



Sustainability Report 2019



SUCCESS BEYOND NUMBERS



Foreword

This year marks the launch of our first sustainability report. This document, which is a complementary source of information to our annual report, highlights the journey towards integrating our sustainability vision into our strategy and operations, and showcases our key actions aimed at embedding our role as a responsible and caring corporate citizen.

This report covers the initiatives of MCB Group Limited for the period spanning 1 July 2018 to 30 June 2019, unless otherwise stated. Any information not pertaining to the perimeter and reporting period previously stated is clearly highlighted. On every issue reported in this document, MCB Group Limited strives to explain how it manages and tackles the issues through its policies, commitments, goals and initiatives.

In this report, the terms 'MCB Group Ltd' or 'Group' refer to the activities of MCB Group Limited, including all its subsidiaries. On the other hand, the terms 'MCB Ltd', 'MCB' or 'Bank' refer to the Mauritius Commercial Bank Limited i.e. the banking activity of MCB Group in Mauritius.

There were no significant changes in the organisation's size, structure, ownership or supply chain during the last financial year. Of note, Group policies are applicable across the whole organisation. Initiatives mentioned in the report mostly cover Mauritian operations though some key performance indicators relate to our global operations.

Where possible, this report has strived to adopt the GRI standards as determined by the Global Reporting Initiative.

This report has not been externally assured.

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Taking stock one year later

A conversation with Pierre Guy Noël (PGN), Alain Law Min (ALM) and Raoul Gufflet (RG).



MCB Group launched its corporate sustainability programme, 'Success Beyond Numbers' last November. A few months down the line, how would you assess its overall impact?

PGN: I think it is highly positive that we have managed to bring our employees together around this theme and that they have actually taken control of the various initiatives launched as part of the programme. The harder part now will be to rally a bigger audience around our sustainability initiative, be they our clients or third parties with whom we interact on a permanent basis. The 'Lokal is Beautiful' report and conference were successful because they appealed to a wide public. We now want to launch similarly impactful initiatives. And for that to happen, we are working on a roadmap to guide our actions. We seek



to integrate sustainable development to our banking activities as a way to involve our customers. These are obviously long-term goals – to make sustainability not only part and parcel of our business but to make sure it is embedded therein. But more importantly, 'Success Beyond Numbers' is the reiteration of our core and historical values. This implies that we have a responsibility towards people, businesses and their prosperity.

ALM: The outcome was very positive; it exceeded my own expectations. And as Pierre Guy said – internally, there was a genuine alignment between

employees and our corporate sustainability programme, together with a keen interest from external stakeholders. And that is great news since it is an important project for the Group. As you know, sustainable development, digitalisation and international expansion are the three strategic thrusts for MCB. The sustainability programme will also help us to be more focused in our approach, which in turn will have a bigger impact when communicating on our strategy. This will also give us a structure that will help us to execute our planned actions for the future. The continued success of this



programme will depend on our ability to rally our stakeholders around important subjects, like with ‘Lokal is Beautiful’. This will require that we make proactive choices on initiatives rather than reacting to what our customers request from us. This not only means more visibility but also that we stand ready to be challenged. MCB Group has historically favoured a discreet and neutral approach and this will have to change because we will be called upon to express our viewpoints on several issues, including sensitive ones.

What are MCB Group’s short- and long-term priorities in terms of sustainable development?

PGN: MCB Group remains primarily a banking group and so it follows that our initiatives need to revolve around financing. This means that we will find ourselves in a situation where we would either need to refuse to grant financing – which is tricky – or perhaps provide more attractive terms

The continued success of this programme will depend on our ability to rally our stakeholders around important subjects, like with ‘Lokal is Beautiful’

RG: I concur; the outcome was very positive and I believe we have surprised our employees as well as the public in general when we came forward with this initiative. I do not think they expected MCB Group to voluntarily open a discussion about the socio-environmental consequences of its activities. By doing so, we have expressed our wish to make sustainability part of our DNA. I would also like to point out that the three pillars supporting our initiative – local economy, preservation of the environment and promotion of culture and of individual and collective well-being – show that the challenges faced by Mauritius are those faced by the rest of the world.

to encourage best practices while offering a higher interest rate as a deterrent for some activities. I also think we need to determine a few priorities locally, like the sorting of waste for recycling, and this holds true both in-house or generally in Mauritius.

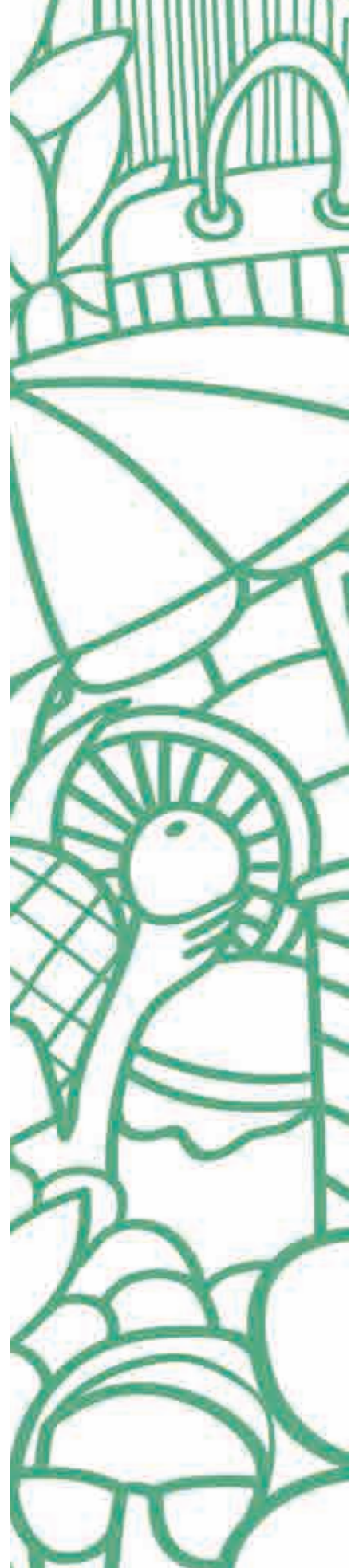
ALM: I agree. The preservation of our environment is a major theme going forward and because we are an island, the impacts, whether negative or positive, are felt more acutely and rapidly. I agree we should focus more on waste recycling and the circular economy and I think that the Group needs to take the lead on issues such as the overuse of pesticides or climate change that leads to beach erosion.

