

Date: 31/01/2013

STATEMENT

The MCB is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. Staff at all levels adheres to the Bank's Code of Conduct and the national Code of Banking Practice while epitomising our core values in their daily activities.

Since its signature of the United Nations Global Compact in December 2007, the MCB fully supports the ten principles of the Global Compact and is committed to making them part of its strategy, culture and day-to-day operations.

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Global Compact Principle

Action Taken & Impact Achieved and/or Plans for the upcoming Year

- | | |
|--|---|
| <input type="checkbox"/> 1. Businesses should support and respect the protection of internationally proclaimed human rights; | <p>The MCB is an equal opportunity employer and does not discriminate in any way with regard to race, religion or gender. Employment opportunities are openly advertised. Even prior to the 31st December 2011 where the Equal Opportunity Act has been voted, the MCB had already drafted an Equal Opportunity Policy in line with the best practices and other laws in force. As a major stakeholder in the private sector, we have participated in the discussions with members of the Government and several NGO's to draft the Bill.</p> <p>All employees are entitled to annual leaves (including local, sick, examination, maternity, paternity leaves, etc) and benefit from a medical scheme and 24 hour insurance cover.</p> <p>Since 2006, the bank has been operating an Employee Share Option Scheme for its entire staff whereby employees are granted options – exercisable through four specific time windows over a one-year period – to acquire shares at discounted prices for a total amount of up to 25 % of their annual performance bonus, with a vesting period of three years.</p> <p>The Bank has developed and implemented social, health and environmental policies and practices that in all material respects comply with existing legislative and regulatory frameworks. The health and safety of staff and visitors are of paramount importance to the Bank and all reasonable measures are taken to ensure a sound and healthy working environment.</p> <p>We have also a full time dedicated Health and Safety Officer attached to the HR SBU. Besides the regulatory mandate, this resource is actively involved in the training and awareness of all our staff.</p> <p>Else, a staff welfare unit has also been set up and a Counsellor has been appointed. Among the several initiatives that have been implemented, we can mention the health check-up organized in collaboration with a private clinic; program to quit smoking; weight watchers... These initiatives open to all, have been welcomed and have known a growing interest among staff.</p> <p>Emergency Plan: No business or organization is immune to an emergency or disasters, which often appear without warning and demand prompt reaction. The Management of the Bank is committed to ensuring that all employees enjoy and benefit from a safe environment. In this respect, the MCB has formulated an emergency plan for the safeguard of its employees from potential risks and hazards. The S&H Officer carries out audits on a regular basis which findings are escalated to the Management and the Audit Committee for actions and follow-up.</p> |
| <input type="checkbox"/> 2. And make sure that they are not complicit in human rights abuses. | <p>At the MCB Ltd. because people are the key to its success, the Human Resource Department (HRD) champions the importance of the individual while thinking strategically. HRD facilitates the creation of an environment in which people have the means to constantly evolve in striving for continuous improvement for the benefit of all stakeholders.</p> <p>The Bank has developed a comprehensive competency framework specific to our organization and which caters for the needs of its staff throughout their whole employee life cycle. Policies and procedures are available to all employees through the intranet. An Employee Relations Officer is available.</p> |
| <input type="checkbox"/> 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; | <p>Any employee can join the Mauritius Commercial Bank Employees' Association, which currently comprises 1260 members, and whose objectives are:</p> <ul style="list-style-type: none">• To establish, improve, maintain and protect the working conditions of employees• To grant members financial, legal or other assistance, that the Committee deems desirable and• To maintain the highest degree of efficiency in terms of the services that members are called upon to deliver to the Bank <p>The MCB Manual Workers Association is also well entrenched among the manual workers and has established a very good line of communication with the HR and the Management of the Bank. The anonymous employee survey carried out in 2008 illustrates how much this category of employees is happy about their conditions of work.</p> |
| <input type="checkbox"/> 4. The elimination of all forms of forced and compulsory labour; | <p>All individuals who are proposed a job are presented with an employment contract. The contract stipulates the conditions of employment relating to the job proposed. All the conditions are read through by the HR representative and agreed by the individual by signing the documents.</p> |

- ☐ 5. The effective abolition of child labour;

In accordance with the existing labour laws in Mauritius, no employees below 18 years are employed. The below charts depict the gender distribution by age groups and by level of hierarchy (professional bands) of all the employees of the Bank:

