



SUCCESS BEYOND NUMBERS

Metal and Mining Sector Risk Policy

Date: February 2026

1	SUMMARY	Elaborates MCB's approach to managing risks in the metals and mining sector			
2	OWNER	Chief Risk Officer			
3	ALTERNATE OWNER	Head of Credit Management			
4	AVAILABLE ON	iZone	✓	Website	✓
5	DISSEMINATED TO	All business lines and publicly available on MCB Ltd website			
6	DATE OF VALIDATION	9 th February 2026			
7	REVIEWED BY	Chief Risk Officer			
8	VALIDATED BY	Risk Monitoring Committee			
9	DATE OF NEXT FORMAL REVIEW	February 2027			

Definitions

The terms used in this policy are defined as follows:

Climate Risks	Risks associated with the potential impacts of climate change, which can be physical and/or transition risks such as extreme weather conditions or changes in legislations
Environmental	Aspects related to Climate Change, Water, Air, Land and Water Contamination, Biodiversity Conservation and Natural Resources
Equator Principles	A risk management framework, adopted by Financial Institutions, to perform due diligence on environmental and social risks in financing
Environmental and Social Impact Areas	Areas likely to impact environmental and social aspects
Environmental and Social Risk Management (ESRM)	Overall management system, including relevant policy, procedures and organisational structure, to identify and manage environmental and social risks and opportunities in MCB's financing activities
Greenhouse Gas Emissions	The release of specific gases like carbon dioxide and methane amongst others, which contribute to the global warming
IFC Performance Standards	Set of Environmental and Social standards, developed by International Finance Corporation (IFC), to manage Environmental and Social risks
Social	Aspects related to Human Rights, Labour Conditions, Gender, Health and Safety, Vulnerable Groups, Affected Communities and Cultural Heritage
Social license	License needed by mining companies to begin their operations by obtaining the level of tolerance, acceptance, or approval by the stakeholders with the greatest concern about the activity
Sustainable Development	Development that meets the needs of the present without compromising the ability for future generations to meet their own needs

1. Introduction

This sector policy outlines the general principles and criteria governing all credit facilities entertained by The Mauritius Commercial Bank Ltd (the Bank) to entities operating in the metal and mining sector.

The Bank aims to manage the credit as well as environmental, social, and governance (ESG) risks while supporting the energy transition from fossil fuels to renewable sources as well as promoting sustainable development by financing responsible mining operations and its supply chain.

2. Position Statement

As part of MCB's commitment to sustainable development —particularly in Africa,—the Bank recognizes the critical role of certain minerals and metals, such as lithium, copper, nickel, and rare earth elements, which are foundational to technologies necessary for the global energy transition.

Accordingly, the Bank is committed to financing metals and mining projects that support the production, storage, and transmission of clean energy. MCB Ltd engages in financing both the extraction of critical minerals and metals, and the development of higher-value activities such as processing and refining.

All related financing activities of the Bank will be subject to strict adherence to credit standards and internationally recognized ESG standards and best practices.

3. Portfolio Management

The Board of the Bank sets the risk appetite which includes the risk framework and parameters for the financing of projects related to the metal and mining sector. This risk appetite is reviewed at least annually.

The exposure to this sector is monitored on a regular basis and reported to the Board on a quarterly basis. Any breach in the approved parameters and its remedial actions are reported to the Board.

4. Financing criteria

This sector policy should be read together with the Credit Risk Policy and the Environmental and Social Risk Policy of the Bank. It applies to all credit facilities related to the metal and mining sector.

For the purpose of this policy, the metal and mining sector covers:

- Metal and mining production;
- Metal and mining trading activities;
- Metal and mining transportation, storage and export infrastructure;
- Metal and mining processing such as smelting, refining, etc.

Note: *The above is a non-exhaustive list.*

The sector policy covers both private and state-owned companies engaged in the above-mentioned activities.

5. Risk management

5.1 Credit Risk Management Process

As per the Credit Risk Policy and Environmental and Social Risk Policy of the Bank, all credit facilities (including the facilities within the metal and mining sector) go through the standard Credit Risk Management process, which includes both the credit and Environmental and Social (E&S) risk assessments. It occurs simultaneously, prior to escalation to the sanctioning authority.

A brief description of the credit risk management process is shown in the table below:

Stages	Description
Pre-initiation Stage	This stage covers main requirements to ensure that the customer is within the overall risk appetite framework of the bank.
Initiation to sanction Stage	During this stage, the Bank conducts rigorous credit analysis (including E&S risks).
Credit sanctioning Stage	This stage concerns the sanctioning of credit application by the relevant sanctioning authorities, as authorized by the Bank with the following possible outcomes: <ul style="list-style-type: none"> • Approve the application as presented; • Reject the application as presented; • Approve the application with amendments.
Sanction to drawdown Stage	This stage concerns risk mitigation such as validity and enforceability of documentation and perfection of security (where applicable) prior to disbursement.
Post-drawdown Stage	This final stage concerns the management of the credit exposure throughout the life of the facility. This consists mainly of monitoring of performance/covenant and management of impaired assets (where applicable).

For metals and mining credit facilities, the discretionary authority resides with the highest sanctioning authority of the bank, which is the Executive Credit Committee A.

Thus, the sanctioning authority takes into consideration both the Credit and ESRM recommendations when approving any credit facility.

5.2 Environmental and Social Risk Management

MCB Ltd has integrated environmental and social risk management (ESRM) into its credit value chain to promote positive impacts and mitigate potential negative effects on people, communities, and the environment.