RG: Definitely; the protection of the environment and climate are not only moral emergencies for Mauritius but they are also vital to the tourism industry. And yet, such requirements for an attractive tourism industry are often neglected, whether by the public or the authorities. There are obviously other priorities – like the development of a prosperous local economy that promotes best practices because the younger generations do not believe in growth at any cost and they are favourable to responsible and ethical growth, the ability to trace the origin of raw materials and the importance of shorter supply chains... I also think it is high time that we take a critical look at the educational system in Mauritius, to make it more integrated and inclusive of the person, culture, historical heritage. I would also like to add that gender equality is a subject which is very close to my heart; It also happens to be a sensitive one, whether in Mauritius or in the Group. Although we have improved on the subject internally, we will further promote the involvement of more women within our organisation, which has historically been characterised by a hierarchical and seniority driven structure.

Financial institutions across the world seem to become more and more aware that with financial power comes responsibility – in the sense of what is financed or not. What is your take on this evolution – be it of banks or the market?

PGN: Banks that decide not to finance some sectors are still the exception rather than the rule but I think that over time, this will change. As far as we are concerned, we would rather lead the way than be followers, and locally we have already moved in this direction. We should however keep the same mind-set at the international level regardless of our relative size with respect to foreign peers. That being said, it is true that we ought to critically assess our portfolio of financing activities in terms of sustainable development, particularly within our energy and commodities activities, although it should be highlighted that the latter currently contribute to the socio-economic development of the African continent. And we will have to be in a position to take a stance in the light of this assessment while at the same time launch positive initiatives on issues such as climate and carbon emissions.

ALM: It is true that there is a real trend that is not only gaining traction but also accelerating. Much of the wealth that has been created by baby boomers will soon be passed on to the next generation of millennials, who will be guided by different values and criteria in their investment



decisions. Therefore, we will have to anticipate how the new generation will look at the financing role of banks in the next 10 to 15 years. And as Pierre Guy rightly says, we will need to take a stand on some of our current financing activities. Because of our relative size, our actions will be felt sooner and whatever has been successfully implemented here can then be replicated elsewhere, be it in Seychelles, the Maldives or Madagascar, or even in Africa through our 'Bank of Banks' initiative where we can assist the continent's banks in having a greater impact. In Mauritius and in our region, I believe that preserving our ocean and its riches will become a major challenge for banks.

RG: We have recently refused to finance a coal-bagasse power plant and this is a first. What makes the situation more interesting is the fact that this has led to a very enlightening discussion with the promoters on alternatives to coal. So we are very clearly on the right path but we need to be able to make our stand clear on such issues while finding a way to live up to our responsibilities to our clients. It might be of interest to note that we have decided to join the United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Responsible Banking. This will provide us with a structural framework that will enable us to measure impacts so as to better define our future plans of actions going forward.



Digitalisation is also a challenge for banks. What links this revolution to sustainable development?

ALM: Two years ago, at a World Bank Conference, the founder of Airbnb said that digitalisation helped connect customers to those that could offer a service, no matter how small they were, hence contributing to the development of communities, societies and economies. There is an untold potential with digitalisation because it encourages the notion of sharing and the creation of ecosystems. What people need is to acquire a house or a car, or plan for their retirement, and

PGN: It is true... and let us not forget that digitalisation also helps us save on resources such as paper. It also allows the younger generation to be even more aware of social issues and to make decisions accordingly, whether it is in the form of boycotting some businesses or favouring others – they have the power to do it.

RG: As far as I am concerned, sustainability and digitalisation converge. And Pierre Guy is right when he says that when you combine the two, you can target the younger generation. And our 'JuiceByMCB' mobile banking service with over 260,000 subscribers is our biggest digital success story; it is testament to the fact that we have ridden the wave. That being said, I think

In the future, a business will be judged on its ability to integrate sustainability at the heart of its activities.

digitalisation can help banks to create and integrate a number of ecosystems, by becoming useful to the customer; what matters is not necessarily our products and services but the way we can help the client, whether he is an individual or an entrepreneur. And it can be all done easily and rapidly via an app, for instance. This reinforces our social purpose and that is how sustainability and digitalisation converge. Digitalisation also helps with financial literacy and responsible banking, by bringing more transparency.

that digitalisation is now mainstream because many companies have had to bridge the gap to remain relevant. For me, digitalisation should be seen as a means to sustainable innovation. In the future, a business will be judged on its ability to integrate sustainability at the heart of its activities.




The Bank recently launched the 'Lokal is Beautiful' (LIB) Scheme for the local market. Why do the Group's actions and impacts in Mauritius matter?

PGN: There would be no "Group" if it had not been for Mauritius where we have had a well-established presence for 181 years. Our international activities are very important because the size of our home market limits our growth, but our roots are here. More importantly, Mauritius is our laboratory. It is here that we develop our knowledge and build our capacity and this allows us to reproduce our success stories elsewhere. Everything that works here can be reproduced on other markets whether by us alone or in partnership with other banks. The number of big businesses is limited in Mauritius but the many smaller ones are as important because they create jobs and develop the economy.

RG: 'Lokal is Beautiful' is but a proof of our social responsibility and in fact, it was a big success. We demonstrated that in cases where we did not have the required expertise, we could go abroad and get it and this is something that is not necessarily ingrained in local culture. What the 'Lokal is Beautiful' report did was to generate a debate on economic leaks, disseminate an economic problem to a greater audience with the resulting

understanding that everybody had a role to play. People liked that and they also understood why shorter supply chains were important, for instance, or why the work done by 'Made in Moris' mattered. This initiative coupled with the 'Lokal is Beautiful' Scheme showcases the strength of the MCB brand in the SME sector or even in what I would call the quasi-informal sector. On the other hand, I honestly think it could potentially be premature to export this scheme to other shores. Maybe we should take our time and apply the concept to another pilot country like the Seychelles or Madagascar prior to a full deployment in other countries where we are present.

ALM: MCB remains the reference bank in Mauritius. We have a material presence here. This confers responsibility on us and we are aware that we should adequately shoulder this responsibility. With a strong leadership position across segments, everything we do has an impact here. We have over one million bank accounts and this means that at least one member of every Mauritian family has a bank account with us. There are some 125,000 small businesses in Mauritius i.e. those employing less than 10 employees, and it is our duty to accompany the local entrepreneurs in the development of their activities, beyond just providing loan facilities. This imposes on us the need to be creative by using technology to assist efficiently the smaller businesses.