Age distribution	Gender		Grand Total
	Female	Male	
18-29	575	386	961
30-39	284	453	737
40-49	164	380	544
50-60	63	173	236
>60	4	22	26
Grand Total	1090	1414	2504

Band	Gender	
	Female	Male
Ungraded (*)	36	68
Technical	7	325
Business Support	702	424
Business Associate	206	340
Business Professional	116	176
Business Manager	20	56
General Management - Managers	3	10
General Management - Senior Managers		7
General Management - Chief Managers		5
General Management - Top Executives		3
Grand Total	1090	1414

(*) Ungraded positions comprises jobs in the various level of hierarchy
The grades are classified from the lowest i.e. Technical to the highest Top Executives

The demographic analysis confirms how well the organization makes good use of experience and diversity in the different level of hierarchy.

All the above information is based on 10th January 2013 data.

- ☐ 6. and the elimination of discrimination in respect of employment and occupation.

With a view to eliminate discrimination in the recruitment process all adverts are open to existing employees as well as the population in general. In interviews no question relating to the age, marital status, religion, ethnicity and physical impairment are asked and are not determinant in the selection process.

- ☐ 7. Businesses should support a precautionary approach to environmental challenges;

- Reflecting its commitment to sustainable development, the MCB Ltd has launched in 2009 '**Initiative 175**', which promotes energy saving, renewable energy, and protection of the environment. Different initiatives have been launched in that context, in order, notably, to encourage reduction of paper waste and paper recycling, promote energy saving and renewable energy, while raising awareness of the entire population, namely, employees, shareholders, and public at large, on environmental issues.
- One of the most impressive projects under '**Initiative 175**' is the construction, in the Ebene region, of a new building dedicated to technology and training, equipped with advanced communication facilities, energy saving and environmentally friendly features. This new building, which is the first one in Mauritius to have obtained the certificate of the Building Research Establishment Environmental Assessment Method (BREEAM), was inaugurated on 31st October 2011;
- In January 2011 the Bank adopted an Environmental and Social Policy (E&S Policy) in order to promote responsible financing and assess and manage environmental and social risks associated with financing of projects above USD 2 million. The Bank is fully implementing the E&S Policy since 30 April 2012, and has adopted the Equator Principles on 15 May 2012.
- Bank-wide energy audits have been conducted in order to be more energy efficient.
- In March 2011, the Bank has commissioned calculation of its carbon footprint, which is still ongoing.

- ☐ 8. Undertake initiatives to promote greater environmental responsibility;

The '**Initiative 175**' project has promoted the following initiatives:

- **Sensitisation of the public at large:**
 - In 2009, the Bank has fully financed, at a cost of Rs 4.4 million, the production and broadcast on prime time television of a series of 26 mini-documentaries entitled 'Unisvert'. The objective was to inform and sensitise the population on the necessity to adopt a more ecologically responsible behaviour. DVDs of 'UnisVert' were ultimately distributed to all Mauritian secondary schools in order to maximize its message and impact
 - From December 2010 to December 2011, the Bank has acted as the main sponsor of 'EcoTV', a 5 min TV programme, with the objective to sensitise the population and teach them "green" practical tips
- **Staff sensitization:**
 - Since February 2011, a new induction course on 'Sustainable Organization and Responsible Employee' is offered to newly recruited staff
- **Paper saving:**
 - As part of our initiative to become a paperless organization, we have introduced an Oracle application, named *EMPOWER*, available to Managers and employees where all sort of transactions, which used to be in hard copies, have now been streamlined and do not necessitate any printing at all. For example, pay slips and income tax returns are now delivered in soft copies, and I-Recruitment is soon to be introduced
 - *ATM balance enquiries:* In an attempt to reduce the levels of paper waste and attendant littering, balance enquiries at ATMs have been priced at 1 rupee each since 7 July 2009. The result has been both impressive and immediate: 86% of balance enquiries are now consulted on screen, resulting in the reduction of the wasteful abuse of a free service and ATM lobbies looking much cleaner. Close to 6 million balance enquiry chits should no longer be printed every year
 - *ATM mini-statements:* Since 1st April 2011, mini-statements are priced at Rs 2 (as from 3rd one)
 - *Statements of account:* Customers have been invited since April 2009 to consider suppressing the printing of their statements of account especially if they opt for Internet Banking. Additionally, since October 2010 account statements are printed both sides and clients can request to receive PDF version of their account statements by email
- **Recycling:**
 - Since February 2011, paper and HP cartridges/toners are being recycled
 - Since March 2011, the Bank has participated to the Mission Verte / Mauritius Telecom initiative of recycling of used batteries and mobiles

- ☐ 9. And encourage the development and diffusion of environmentally friendly technologies.

