



MATERIALITY ANALYSIS FOR **MCB LTD 2024**





MCB Ltd
15 Sir William Newton Street
Port Louis
Mauritius

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Author: Dr. Prakash N. K. Deenapanray, ELIA – Ecological Living In Action Ltd.

MCB Ltd reviewers: Stephane Lebon and Dina Ramgobeen-Gukool

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Executive summary

This report has been developed as a standalone, living document to report the process that MCB Ltd has employed to identify material sustainability topics using the GRI Standards. This report serves to address the requirements of the general disclosures 102-46 and 102-47 related to material topics and their boundaries, and disclosures 102-40, 102-42, 102-43 and 102-44 related to stakeholder engagement. It discloses the methodologies, tools and stakeholder engagement processes that have been used to identify material topics for both informing its Corporate Strategy and reporting purposes with the multiple objectives of promoting corporate sustainability performance, and increasing transparency and accountability. The methodology also applies and explains Principle 6 of the National Code of Corporate Governance (NCCG) 2016.

The objective of MCB Ltd is to apply the IFRS S1 for corporate sustainability strategy planning and reporting. Given the requirement for materiality analysis and the lack of clear guidance on how to carry out this analysis, MCB Ltd has opted to use the materiality analysis approach of the GRI Standards. Given the large volume of financial transactions and trade between Mauritius and the countries of the European Union, and in anticipation of the

implications of the EU Green Deal, materiality analysis has also been carried out using the CSRD methodology. The results of the two approaches are largely similar.

Materiality matrices have been drawn for MCB Ltd based on the application of Value Chain Mapping (VCM) and Multi-Criteria Analysis (MCA). Both VCM and MCA have been carried out using an inclusive and participatory stakeholder engagement approach. Matrices have been developed for direct and indirect impacts of the bank. The most significant difference between direct and indirect impacts is that the former excludes topics related to the Environment. The disclosures (of performance indicators) have been identified for material topics.

The list of stakeholders that have been engaged by MCB Ltd in the process of defining report content (102-40) is provided, as well as the basis for identifying and selecting the stakeholders (102-42). The stakeholder engagement approach is also disclosed (102-43). The disclosures related to stakeholder inclusiveness also apply and explain Principle 8 of the NCCG 2016. The key topics and main concerns raised by stakeholders have also been captured (102-44). The material topics are listed below taking into account value chain (or indirect) impacts. The Sustainable Development Goals (SDGs) are over and above those already contained in the GRI list of sustainability topics.

Economic	Taxation (GRI 207); Economic Performance (GRI 201); Market Presence (GRI 202); Indirect Economic Impact (GRI 203); Procurement Practices (GRI 204); Anti-corruption (GRI 205)
Social	Employment (GRI 401); Labour / Management Relations (GRI 402); Occupational Health & Safety (GRI 403); Training and Education (GRI 404); Diversity and Equal Opportunity (GRI 405); Non-discrimination (GRI 406); Freedom of Association and Collective Bargaining (GRI 407); Local Communities (GRI 413); Customer Health & Safety (GRI 416); Marketing & Labelling (GRI 417); Customer Privacy (GRI 418)
Environmental	Materials (GRI 301); Energy (GRI 302); Water & Effluents (GRI 303); Biodiversity (GRI 101); Emissions (GRI 305); Waste (GRI 306)
Sustainable Development Goals (SDGs)	All SDGs except for SDG 2 (Zero Hunger); most of the SDGs are linked to the material topics listed above

The engagement process allowed the concerns of stakeholders to be identified so that MCB Ltd may develop adequate responses.

The report will be updated on a needs basis whenever there are changes in the operating environment and sustainability context.

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Acronyms and abbreviations

BB	Business Banking
CSO	Civil Society Organisation
CSRD	Corporate Sustainability Reporting Directive
EU	European Union
FI	Financial Institutions
FRC	Financial Reporting Council
GIC	Global and International Corporates
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
KPI	Key Performance Indicator
MCA	Multi-Criteria Analysis
MCB	Mauritius Commercial Bank
MRC	Mauritian and Regional Corporates
NCCG	National Code of Corporate Governance
PWM	Private Wealth Management
SDGs	Sustainable Development Goal
SF	Specialised Finance
UN	United Nations
VCM	Value Chain Mapping

1. Background

MCB Ltd (thereafter MCB) has taken the initiative to integrate sustainability in its corporate strategic approach for a more balanced management of its economic, social and environment impacts. The emerging governance system for sustainability at MCB is driven by a number of interlocking factors, including:

- the increasing local awareness for mainstreaming the three pillars of sustainable development and the Sustainable Development Goals (SDGs) within a broader governance system for corporate decision-making;
- the changing expectations of stakeholders in our value chains;
- the recognition that corporate sustainability can be a significant comparative advantage and differentiation strategy;
- a recognition that a forward-looking sustainability strategy and accompanying monitoring and evaluation framework can serve to simultaneously mitigate sustainability risks and provide access to sustainability-aligned financial products; and
- changes in national and international regulatory frameworks [e.g. National Code of Corporate Governance (NCCG) 2016, (Ministry of Financial Services, Good Governance and Institutional Reforms, 2016); Bank of Mauritius (BOM) Guideline on Climate-related and Environmental Financial Risk Management; prospective adoption of IFRS S1¹ by the Financial Reporting Council (FRC); adoption of CSRD within the EU jurisdiction as from January 2023].

1.1 Materiality analysis

There are several frameworks and standards that can be applied to carry out materiality analysis. The MCB Ltd intends to adopt the IFRS S1 for reporting purposes². The IFRS S1 mentions that “[A]n entity shall disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect the entity’s prospects”. It then points to the Appendix B (Guidance on application) for identifying material topics. There are two pertinent points to note regarding the IFRS S1 Guidance on application related to materiality assessment: (i) the S1 pertains predominantly to sustainability financial disclosures, wherein not all facets of sustainability can be monetised; and, more importantly, (ii) the S1 does not prescribe a methodology for carrying out materiality assessments, except for providing generic guidance on sustainability-related risks and opportunities. Concerning the latter, B19 states that: “Materiality judgements are specific to an entity. Consequently, this Standard does not specify any thresholds for materiality or predetermine what would be material in a particular situation.” Regarding sustainability-related risks and opportunities, paragraph 57 notes: “In the absence of an IFRS Sustainability Disclosure Standard that specifically applies to a sustainability-related risk or opportunity, an entity shall apply judgement to identify information that:

- (a) is relevant to the decision-making of users of general purpose financial reports; and
- (b) faithfully represents that sustainability-related risk or opportunity.”

In order to make the judgement described in paragraph 57, “an entity shall refer to and consider the applicability of the metrics associated with the disclosure topics included in the SASB Standards” or “refer to and consider the applicability of the most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the information needs of users of general purpose financial reports.”