Is sustainable development compatible with strong economic performance? Or are there areas that could be problematic?

ALM: I believe that there are a number of areas of compatibility. MCB's support of the local businesses over the years has contributed to the development of the economy

retail market. Being such a substantial economic player, we clearly have the responsibility of reconciling the economy with society. But it is important not to be patronising when we do this nor should we give the impression that we are substituting ourselves to the authorities.

PGN: Let us not forget that we are currently in a position where we can afford to do it. Let us consequently be the pioneer in this respect rather

We are reaching a situation where we will have to make choices as regards projects that we will or will not finance, or that we would finance at substantially less favourable terms and conditions.

and society, which in turn helped the Bank to grow. There could be issues especially with respect to the exclusion of some activities that would make financing problematic. But this will require a public stand from MCB on those issues and an honest conversation with stakeholders.

RG: Yes, it is true, but the fact of the matter is that we do not have the choice. We are at the very core of economic activities in this country, with over 40% of the corporate loans market share and around 38% of the

than wait for another entity to take the lead. We are reaching a situation where we will have to make choices as regards projects that we will or will not finance, or that we would finance at substantially less favourable terms and conditions. The difficulty obviously is to be able to do that without compromising our banking activities. It is our responsibility to accompany this evolution that is in any event inevitable but we need to do so by raising awareness and through education, so that we can all move in the same direction.

MCB Group at a glance

MCB Group Limited (denoted as 'MCB Group Ltd' or 'Group') is the ultimate holding company of the Group. The subsidiaries and associates of the Group operate under three clusters, i.e. 'Banking', 'Non-banking financial', and 'Other investments'.

The Group's main subsidiary, the Mauritius Commercial Bank Limited (denoted as 'MCB Ltd', 'MCB' or 'Bank') is the leading bank in Mauritius. The Group is also a prominent financial services provider in the region.

As at 30 June 2019



Now doing business in

50 countries



60 Branches and kiosks, including
40 in Mauritius



Staff

3,617



Assets

Rs 471.2 billion



Client base

~ 1,062,100

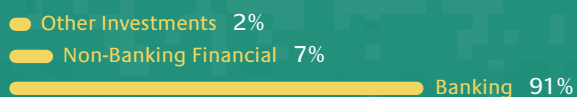
Market capitalisation

Rs 69 billion

Shareholders

20,426

MCB Group operating income* by cluster - Rs 21.1 bn



MCB Group asset mix - Rs 471.2 bn



* Figures displayed are prior to the eliminations of inter-company transactions.

* Including mandatory balances and placements.

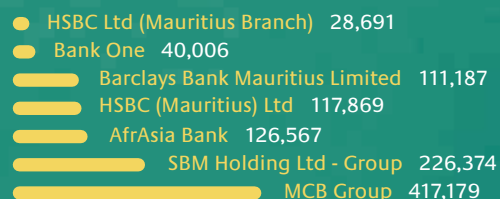
Some perspective...

As mentioned earlier, MCB Group is both an important local player – via its main subsidiary MCB Ltd, the longest-standing bank in Mauritius – and a provider of financial and non-financial services in the Indian Ocean region and Africa.

In the worldwide banking industry however, the Group remains a relatively small player. As such, our corporate sustainability measures will be much more impactful at the local and regional level than internationally.

MCB Group's relative size - Local peers

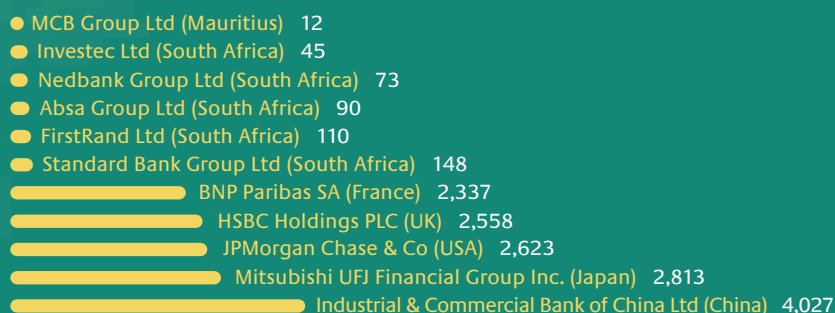
Total assets in Rs m as at 31 December 2018



Source: Annual reports of respective companies

MCB Group's relative size - Regional & international peers

Total assets in USD bn as at 31 December 2018



Source: S&P Global Market Intelligence, 2019

Value distribution

There is perception and then there is reality. The perception is that banks get rich through interests paid by their clients. The truth is that the Group seeks to help its clients prosper, irrespective of who they are, and creates value for its stakeholders. MCB Group's banking activities remain

its core business and they generate financial flows for its stakeholders who have the legitimate expectation that the Group will deliver.

The following charts describe how value is generated by the Group and shared among its stakeholders.

Evolution of wealth created by the Group



Retention to support growth

Wealth is allocated to support future business growth via our retained earnings.

Employees

Our value proposition comprises competitive rewards and benefits with particular emphasis on the personal and career development of our staff.

Providers of capital

We provide shareholders with dividend payout.

Authorities

We assist Authorities by funding national projects through payment of direct and indirect tax.

Society

We contribute to the welfare of the society in which we live and work via funds assigned for CSR activities and sponsorships.