- The '**Initiative 175**' project has also led to the promotion of use of environmentally friendly technologies as follows:
 - A 'light' housing loan scheme was launched on 6 May 2009, through which a solar water heater was offered for free for every loan above Rs 1 million. More than 300 customers qualified for a free SWH
 - More than 80,000 free economic light bulbs were handed out to those customers taking loans of under Rs 500,000
 - 'Home Sweet Loan': from 15 April to 30 June 2011, for each loan above Rs 1 million, a gift voucher of Rs 30,000 was offered for investment in a SWH
 - June - July 2012 housing loan campaign: 2% of housing loan amount was offered in green products (solar water heaters, composters, rain water harvesting systems etc)
- Furthermore, as from October 2009, the Bank is a signatory to a '40 million euros' loan agreement with Agence Française de Développement which provides subsidised funding, in foreign exchange or in Rupees in support of the realisation of 'green' projects
- A special Green Loan scheme has also been offered since March 2011 for investments in Photovoltaic panels (no minimum loan amount and better interest rates – PLR)
- Letters of credit: From 1 March 2009, commissions applying to letters of credit have been reduced by 50% for genuine imports of energy saving goods and equipment



10. Businesses should work against all forms of corruption, including extortion and bribery.

- The Directors of the MCB Ltd comply with the regulations under Company law while preparing Financial Statements by:
 - Ensuring that adequate accounting records and an effective system of internal controls and risk management have been maintained;
 - Selecting suitable accounting policies and then applying them consistently;
 - Making judgements and estimates that are reasonable and prudent;
 - Stating whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements and;
 - Preparing the Financial Statements on the going concern basis unless it is inappropriate to presume that the Bank will continue in business.
- A Compliance function exists within the MCB which facilitates the management of compliance risk by:
 - Establishing compliance policies and standards
 - Providing an independent reporting mechanism to the Board
 - Participating in the review and approval of new business initiatives, products, services and systems;
 - Fostering good relations with regulators and
 - Assisting the establishment of a homogeneous and coherent global compliance function across all subsidiaries of the MCB Group

The key areas of the MCB Group Compliance Coverage, in each jurisdiction in which it operates, are the laws and regulations; codes of conduct and good practice; key business ethics and values; and reputational risk.

Furthermore, with regard to the MCB's Anti-Money Laundering and Combating Financing of Terrorism obligations, the Compliance function is duty-bound to ensure that the Bank has put in place adequate processes, that these processes are being appropriately implemented, and that adequate training is given to staff.

- An Audit Committee, consisting of three independent non-executive directors, meets at least four times a year corresponding to the Bank's reporting cycle and its principal function is to oversee the Bank's financial control and financial reporting processes. In particular, it reviews the quarterly results and annual financial statements before these are approved by the Board. The activities of the Audit Committee include regular reviews and monitoring of the following:
 - The effectiveness of the Bank's internal financial control and risk management systems
 - The effectiveness of the internal audit function
 - The independence of the external auditors and the assessment of the external auditors' performance
 - The remuneration of the external auditors and their supply of non-audit services
 - The Bank's procedures for ensuring compliance with laws and regulations relevant to financial reporting and with its internal code of business conduct and
 - Specific issues where the committee considers action or improvement is needed
- Regarding risk management, the Bank is compliant with the Basel II Standardised Approach, under which the Bank's credit, market and operational risks are measured. The Bank has adopted the best practice Internal Capital Adequacy Assessment Process (ICAAP) which uses evolving risk assessment methodologies for capital adequacy to support the different portfolios of risk represented by the Bank's financial business. The Bank has also adopted a formal disclosure policy as defined in the Basel II Framework
- The MCB is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. The MCB's Code of Conduct is based on the model code of the Joint Economic Council as adapted to meet the specific needs of the MCB Group. Staff at all levels adhere to the Bank's Code of Conduct and the national Code of Banking Practice while epitomising the bank's core values in their daily activities, thereby upholding the organisation's unique culture. Reasonable grievances and disciplinary procedures are in place to enable enforcement of the codes

The Bank ensures public accountability and transparency through regular and clear communications with its stakeholders.