MCB Ltd already carries out Sustainability Reporting based on the GRI Standards, and the GRI Standards already covers the SASB topics. Also, the MCB Ltd forms part of the MCB Group Ltd that is listed in the Stock Exchange of Mauritius Sustainability Index (SEMSI) that uses the GRI as indexing framework. From these considerations, the GRI Standards have been adopted to carry out the materiality analysis of MCB Ltd. The GRI Sector Program has identified 40 sectors for which tailored Standards will be developed. The Banking sector is in Group 1: Basic Materials and Needs, comprising the sectors that were considered to have the largest sustainability impacts. However, pilot Standards for the Banking sector were not yet developed at the time of carrying out the materiality analysis. Consequently, the disclosures contained in the revised Universal Standards 2021 have been adopted for the materiality analysis of MCB Ltd.

¹ Standards established by the independent International Sustainability Standards Board (ISSB).

² Stakeholder engagements have revealed that the Financial Reporting Council (FRC) intends to adopt the IFRS S1 as reporting standards in the near-future. This is highlighted in Table 3 (section 4 of this report).

A multi-stakeholder engagement process has been designed and implemented to carry out materiality analysis. The boundaries of sustainability topics have also been determined. The general disclosures that have been addressed are:

1. Disclosure 102-40: List of stakeholder groups;
2. Disclosure 102-42: Identifying and selecting stakeholders;
3. Disclosure 102-43: Approach to stakeholder engagement;
4. Disclosure 102-44: Key topics and concerns raised;
5. Disclosure 102-46: Defining report content and topic Boundaries; and
6. Disclosure 102-47: List of materials topics.

It is timely here to note that the first four disclosures apply and explain Principle 8 of the NCCG 2016. The relevant topic-specific disclosures were also identified in order to allow economic, social and environmental performance to be measured over time – i.e. providing an outlook on sustainability performance and value creation over time. Hence, disclosures 5 and 6 (together with disclosures of management approaches) apply and explain Principle 6 of the NCCG 2016.

The report also communicates the methodologies, tools and stakeholder engagement processes that were used to carry out materiality analysis.

1.2 Report structure

Section 2 provides an overview of the methodologies and tools that have been used for scoring sustainability topics on two dimensions, namely: (1) the significance of the organization's economic, social and environmental impacts, and (2) the influence on the assessment and decision of stakeholders. It outlines the use of Multi-Criteria Analysis (MCA), Value Chain Mapping (VCM), and the approach to determine thresholds. The stakeholder identification and engagement processes are also explained. Section 3 gives the results of the materiality analyses including the disclosures (performance indicators) that have been retained for tracking performance on material topics. Section 4 lists the main concerns that have been raised by stakeholders, while Section 5 provides a summary of the report.

2. Methodology

The two methodologies and tools that have been used to determine report content and materiality are MCA and VCM.

2.1 Multi-Criteria Analysis

MCA is an appropriate approach for evaluation of issues or options involving multiple stakeholders, and trade-offs between multiple or even conflicting objectives, or where assessments can be difficult to quantify and where there is uncertainty (e.g. Annex 8 on MCA in United Nations Development Programme, 2010). This is certainly the case when dealing with sustainability. Despite its normative significance, there is no universally accepted operational definition of sustainable development. Trade-offs between economy, society and environment are influenced by cultural norms and preferences, which by default are plural. MCA becomes particularly attractive when dealing with sustainability issues because there is no normative model of how individuals should make choices among alternative options.

MCA techniques can be used for multiple ends, including: identifying a single most preferred option; to rank options; to short-list a smaller number of options for subsequent detailed appraisal; or simply to distinguish between acceptable and non-acceptable possibilities. In all cases, the exercise of judgement is required. Beyond its versatility for application in sustainable development initiatives, MCA offers several advantages over informal judgement (Department of Communities and Local Government, 2009). For the purpose of this report, 'options' or 'issues' for MCA are equated with sustainability topics that were drawn from the GRI Standards and the SDGs. Several SDGs overlap with the GRI topics, and the additional ones that were considered are: SDG 9 - Industry, Innovation & Infrastructure; SDG 11 - Sustainable cities & communities (mainly for the 'sustainable cities' part); SDG 16 - Peace, justice & strong institutions; SDG 17 - Partnerships.

The linear additive model, which shows how a topic's values over the different independent criteria can be combined into one overall value, has been adopted. The result is the grouping of options that are analysed relative to a threshold (see below for more details). This is done by multiplying the score on each criterion by the weight of that criterion, and then adding those weighted scores together. Assuming that there are three criteria³ i to determine the sustainable development impacts (economic, environmental and social) of a topic (e.g. Topic1), and if s and w are the scores and weights allotted to these criteria, the total relative impact is then given by:

$$Relative\ Impact_{Topic1} = \sum_{i=1}^{i=3} s_i \cdot w_i = s_1 w_1 + s_2 w_2 + s_3 w_3 \quad Eq\ (1).$$

A word of caution is necessary here since the subjective approach does not measure the absolute impact of a topic. Rather, it gives the relative impact of one topic against all other sustainability topics – i.e. the self-reported significance of impacts. All that is sought in the materiality analysis is internal coherence for grouping topics relative to a threshold, and the results should not be used for auditing and benchmarking purposes.

The application of MCA proceeds via the iteration of eight steps (Department of Communities and Local Government, 2009).

2.1.1 The steps in MCA

Step 1: Establish the decision context

MCA is used to provide the sum of weighted scores for 34 topics (30 GRI topics and 4 SDGs⁴) in order to develop an ordinal scale for establishing the significant economic, social and environmental impacts of each topic. This is carried out under the broader objective of integrating sustainability in the corporate strategy and annual reporting of MCB.

Step 2: Identify the options

The options here represent the 34 topics that have been retained for further analysis to determine the report content of MCB.

Step 3: Identify the objectives and criteria

In order to identify topics that are material, each topic has to be evaluated following its significance on sustainable development impacts. Following the requirements of the horizontal axis in the materiality matrix (GRI, 2016a, Figure 3 pg. 11), the criteria that were retained were Economic, Social and Environmental – i.e. the three pillars of sustainable development.

Step 4: Scoring of the performance of topics against criteria

For each topic, scoring was done against the three criteria on a measurement scale 0-100 using expert judgement on the following issues (Gbangbola and Lawson, 2014):⁵

1. Do **stakeholders** see the topic as important?
2. Is the topic a **challenge** for your sector?
3. Is the topic connected to relevant **laws, regulations or international agreements** of significance to your operations?
4. Does the topic constitute an **opportunity** for your organization?
5. Does the topic contribute to the likelihood that a significant **risk to your organization** occurs?
6. Is the topic recognized by experts as a **risk to sustainability**?
7. Does MCB have the **expertise** required to contribute to sustainability towards this Topic?
8. Does the topic contribute towards the successful **implementation of your strategy or reinforces your values**?