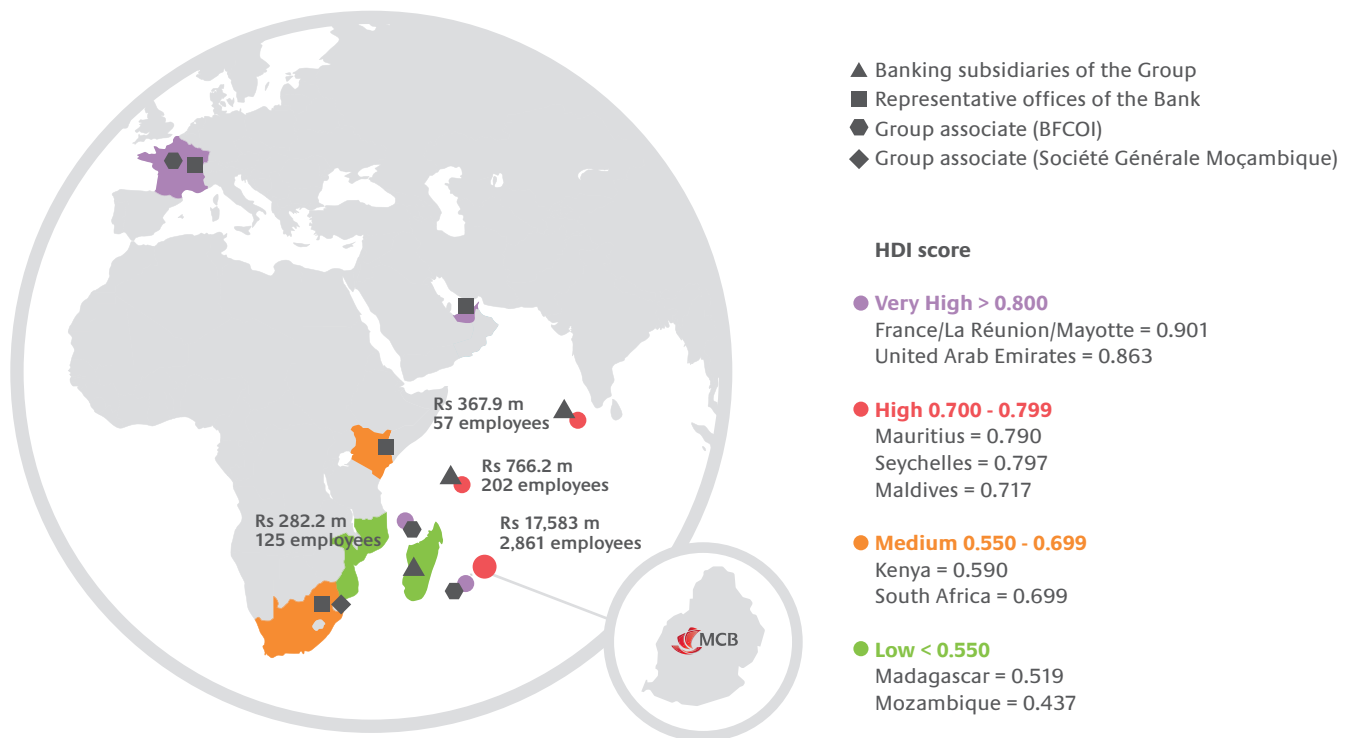
Where we operate

Headquartered in Mauritius where its main subsidiary operates, the Group has a notable presence in the Indian Ocean region and sub-Saharan Africa through its three foreign subsidiaries, two foreign associates and four foreign representative offices. While MCB Group's banking activities contribute to the economic growth of the countries where it operates, it has had to reckon with substantial environmental or social issues faced by some of them.

In order to better understand and overcome those challenges, locally adapted approaches were taken in the respective countries. This allowed for a more inclusive

contribution encompassing economic growth and socio-economic development. Individual and collective well-being as well as environmental conservation and/or cultural resilience are also part of the focus.

The chart below maps our countries of operation against their most important sustainability issues as defined under the Gapframe¹ analysis and the Human Development Index². These internationally recognised tools provide useful information on the sustainability context of the countries in which we do business.

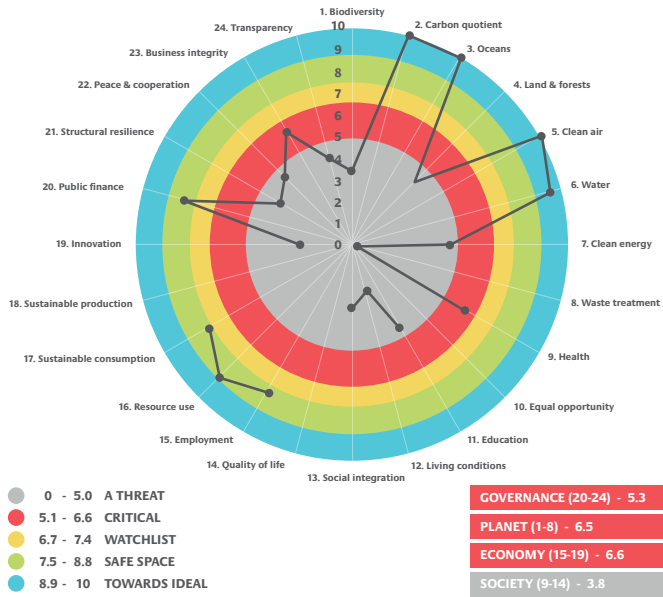


¹ The Gapframe analysis translates the Sustainable Development Goals (SDGs) into relevant issues and priorities for all nations, adding and amending aspects where needed (<http://gapframe.org/>). It was developed by a Swiss cross-sector initiative called the Swiss Sustainability Hub (SSH), which includes government & non-government institutions such as the WBCSD, WWF, IISD, Swiss Environmental Agency, universities and business schools, as well as companies like Swisscom, Migros, Unilever and IKEA.

² The Human Development Index (HDI) is a tool developed by the United Nations to measure and rank countries' levels of social and economic development. The index combines four major indicators: life expectancy, mean and expected years of schooling, and Gross National Income per capita.

