 2 million and having a maturity of at least 24 months. Projects are grouped into three categories namely A, B and C, based on their potential impacts and risks. Category A indicates projects with potentially significant adverse and irreversible E&S impacts, Category B denotes projects with potentially limited adverse but largely reversible E&S impacts, and Category C designates projects with minimal or no E&S impacts.

The Equator Principles were updated and the fourth version was released in November 2019. The Bank is actively working on integrating the new version of Equator Principles (EP4) into its project financing process. We have appointed a full-time Sustainability Banking Analyst to enhance the existing ESRM policy, conduct training and awareness sessions, and improve the environmental and social risk management and monitoring process of projects financed. The Analyst has the responsibility of reviewing the environmental and social aspects of projects, and encouraging clients to address potential or actual adverse risks and impacts during the project development lifecycle.

Some key changes in EP4 are currently being integrated by the Bank to foster a better alignment with the UN Sustainable Development Goals:

- Human rights - Focus on respect for Human rights in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs) by carrying out human rights due diligence.
- Climate change - improve the availability of climate-related information when assessing the potential transition and physical risks of projects financed.
- Biodiversity conservation.

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Projects financed under the Equator Principles for the period  
July 2018 to June 2019

#### 2 projects of Category A (as per EP reporting)

- Sector: 1 in Infrastructure and 1 in Power
- Geography: Europe, Middle East & Africa

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### Customers

We always place clients at the heart of everything we do. As the leading bank in Mauritius, we strive to offer clients tailored and simplified solutions and experiences to help them meet their goals, therefore contributing to their financial well-being and prosperity. MCB is continuously improving on the accessibility of its products and services through the geographical locations of its multiple branches and by connecting digitally to its customers.

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#### MCB Ltd

**987,700** Individual Customers

**34,500** Non-individual Customers

**85,883** Rupys Accounts (for children aged under 18)

**40** Branches including kiosks (24/7)

**178** ATMs

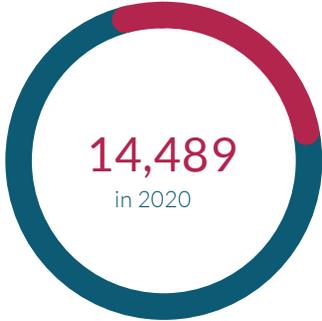
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**CUSTOMER SATISFACTION**

MCB continuously enhances the level of service in order to provide an excellent customer experience. We regularly seek customer feedback on our solutions through surveys and focus group discussions with the aim of improving our value proposition. Complaints also contribute to improve the quality of the products and services by encouraging the Bank to innovate and develop solutions that meet the needs and expectations of its clients. The Bank has implemented a complaint resolving process to address customer complaints efficiently. Complaints are grouped into several categories such as customer service, technical, fees and charges, internet banking, fraud claims, and loan.

The Bank has additionally set up a customer lab which offers a distinctive set of capabilities to help the organisation create and sustain value. The lab aims to bridge the gap between MCB and its customers by putting them at the heart of everything it does, observing their experiences, implementing custom-built voice-of-customer frameworks, and by adopting a customer-centric approach to drive product and service developments and innovation. The lab helps all the business lines gather customer feedback and insights through customer research and market data, and acts as a beacon by encouraging co-creation with customers and using human-centered design practices. During the year, the lab has worked with more than 2,000 customers to redesign solutions and experiences.

**MCB CUSTOMER COMPLAINTS**



- 22% ● Complaints resolved in more than 5 days
- 78% ● Complaints resolved in less than or equal to 5 days

**LOOKING AHEAD**

MCB Ltd will continue to uphold the trust of its different stakeholders. This also includes compliance with environmental, social and governance principles and framework that it has adopted. The Bank will continue to contribute to the positive socioeconomic development by providing customised and simplified solutions and delivering excellent services to its clients.