³For instance, i=1=economic impact; i=2=social impact; i=3=environmental impact.

⁴There are 17 SDGs, and a mapping exercise has been carried out to identify those SDGs that are not already covered or are distinctively different from topics given in the GRI Standards. SDG 1, SDG 2, SDG 3 and SDG 4 are covered under 'Local Communities'.

⁵For questions related to 'risk', risk is assessed in the absence of any controls or mitigation measures.

These issues allowed stakeholders to develop a common understanding of the meanings and expectations of the process and its outcomes. A working group comprised of senior executives was constituted for carrying MCA. The work sessions were moderated by an external consultant so that the responses of all participants were duly taken into consideration. Although desirable, no attempt was made to impose consensual scoring on participants. Differences in scores were noted and used to carry out sensitivity analyses (Step 8 below).

Step 5: Allocation of weights

The allocation of weights was carried out only after completing the previous step in order to minimize bias. Three different combinations of weights were allocated to the three criteria. The choice of weights was proposed by members of the MCB Board of Directors to reflect the prevailing context of executive decision-making (Eq (2)), and an outlook over the next 4 to 5 years. Board Members proposed the three cohorts of weights given in Table 1. The progression towards higher weights for the social and environmental dimensions of development in the future reflects the bank’s philosophy for a more balanced contribution to sustainable development in its financing.

Table 1: Combinations of weights for MCA.

	w_{economic}	w_{social}	$w_{\text{environment}}$
Prevailing context	0.65	0.25	0.10
Outlook over next 2 years	0.6	0.2	0.2
Outlook over the next 4-5 years	0.5	0.25	0.25

The combination of weights for which results are presented in Section 4 is:

$$= \text{Eq (2)}.$$

Step 6: Combination of scores and weights

A calculator was customized in Excel that allowed the application of Eq (1) for three different combinations of weights.

Step 7: Examine the results

This step formed part of the validation process that entailed the application of the Principles of Completeness and Stakeholder Inclusiveness (GRI, 2016a) to finalize report content.

The validation step was completed using two approaches, namely: (1) review of scores by MCB executives for topics close to the threshold or for topics that were not material but that received a very high score from either internal or external stakeholders, and (ii) review of the Materiality Report by a group of internal (Stakeholder Inclusiveness) as per the list given on the inside of the cover page of this publication (Gbangbola & Lawler, 2014).

Step 8: Sensitivity analysis

Sensitivity analysis was carried out in two ways, namely: (1) by changing the scores attributed to economic, social and environmental impacts to account for any divergence in the value judgements of participants within one group of stakeholders⁶; and (2) by using the different combinations of weights given in Table 1.

⁶ Whilst desirable, there was no attempt to impose consensual scoring on any group of stakeholders.

2.1.2 Stakeholder engagement and scoring of impacts

Prior to applying MCA, selected persons from group corporate management and high-level management were given an introduction to the theory and application of MCA. The persons who participated in the materiality analysis process were: the CEO of MCB Group Ltd; the CEO of MCB Ltd; the Head – Financial Markets (MCB Ltd); and Head – Finance (MCB Ltd).

Decision conferencing involved the participation of senior executives with different roles and responsibilities who together provided the necessary knowledge concerning the economic, social and environmental impacts of the company's operations.

2.2 Value Chain Mapping

Value chain mapping (VCM) of the three cluster of MCB was developed using the market mapping technique (Albu & Griffith, 2006). The analytical part of the market mapping is similar to the frequently used value-chain analysis (GTZ, 2007). A particular virtue of market mapping is that it combines the analytical approach with a participatory approach. The VCM typically identifies the operations of each cluster and how these are linked with providers and suppliers of business and extension services, and what are the different institutions and bodies that make up the enabling environment of the organization and over which it has no control or influence. A market map is composed of three components as shown in **Figure 1**.

1. Market chain – This comprises the economic actors who produce and transact the good or service as it moves from primary producer to end consumer(s);
2. Enabling environment – This is a charting of the critical factors and trends that shape the market-chain environment and operating conditions; and
3. Input and service providers – This is a mapping of the services that support the chain's overall efficiency.

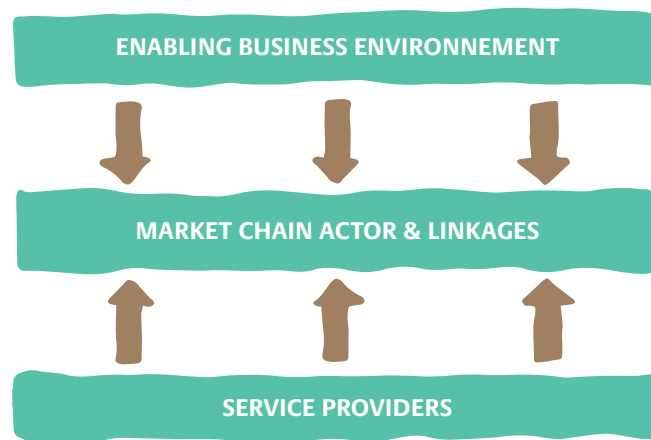


Figure 1: Components of the market map.

2.2.1 Engaging internal stakeholders

The development of the value chain map was carried out by engaging the Leadership Team – Heads of Business Units (22 persons in total). An essential step in developing a market map is to carry out a stakeholder analysis. For each entity, the stakeholder analysis consisted of:

1. Identifying and listing the key persons, groups, institutions and companies interacting with MCB;
2. Identifying the interest of each stakeholder (or group of stakeholders) in relation to the cluster and the products/services it delivers;
3. Categorizing the stakeholders under the three components shown in **Figure 1**; and
4. Analyzing the significance of stakeholders in each cluster in relation to their importance in maintaining the robustness of the value chain and its performance.

The value chain for MCB Ltd is shown in **Figure 2**.