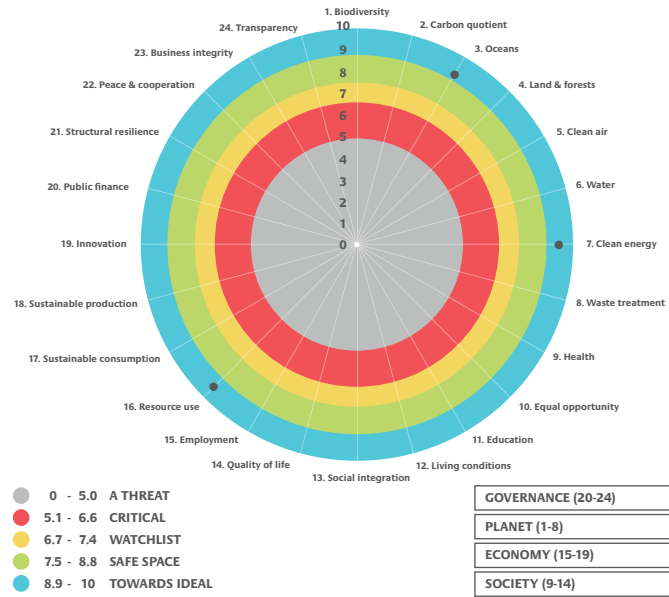
Madagascar

Average of 4 dimensions: 5.5



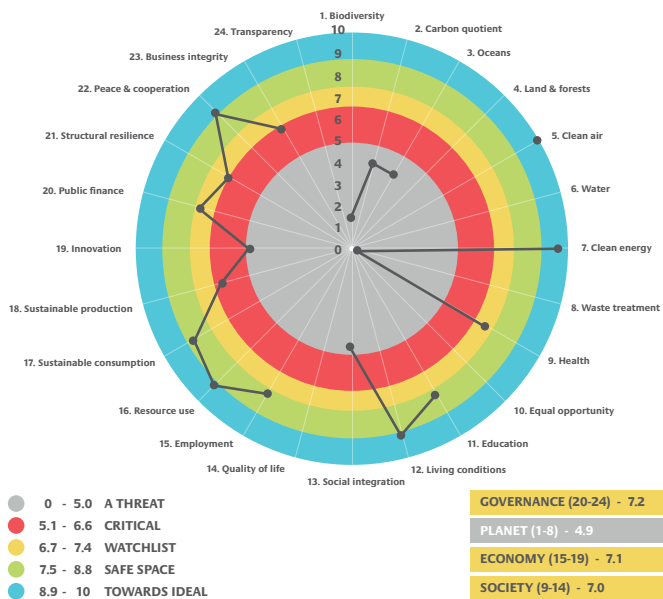
Maldives

Average of 4 dimensions: N/A



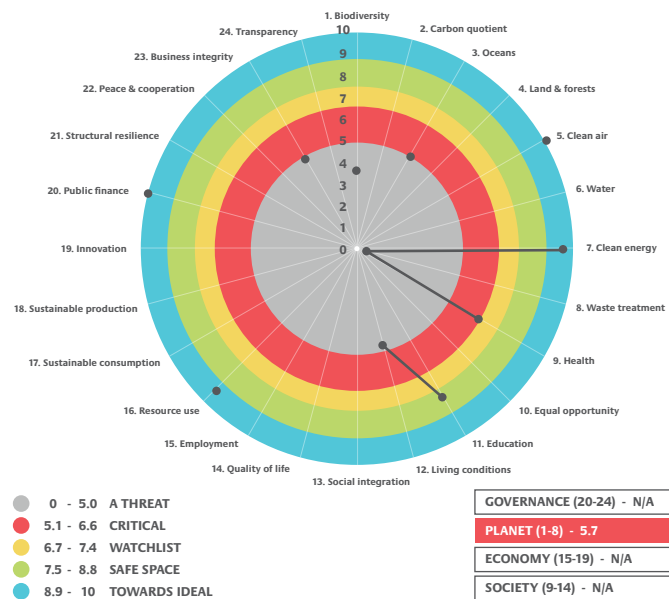
Mauritius

Average of 4 dimensions: 6.6



Seychelles

Average of 4 dimensions: N/A







Introduction to our sustainability strategy

A bit of history...

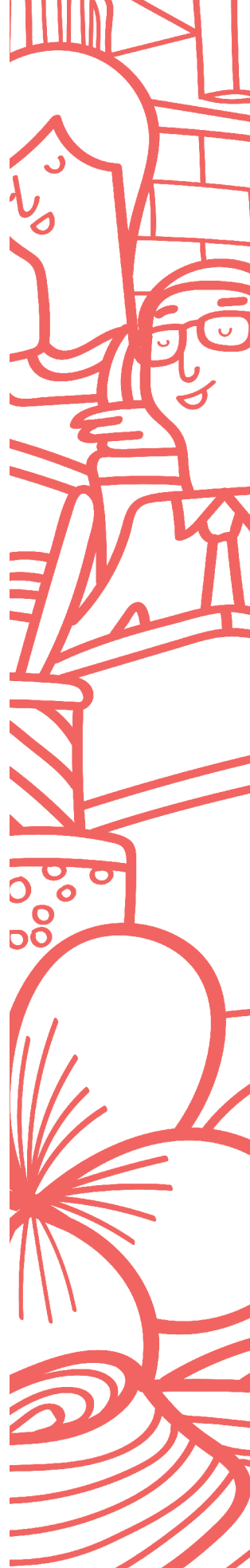
On 1 September 1838, a group of traders led by James Blyth, established 'La Banque Commerciale de Maurice', the country's second bank.

The organisation operated through a Royal Charter granted by Queen Victoria that was renewed every 20 years until 1955, when it became a limited liability company.

The Bank's first 100 years severely tested its resilience – several national financial crises, fierce competition from other commercial banks that had since been established, two world wars as well as various natural disasters. Notwithstanding these difficulties, the Bank managed to expand its activities and considerably increase its capital by 1920. Its activities remained intrinsically linked to the development of Mauritius; emerging sectors such as agriculture, trade and industry became pillars of the economy with the support of MCB.

As the country's needs grew and diversified following Independence in 1968, so did the Bank's commitment. It played a pivotal role in the creation and development of a number of sectors, then considered to be risky, such as tourism, textile, local manufacturing, freeport activities, information and communication technology (ICT) and seafood.

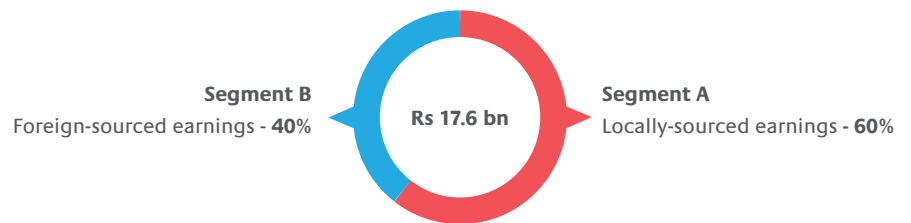
In the early 1990s, the Group decided to expand beyond Mauritius, an inspired move that is bearing fruit today. The brand is now present in different forms (banks, associates, representative offices) in Madagascar, the Maldives, the Seychelles, Reunion, Mayotte and Paris (France), Maputo (Mozambique), Johannesburg (South Africa), Dubai (UAE) and Nairobi (Kenya). Moreover, the Group is actively involved in project and trade financing in various sub-Saharan countries, while maintaining a presence in other markets. MCB Group today also provides outsourcing services and is involved in consulting and card processing activities.