The approach is guided by MCB’s internal [Environmental and Social Risk Policy](#), which outlines the Bank’s commitment to identifying and managing E&S risks in its financing activities. The policy also defines eligible transactions covering all sectors within the risk appetite, including metals and mining which is globally considered as high risk from an E&S perspective.

5.2.1 Exclusions

The ESRM process starts with a preliminary E&S screening to ensure compliance with the exclusion list for new and existing clients or projects. This Board-approved exclusion list is aligned with international standards and relates to activities with damaging impacts on the environment and human rights.

The exclusion list covers the following which are pertinent to the metals and mining sector:

1. Production or activities involving forced labour or child labour
2. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements
3. Destruction of Critical Habitat, including habitats and species protected by The Forestry Service and National Parks and Conservation Service of the Republic of Mauritius

All prospective credit requests/opportunities related to the metals and mining sector are approved at MCB's Portfolio Review Committee (PRC), which includes compulsory verification of project compliance to MCB Exclusion List, any E&S related controversy linked to the project or clients and potential reputational risks through the use of internationally recognized tools.

5.2.2 Due Diligence

Given the high E&S risk nature and sensitivity of the sector, all types of financing for metals and mining are required to undergo the bank's E&S due diligence process to establish the compliance level of the project, existing assets and activities (if related to the project), with the following:

- All applicable environmental and social laws, regulatory frameworks and necessary permits
- Requirements under the Equator Principles, including the United Nations Guiding Principles on Business and Human Rights
- Applicable IFC Performance Standards
- Industry-specific human rights, environment and health and safety guidelines

In addition to the above, the Bank performs a review of the maturity level of the clients with regards to their sustainability/ESG ambitions, engagement and disclosure for a better understanding of their organisational readiness to manage environmental and social risks.

The E&S due diligence (ESDD) of these high-risk projects is carried out by a Bank-appointed independent environmental and social consultant, with a defined scope of work covering the above requirements, good industry practices, compulsory site visits as well as advising the Bank on any E&S controversy which may lead to a reputational risk.

The ESDD of the project is conducted in a transparent manner on the following elements, amongst others:

- Social licence and all other relevant permits to operate
- Overall Environmental and Social management system
- Organisational structure in terms of Environment, Health and Safety and Labour conditions
- Human Rights, including community safety and impacts
- Grievance mechanism
- Health and Safety, including job and site safety conditions for underground mining operations
- Internal and external stakeholder management
- Specific certifications and standards, applicable to the industry and the metals involved
- Industrial best practices
- Sector-specific E&S risks as described in section 5.2.2.1

The key steps, listed below, are also included in the ESDD:

- Development of Environmental and Social Action Plan (ESAP), with clear deliverables and timelines, for specific preventative and mitigation measures to be implemented
- Monitoring of the ESAP and overall Environmental and Social Management System through site visits and/or desktop review by independent E&S consultant as per defined frequency
- Inclusion of applicable Environmental and Social related clauses in the contractual agreement for the purpose of monitoring the E&S performance of the project throughout the loan tenor
- Quarterly check on any controversy linked to the client or the project

The Bank also conducts site visits every 2 years (or more regularly, if warranted) for ongoing engagement and monitoring on E&S performance of the facility.

As part of our stakeholder engagement program, the Bank encourages continuous engagement with the client, including their E&S team, to promote transparency and collaboration towards building a robust Environmental and Social Management System.

5.2.2.1 Sector-specific E&S risks

As a good practice, metals and mining projects are also assessed on their sector-specific E&S risks, as described below, using the above-mentioned standards and available E&S risk identification tools:

- Impacts on natural habitats and areas protected for biodiversity or cultural considerations
- Increased access to previously remote areas
- Impact on local population due to resettlement, restricted access to resources or activities and loss of habitations
- Greenhouse Gas (GHG) Emissions
- Impact on water supply and security for local community
- Impact on health and safety of workforce and local communities
- Impact on working conditions, especially for migrant workers
- Impact on indigenous people's right (lack of free, prior and informed consent as per IFC PS)

Note: *The above is a non-exhaustive list.*

Additionally, available E&S risk identification tools are used to assess the sector-specific E&S risks on those projects.

5.3 Climate

The metals and mining sector is particularly vulnerable to climate change, both from a physical and transition risk perspective. Physical risks stem from the increasing frequency and severity of climate-related hazards such as droughts, extreme heat and flooding, which can significantly disrupt mining operations. From a transition standpoint, while the sector plays a critical role in providing the raw materials used in technologies for decarbonisation and electrification, its reliance on carbon-intensive practices may still lead to regulatory pressures.

The Bank is integrating climate risk into our risk management framework, which will encompass portfolio-level financial risk management as well as the above-mentioned E&S risk management process.

For more details, please refer to our [Annual Report/Sustainability Report](#).

6.0 Review

This policy is reviewed and updated on an annual basis, or earlier if required, by the Chief Risk Officer, and appropriate stakeholders to ensure that it remains appropriate in light of relevant regulatory developments and changes in organisational policies. All policies and any amendments thereto will be subject to approval of the Risk Monitoring Committee.

7.0 Cross-referencing

SN	Committee	Mandate and responsibilities	Reference documents
1	Risk Monitoring Committee	Assist the Board in setting up risk mitigation strategies and to assess and monitor the risk management process of the MCB Group Limited and all its subsidiaries (collectively the “Group”)	<p>MCB Credit Risk Policy</p> <p>Charter for Risk Monitoring Committee</p> <p>Environmental and Social Risk Policy</p>

8.0 Revision History

Date	Version	Action	Amendments	Reviewed by	Approved by	Approved Date
February 2026	1.0	New policy	N/A	N. Ramen	Risk Monitoring Committee	9 th February 2026