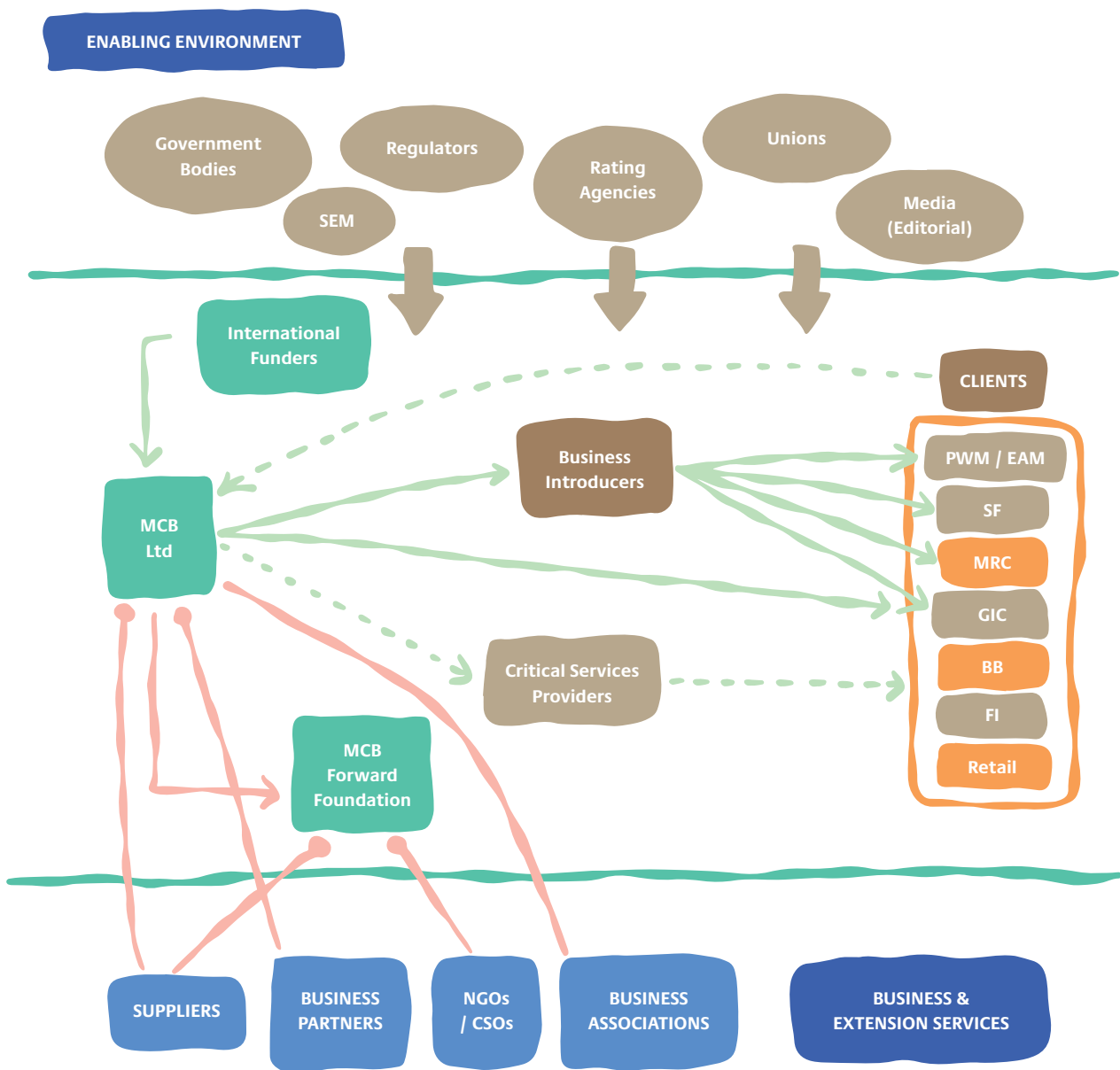


Figure 2: Value chain map for MCB Ltd.

In the above figure, MCB Ltd is comprised of three groups of stakeholders, namely: employees, shareholders, and Board Members. Employees are the most valuable capital at MCB. Selected employees – 123 persons across all levels in the organization - were also consulted in order to determine their expectations relative to the sustainability topics. The cohort of employees was constituted differently to the senior executives who participated in the MCA.

2.2.2 Engaging external stakeholders

External stakeholders were identified using VCM and the number of individuals or organizations that participated in the stakeholder engagement process are listed in Table 2. A total of 302 external stakeholders participated in the materiality analysis.

Table 2. Number of stakeholders participating in group discussions.

Stakeholder group	Number of participants
Board Members	5
Clients (Retail)	88
Clients (Business Banking)	29
Clients (MRC)	100
Suppliers	20
Authorities and Regulatory Bodies	7
Business Partners	8
Media & Communication	9
Correspondent Banks ⁷	20
Civil Society Organizations (CSOs)/Non-governmental Organizations (NGOs)	16
Investors (local)	6

In order to score the topics based on their influence on external stakeholder decision and expectations, stakeholder engagement took place in two ways. The privileged approach was focus group discussions (FGDs) moderated by an external facilitator. Given that MCB Ltd has a very large client base, a slightly modified approach was adopted. In this case, an online application was developed by MCB Ltd that stakeholders could use to provide both scores and justifications for scores provided. The sessions were still moderated by an external facilitator so that participants were aligned on the meaning of sustainability topics and approach used to score topics. Out of the twenty-one stakeholder engagement groups, seven large groups (mainly clients) used the online application. The remaining stakeholder engagement took place face-to-face through FGDs. In FGDs, stakeholders were asked to gauge the influence that each topic weighed in their decision or expectations in their interactions with MCB. Consensual scoring was sought wherever practicable through the use of guided discussions. However, consensual scoring was not a requirement of the exercise. Where diverging views emerged, the lower and upper boundary scores were used to carry out sensitivity analyses. The total score for each topic was calculated as the median score across all stakeholder groups. In effect, each stakeholder group is given an equal weight in decision-making.

2.3 Threshold Determination

In order to define report content, it is important to determine the threshold that makes a Topic material (GRI, 2016a). 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. In this report, this will be reflected by all the topics that are captured in the top right hand quadrant of the materiality matrices discussed in Section 3. The same approach was applied for CSRD-aligned matrices – i.e. topics would be material when both 'Financial impacts' AND 'Social & Environmental Impacts' scored about 50.

⁷ 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.

3. Materiality Topics and Disclosures

The GRI-aligned materiality matrices for direct and indirect impacts are shown in Figure 3 and Figure 4, respectively. Sensitivity analysis has shown that MCA results were robust – i.e. changes to scores and combination of weights did not produce any significant change in the list of material topics. The main difference between the two matrices is that environmental topics are not material when the direct impacts of the bank are considered. The implication is that the significance of the bank’s environmental impacts is high through its financing of economic activities – i.e. value chain impacts. The same is found for two social topics, namely Child Labour and Forced & Compulsory Labour.