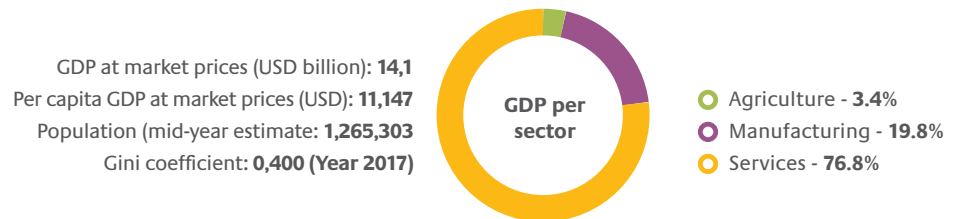
The Mauritian context & challenges

Being rooted in Mauritius, the Group's banking activities are intrinsically linked to its home country's development. As one of the most substantial private institutions of the country, MCB has an important role to play in the development of Mauritius into a prosperous nation. This means that the challenges faced by the country and its population are also the challenges faced by MCB. We therefore seek to make a difference by considering these challenges as business opportunities.

MCB's operating income in financial year 2019

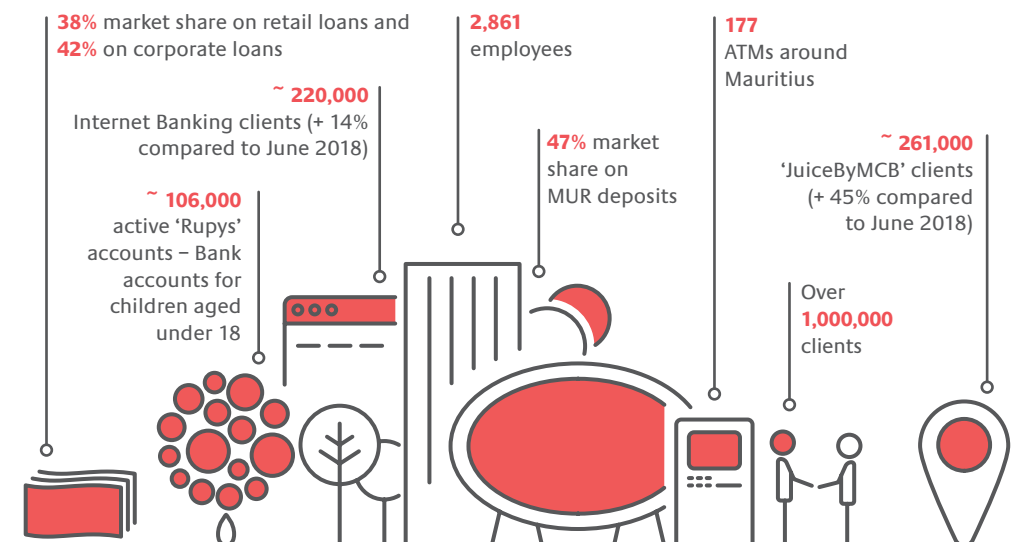


Mauritius in 2018*



*Source: Statistics Mauritius and MCB Staff estimates

MCB figures as at 30 June 2019



Prioritising issues using the Gapframe analysis

The United Nations Sustainable Development Goals (SDGs) is a useful tool to help identify Mauritius' sustainability assets and concerns. Since MCB has a critical role to play in strengthening sustainable opportunities and fill the most critical needs at the local

level, we have used the Gapframe analysis to contextualise the most important sustainability issues of the country. These issues, as highlighted by this study carried out by international experts, have then been used to feed our materiality analysis.

Priority issues



Safe space & towards ideal



planet society economy

Mauritius' main SDG issues using the Gapframe tool.

Main findings of the Gapframe assessment

Biodiversity in Mauritius is at a critical stage with a high wildlife extinction rate while terrestrial areas are poorly protected. The country's insularity means there is nominal recycling or recovery, and insufficient wastewater treatment infrastructures. The ocean also suffers from overfishing while dependence on fossil fuels weighs on the country's carbon emissions.



Agriculture is insufficiently developed with a low level of sustainable local production. Barriers to innovation include access to financing and technology. And yet, resource use and consumption remain valuable assets for the country.



Governance-wise, there is a lack of resilience coupled with issues of business integrity and corruption.



Social integration remains an improvement point specifically with regards to discrimination.



Corporate Social Responsibility (CSR) was introduced in the Income Tax Act 2009 and required that profitable businesses either donate 2% of their book profits to CSR activities under approved programmes following published guidelines or that they transfer these funds to Government to be used for poverty alleviation. The 2016/2017 budget amended this law to provide that businesses contribute at least 50% of their CSR funds to the National Social Inclusion Foundation (NSIF) – previously National CSR Foundation – which is the central body to receive and allocate public funds to NGOs. Further amendments have now brought this figure to 75% as at January 2019. An exception was made for CSR programmes that were already underway as at January 2019 and which respect the guidelines set by the NSIF; those companies were allowed, subject to approval by the foundation, to retain an additional 25% of their CSR budget.

Introducing our material issues

MCB’s material issues can be identified by taking into account both its economic and geographical specificities as well as issues faced by the banking sector globally. This year, we conducted an external materiality analysis crossing by using information from:

- The above-mentioned Gapframe analysis which translates the SDGs into national priorities for Mauritius; and
- The Datamaran³ Artificial Intelligence (AI) powered analysis, which highlights the most salient regional and sectoral sustainability issues tackled by peers of MCB in their sustainability reports as detailed below.

Main sustainability issues mentioned in reports by African and Indian Ocean banks by Datamaran IA, 2018.



Number of banking companies in Africa and the Indian Ocean mentioning the above issues in their sustainability report.

³ Datamaran is a software solution for non-financial risk management. The software tracks 100 non-financial topics by sifting and analysing millions of data points from publicly available sources, including corporate reports (financial, sustainability reports as well as SEC filings), mandatory regulations and voluntary initiatives, as well as news and social media.

This materiality analysis crossing has brought to light the importance of 12 specific issues under the three pillars of sustainability ▲

Economy

- Business ethics, anticorruption & bribery
- Digitalisation, customer privacy & information security
- Responsible financing

Environment

- Climate change & greenhouse gases
- Biodiversity preservation
- Waste management

Societal

- Employee development & engagement
- Customer satisfaction
- Workforce diversity & inclusion
- Financial literacy
- Human & labour rights
- Community support

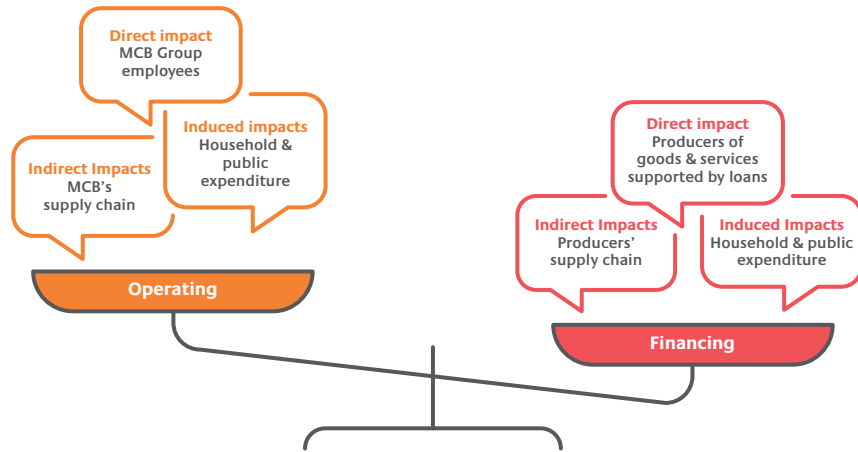


MCB's approach, performance and actions on those economic, environmental and social issues are presented throughout this report, with different levels of progress and margins for improvement.

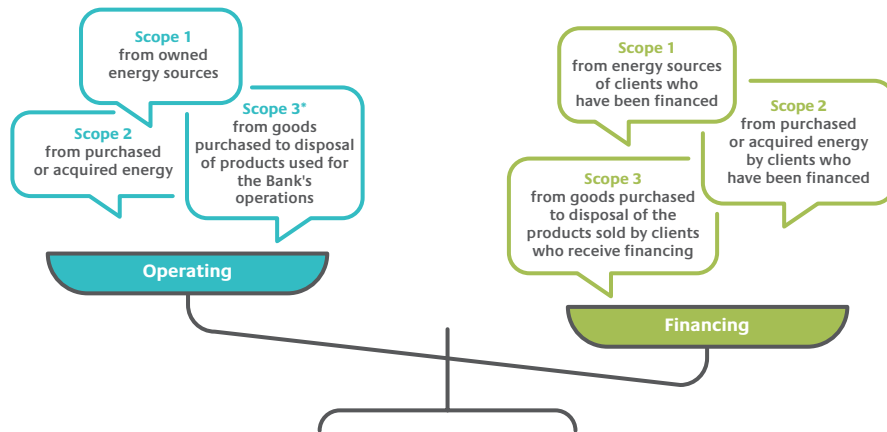
Direct & indirect impacts

On almost every material sustainability issue, the Group has a direct impact through its daily operations, and an indirect one through the financial services and products it designs and provides to its clients. The indirect impacts relating to products and financing represent the bulk of its economic and environmental impact and as such, the main levers for positive impact.

Example 1
Socio-economic impacts
Jobs created in Mauritius



Example 2
Environmental impacts
Tonnes of CO₂ emitted by activities in Mauritius



From both an economic and environmental point of view, the impacts of a bank's day-to-day operations are much lower than the impacts from its projects and client financing. Banks finance all types of companies through loans and investments. The companies that receive financing use the money for expansion and development that in turn, create direct jobs in the value chain or indirect ones through taxation and spending by households. It ultimately also contributes to greenhouse gas emissions. All of those impacts are called financing impacts.

Reminder: GHG emissions ▲

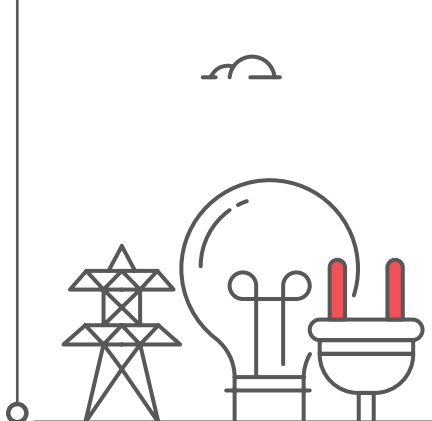
Scope 1

Scope 1 emissions include GHG emissions directly related to the product manufacture or service design. For example, if it requires the use of oil, fuel combustion, or if the manufacturing of the product resulted in CO₂ or methane emissions, all these emissions are included in Scope 1. These emissions are called direct emissions.



Scope 2

Scope 2 emissions include GHG emissions related to the energy consumption required to manufacture the product or design the service. Electricity consumption needed to design the product/service in itself does not produce GHG, but electricity production emits GHG. All these emissions related to secondary energy consumption are included in Scope 2. These are called indirect emissions related to energy consumption.



Scope 3

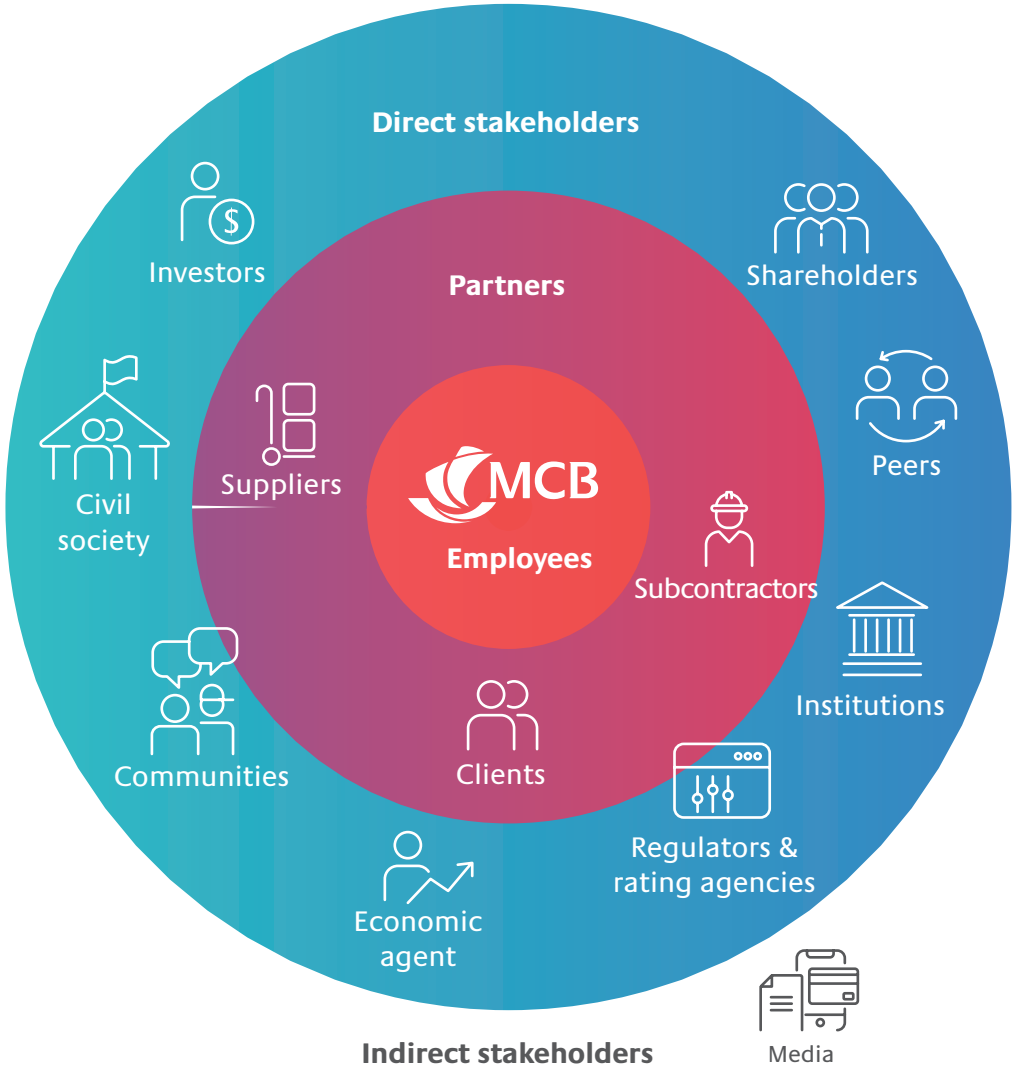
Scope 3 emissions include all other greenhouse gas emissions that are not directly related to the service/product designed, but rather to other stages of the product's life cycle: supply, transport, use, end-of-life, etc. These are called other indirect emissions.