Materiality Matrix and Stakeholder Engagement

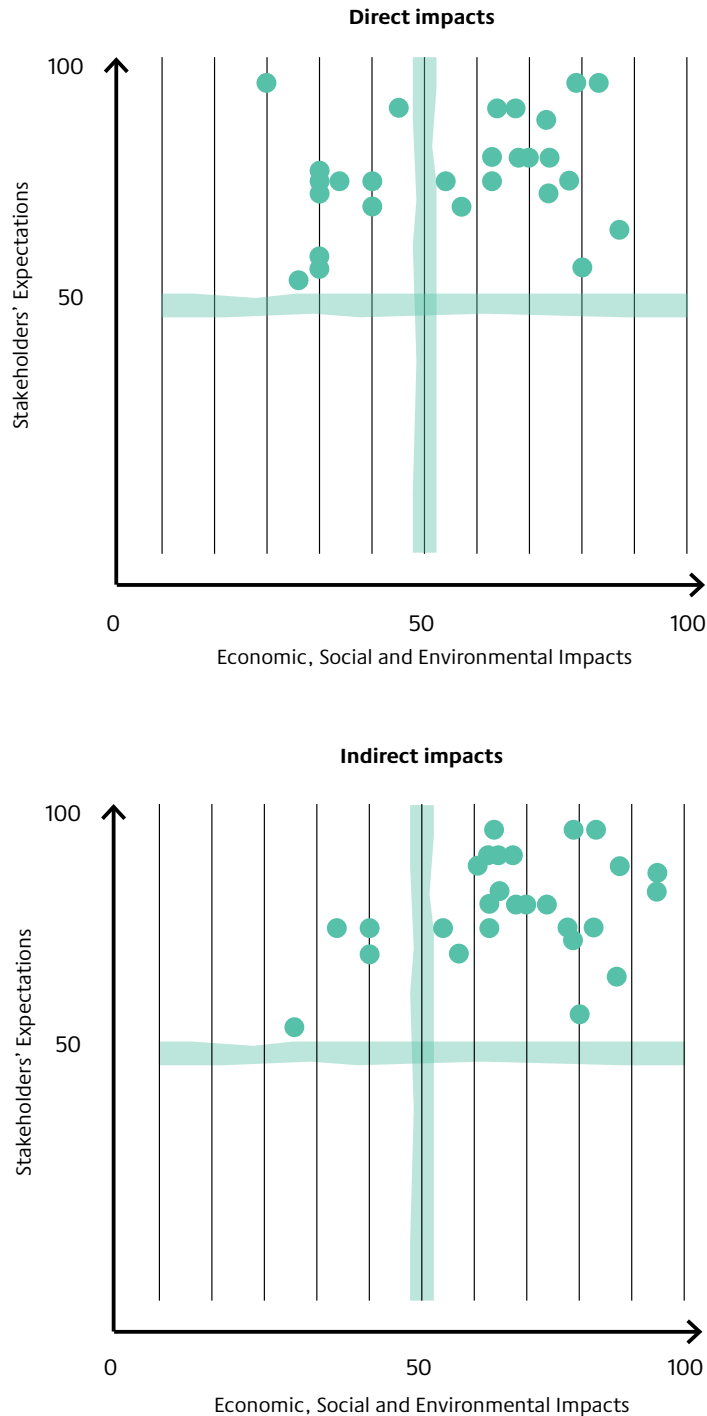


Figure 3: GRI-aligned materiality matrices (direct and indirect impacts).

Figure 4:GRI-aligned materiality matrix (direct impacts) with material topics

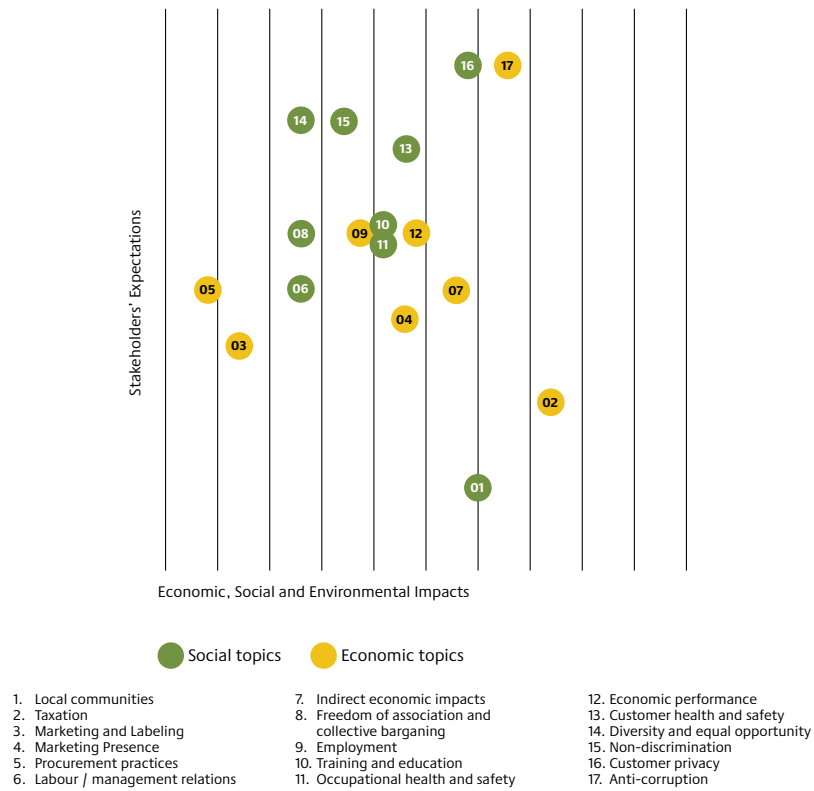


Figure 5:GRI-aligned materiality matrix (indirect impacts) with material topics

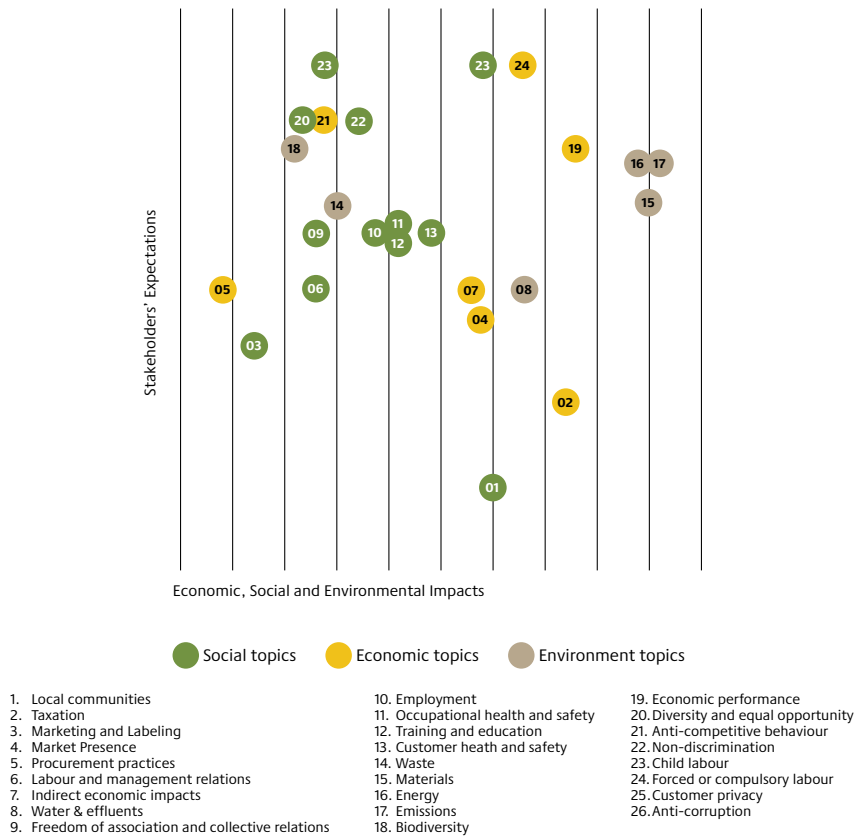


Table 3 lists the material topics as well as their disclosures. Disclosures were chosen by senior management based on several factors, including (1) capacity to measure; (2) cost effectiveness of carrying out measurements; and (3) alignment with the existing monitoring & evaluation system of MCB. The table also shows the Boundary for each material topic – i.e. whether the impacts fall inside (direct impacts) or outside (indirect impacts) the organizational boundary.

The data collected from stakeholder engagements were also analyzed to derive CSRD-aligned materiality matrices (direct or indirect impacts), which are given in Annex 2. There are only minor differences between the GRI-aligned and the CSRD-aligned matrices. In the CSRD-aligned matrices, the following topics fall just outside the 50/50 threshold for one of the two dimensions: Procurement Practices, Anticompetitive Behaviour, Biodiversity, Waste, Child Labour, and Forced and Compulsory Labour. The minor differences between the two types of matrices are overcome – i.e. total alignment - when applying sensitivity analysis on the CSRD-aligned data. For instance, for the few topics that are not material in the CSRD-aligned case, a marginal increase of 5-10% in impact scores (either economic or social or environmental impacts, and/or by applying the combination of weights (0.65, 0.25, 0.10) results in complete overlap between the two approaches.

Table 3. Summary of material topics and disclosures.

TOPIC	TOPIC DISCLOSURES / KPIs	SDGs	VALUE CHAIN IMPACT
ECONOMIC			
Economic performance	Direct economic value generated and distributed	SDG 8 SDG 10 SDG 11 SDG 13	Direct
	Defined benefit plan obligations		
	Economic indicators (return on investment; debt level; cash flow)		
	Annual investments in sustainable and resilient infrastructure and cities (green investments)		
	Sustainable Finance Income by product		
Green and Social Finance and Sustainability-linked Assets			
Indirect economic impacts	(1) Number and (2) amount of loan outstanding that qualify for programmes designed to promote small business and community development	SDG5 SDG 8 SDG 9 SDG 10 SDG 12 SDG 13	Indirect
	(1) Number and (2) amount of past due and nonaccrual loans or loans subject to forbearance that qualify for programmes designed to promote small business and community development		
	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers		
	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers		
Market presence	Average pay of labour staff relative to minimum wage (by gender)	SDG 5 SDG 8	Direct
	Percentage of employees residing within a radius of 15 km of operations		
Procurement practices	Proportion of spending on local suppliers	SDG 8 SDG 12 SDG 13	Direct / Indirect
	Top 10 regional spend and top category expenditure		

TOPIC	TOPIC DISCLOSURES / KPIs	SDGs	VALUE CHAIN IMPACT
Anti-corruption	Operations assessed for risks related to corruption	SDG 10 SDG 16	Direct
	Communication and training on anti-corruption policies and procedures (employees)		Indirect
	Communication and training on anti-corruption policies and procedures (clients)		Direct / Indirect
	Confirmed incidents of corruption and actions taken		
Anti-competitive behaviour	Number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organization has been identified as a participant	SDG 10 SDG 16	Direct
	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, antitrust, anticompetitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations		
Taxation	Country-by-country reporting indicators	SDG 8	Direct

SOCIAL

Employment	Total number of new employee hires and rate of employee turnover by age group and gender	SDG 5 SDG 8	Direct
	Benefits that are provided to full-time employees that are not provided to temporary or part-time employees		
Labour/management relations	Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them	SDG 3 SDG 8 SDG 10	Direct
	Where there are collective bargaining agreements, report whether the notice period and provisions for consultation and negotiation are specified in collective agreements		
Occupational Health & Safety	Percentage of total workforce represented in formal joint management-worker health and safety committees that help and advise on occupational health and safety programs	SDG 3 SDG 8	Direct
	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities, by region and by gender		
Training & Education	Average hours of training per year per employee, and impact of training on skills and talent development	SDG 4 SDG 5 SDG 8 SDG 10	Direct
	Percentage of employees receiving regular performance and career development reviews		

TOPIC	TOPIC DISCLOSURES / KPIs	SDGs	VALUE CHAIN IMPACT
Diversity and Equal opportunity	Percentage of individuals within the organization's governance bodies by gender and age group	SDG 5 SDG 8 SDG 10	Direct
	Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation		
	Percentage of women remained employed 12 months after their return from parental leave		
	Percentage of women in Information Technology (IT) and/or Engineering		
	Parental leave (differentiated by gender and type of work)		
Non-discrimination	Total number of incidents of discrimination during the reporting period	SDG 5 SDG 8 SDG 10	Direct
Freedom of association and collective bargaining	Measures taken by the organization in the reporting period intended to support rights to exercise freedom of association and collective bargaining.	SDG 8 SDG 10	Direct/Indirect
	Operations and suppliers in which workers' rights to exercise freedom of association or collective bargaining may be violated or at significant risk		
Child labour	Operations and suppliers considered to have significant risk for incidents of (i) child labour, and (ii) young workers exposed to hazardous work	SDG 5 SDG 8 SDG 10	Direct/Indirect
	Number of clients reviewed for incidents of (i) child labour, and (ii) young workers exposed to hazardous work		
	Client exits due to non-compliance with Position Statements on Child Labour		
Forced or compulsory labour	Operations and suppliers considered to have significant risk for incidents of forced or compulsory labour	SDG 5 SDG 8 SDG 10	Direct/Indirect
	Number of clients reviewed for incidents of forced or compulsory		
	Client exits due to non-compliance with Position Statements on Forced or Compulsory Labour		
Local communities	Operations with implemented local community engagement, impact assessments, and/or development programs	SDG 1 SDG 3 SDG 4 SDG 5 SDG 6 SDG 10	Indirect
	Operations with significant actual and potential negative impacts on local communities		
	In-kind contributions towards local community development		
	Management costs related to local community interventions		Direct
Customer Health & Safety	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services within the reporting period	SDG 3	Direct/Indirect

TOPIC	TOPIC DISCLOSURES / KPIs	SDGs	VALUE CHAIN IMPACT
Customer Privacy	Total number of substantiated complaints received concerning breaches of customer privacy, categorized by: (i) complaints received from outside parties and substantiated by the organization; and (ii) complaints from regulatory bodies	SDG 9	Direct
	Total number of identified leaks, thefts, or losses of customer data, and the percentages that are related to personal data		Direct/Indirect
SDG 17 - Partnerships 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	Number of strategic partnerships developed for promoting sustainable development in MCB value chains	SDG 17	Indirect

ENVIRONMENTAL

Materials	Total weight or volume of materials that are used to produce and package the organization's primary products and services	SDG 12	Direct/Indirect
Energy	Total fuel consumption within the organization from renewable and non-renewable sources	SDG 5	Direct/Indirect
	Energy intensity ratio of the organization (or its products)		
	Amount of energy reduction arising from energy efficiency measures		
Water & Effluents	Total volume of water withdrawn by source	SDG 6	Direct
Emissions	Absolute gross financed emissions in metric tonnes of CO2 equivalent	SDG 13	Indirect
	Gross exposure for each industry by asset class		Indirect
	Percentage of gross exposure included in the financed emissions calculation		Indirect
	GHG emissions intensity ratio for the organization		Direct
	GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO2 equivalent		Direct/Indirect
Waste	Total weight of waste, with a breakdown by the following disposal methods where applicable: (i) reuse; (ii) recycling; (iii) composting; (iv) recovery; (v) landfill; (vi) on-site storage	SDG 12 SDG 13	Direct
Biodiversity	Identification of biodiversity impacts in value chain (downstream)	SDG 14 SDG 15	Indirect
	Locations with biodiversity impacts in value chain (downstream)		

4. Issues raised by stakeholders

The multi-stakeholder process provided an opportunity to capture the key expectations and concerns raised by stakeholders. These are summarized in **Table 4** without any order of preference.

Table 4. Key issues and concerns of stakeholders.

1.	<p>Authorities and regulatory bodies</p> <p>This group of stakeholders have expressed that several of the sustainability topics were regulated by law and spoke of the reputational risks that could emanate from non-abidance with national legislation. The group was also adamant that the most significant environmental and social impacts of the bank happen in the value chain (upstream through suppliers and downstream through its financing). This thinking is reflected in the guideline of the BOM regarding climate and environment-related financial risks. Taking a value chain approach to sustainability was most welcome; also given the contribution of the bank in the local economy. The FRC mentioned its highly probable adoption of the IFRS S1 as reporting standards.</p>
2.	<p>Suppliers</p> <p>Most suppliers were not aware of sustainability frameworks and none of participating companies had integrated sustainability thinking in their operations and practices. Hence, participation in the stakeholder engagement process had a pedagogical dimension, and as some stated “had opened their eyes”. Nevertheless, strong views were expressed on the following issues:</p> <ul style="list-style-type: none">• Given the size and position of MCB Ltd in the local economy, suppliers were adamant that all necessary precautions should be exercised by the bank to create a level playing field for suppliers (relating to anti-competitive behaviour); and• Suppliers had not considered that their environmental and social performance could also be considered within the value chain of MCB Ltd. So most of participants were tentative regarding the topics ‘Supplier Social Assessment’ and ‘Supplier Environmental Assessment’. There is therefore an opportunity for the bank to discuss these issues in more depth with its suppliers within the broader ambit of reinforcing partnerships.
3.	<p>Employees</p> <p>Employees were classified in different groups as per their positions in the management hierarchy. There was a significant difference in knowledge of sustainability issues and understanding of one’s agency in achieving sustainability goals. This observation avails an opportunity for capacity development on sustainability issues, and the bank’s sustainability vision and objectives among its employees. It will also be appropriate to communicate the bank’s ‘disclosure on management approach’ for its material topics.</p> <p>In general, employees indicated that investments in innovation and training were important for their personal development, and for improving productivity. The need for upskilling was noted particularly for employees who worked in highly specialised areas.</p> <p>Employees mentioned that mental health was an issue that was probably more important than physical welfare, and which constituted a significant part of wellbeing at work. This observation also tallies with that made by a member of the Board of Directors (see below). There is scope for enhancing communication between various levels of management, especially concerning the bank’s vision and objectives, and how these translated to different levels of responsibilities and roles at the different rungs of management. Employees have suggested that a more detailed profiling of mental health issues at work should be considered.</p> <p>Employees in lower and middle management also said that there ought to be more transparency, meritocracy and fairness for enhanced diversity and opportunities at work. Another concern voiced was the need for better transparency in terms of internal procedures for promotions.</p> <p>There was an overwhelming view of zero-tolerance on several sustainability topics such as corruption, anti-competitive behaviour, child labour and forced labour that reflected employees’ personal values.</p> <p>Employees at the highest echelon of management rated social topics related to employees lower than other cohort of employees. This may reveal varying expectations in the workplace depending on position in the management hierarchy.</p>

4. **Civil Society Organizations (CSOs)/Non-governmental Organizations (NGOs)**

The CSOs/NGOs were all beneficiaries of grant funding from MCB's Forward Foundation. The main concern voiced was that the interaction with the bank was predominantly transactional in the form of recipient – funder relationship. There were not sufficient interactions on strategic social and environmental issues that would be of mutual benefits. The CSOs/NGOs also mentioned the lack of platforms for them to express and contribute in discussions related to the sustainable development of Mauritius. Hence, there was call for more strategic partnerships.

5. **Board Members**

Board Members provided views related mainly to what 'should' or 'ought' to be. The main perspective as reflected in the choice of combinations of weights is that the transition to sustainability with increasing shares of social and environmental considerations is inevitable. There was cognizance that several sustainability risks (e.g. environment-related risks including loss of biodiversity that is not well appreciated at present) accrue indirectly through the bank's financing in different economic sectors (values chains).

One Member highlighted that mental health was becoming more prominent, and that should be dealt with accordingly.

In terms of procurement practices, it was noted that, all else being equal, the bank should privilege local procurement – i.e. Made in Moris, while noting that there are limits because Mauritius is a net importer of goods and services (e.g. information technology equipment).

It was observed that the bank should do more to promote gender diversity and that gender indicators should be identified to monitor the bank's performance on gender mainstreaming.

The group was categorical on zero-tolerance related to corruption, anti-competitive behaviour, child labour and forced labour.

The three Board Members who were also members of the bank's Sustainability Committee proposed that the results of the materiality analysis should be used to develop a Sustainability Strategy and Action Plan.

6. **Clients**

In general, this group acknowledged risks and opportunities related to the financial performance of the bank. As expected, all groups of clients stressed the need to protect the health and safety of customers and privacy of their data. Concerning health and safety, there was a view that detrimental impacts could also emanate indirectly from say pollution or undesirable social practices that occur through the bank's financing.

Without knowing the prevailing bank's practice, there was a very high expectation that the bank should abide by the law underpinning sustainability topics, and that due care should be exercised by assessing social and environmental risks related to project financing.

Retail clients observed that the bank is in a position to assess environmental-related financial risks so that the environmental impacts of its financing are minimized. Corporate and business clients reported that there was mounting pressure from society and their clients to demonstrate positive environmental behaviour. There were suggestions that the bank should provide tailored financial instruments to address emerging environmental challenges such as biodiversity conservation, circular waste economy and sustainable building materials (construction sector).

A significant observation follows from the relatively high scores that corporate clients have given to environmental topics and social topics related to child and forced labour that they treat as being indirect impacts for the bank. This reveals that the corporate clients whose projects are funded by MCB Ltd acknowledge that these environmental and social impacts as their own direct impacts. Hence, there is alignment between MCB Ltd seeing such impacts are mainly indirect, and the corporate clients seeing same impacts are mainly their own direct impacts. This bodes well for applying value chain approaches to reducing detrimental social and environmental impacts through the bank's financing.

7.	<p>Business Partners</p> <p>This group of stakeholders noted that work-life balance was generally becoming an important issue in the tertiary sector, and importance was placed on mental wellbeing in the workplace.</p> <p>The group also observed that environmental impacts were significant in the different value chains that MCB Ltd finances. In the case of one bilateral development / financing partner, there were some issues that were prominent, including energy, emissions, and biodiversity.</p> <p>Two issues of transformational significance for the bank were gender mainstreaming and procurement practices both directly and indirectly.</p> <p>Any tolerance of corruption, anti-competitive behaviour, child labour and forced labour was proscribed.</p>
8.	<p>Media & Communication</p> <p>This group was heterogeneous with views differing on whether the participants were from the media or communications services companies. The communications services companies working closely with MCB Ltd were generally more aware of the bank's operations and positions on sustainability issues.</p> <p>In general, there was consensus that all means to favour local retention of wealth through 'Lokal is Beautiful' should be practised and widely communicated.</p> <p>The media partners expressed that unlike the press in Europe, there is not a significant body of knowledge on sustainability issues. For instance, the reflection of this sub-group of stakeholders was that, in contrast with other groups of stakeholders and the bank's own perspective, it was very unlikely that value chain impacts could be significant. This shows that there may be an opportunity for MCB Ltd to forge a partnership with the media to enhance knowledge on sustainability issues in Mauritius.</p> <p>Media partners mentioned that the media could have a huge impact on development project, especially those that were contested by local communities and CSOs. Hence, with increasing knowledge of sustainability issues, project financing will eventually be targeted.</p>
9.	<p>All external stakeholder groups were adamant that partnership building for supporting sustainable development was necessary especially to better support a value chain approach towards sustainability.</p>

5. Conclusions

This report details the methodological approach that MCB Ltd has applied to identify the sustainability Topics that are material to its operations. Materiality matrices have been developed using Value Chain Mapping (VCM), Multi-Criteria Analysis (MCA), and in-depth stakeholder engagements. In sum, the report serves to address the requirements of the standard disclosures 102-46 and 102-47 related to 'Identified Material Topics and Boundaries', as well as those for 'Stakeholder Engagement' (disclosures 102-40, 102-42, 102-43 and 102-44). The disclosures for the material topics have also been identified, as well as the Boundary for each material topic.

The list of stakeholders that have been engaged by the organization in the process of defining report content (102-40) is reported, as well as the basis for identifying and selecting these stakeholders (102-42), and the stakeholder engagement approach (102-43) adopted by MCB Ltd. The main concerns raised by stakeholders have been captured.

This report is a living document that will be updated on a needs basis.

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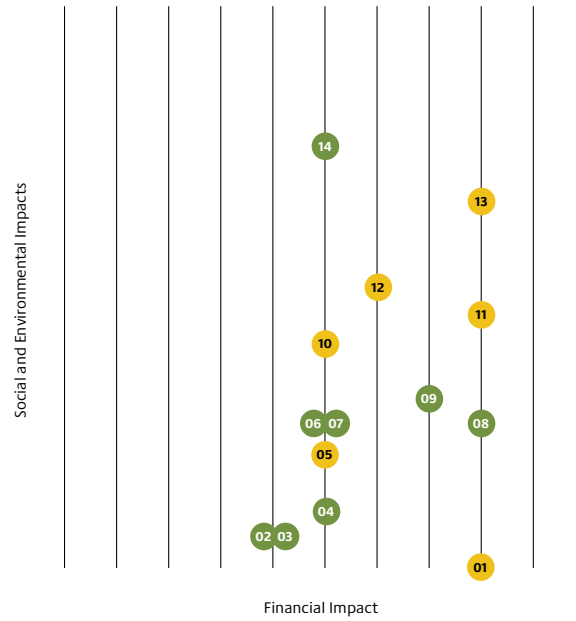
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Annex 1 – Materiality matrices (CSRD)

The graphs below represent the material topics for MCB Ltd at the selected threshold of 50:50.

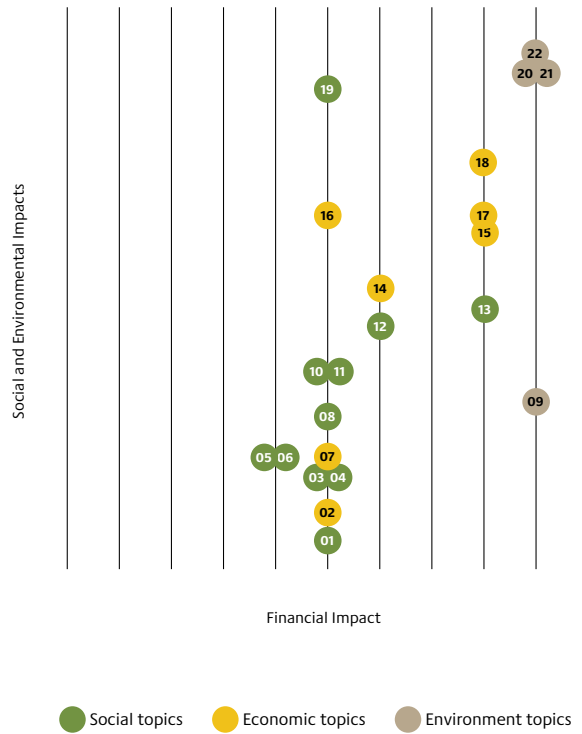
Figure A.1: 1 CSRD-aligned materiality matrix (direct impacts).



● Social topics ● Economic topics ● Environment topics

1. Economic performance
2. Freedom of association and collective relations
3. Diversity and equal opportunity
4. Non-discrimination
5. Employment
6. Occupational health and safety
7. Training and education
8. Customer privacy
9. Customer health and safety
10. Market Presence
11. Anti-corruption
12. Indirect economic impacts
13. Taxation
14. Local communities

Figure A.1: 2 CSRD-aligned materiality matrix (indirect impacts).



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



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