Stakeholder engagement

To limit its negative impacts and maximise its positive contribution to society, a company must build a strong relation to its ecosystem and the various stakeholder groups that influence its activities. Engaging with them to better understand their needs and expectations is one of the foundations of a robust sustainable development approach. The chart below, together with the table opposite, highlight the main stakeholders of the Group, their expectations and how we engage with them in a concrete way.

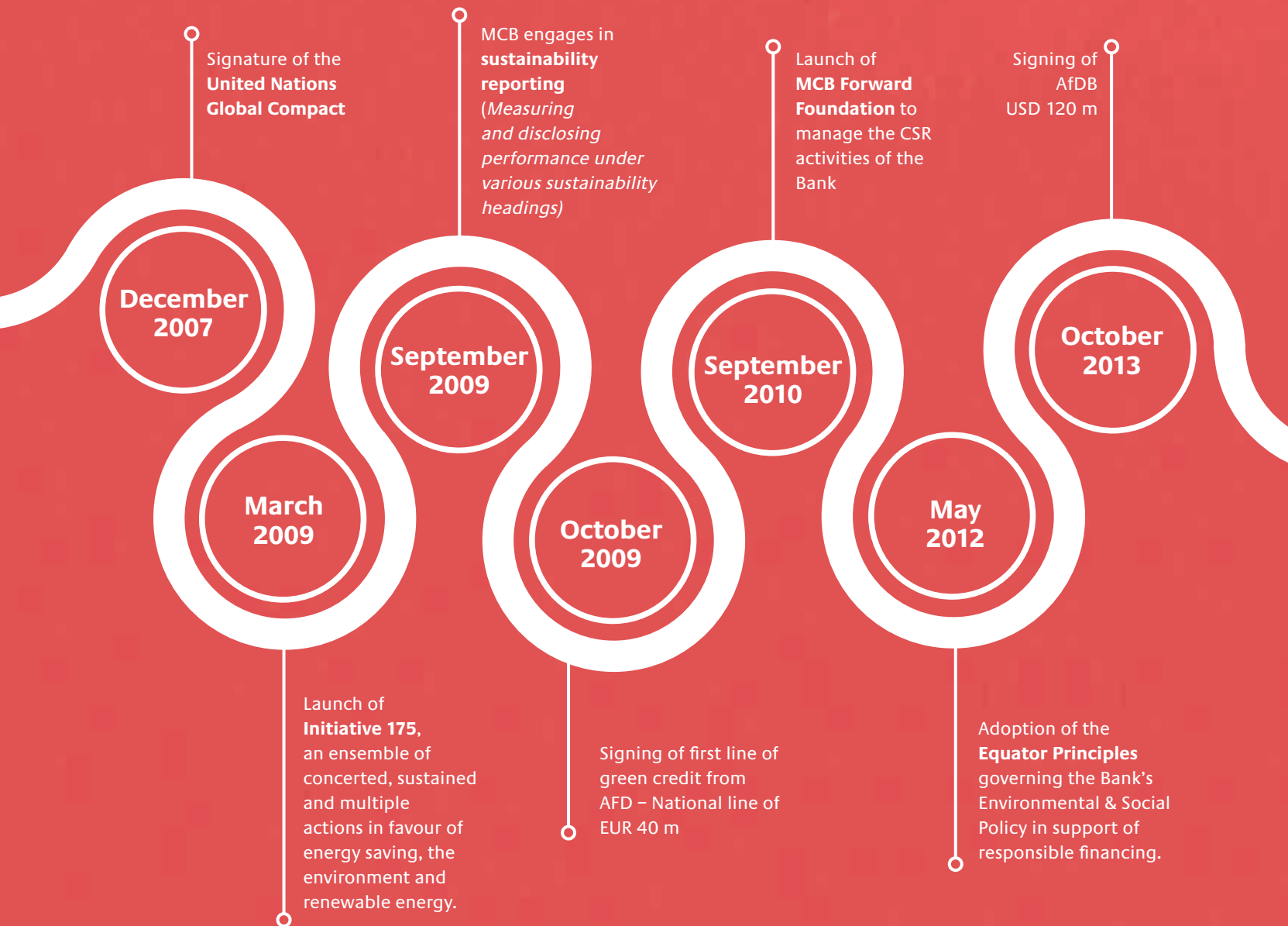
MCB Group Stakeholder map



Stakeholders	Main expectations identified	MCB Group's main engagement tools/approaches	Examples
Clients	<ul style="list-style-type: none"> Provide products that meet their needs as well as quality customer service and experience. Provide transparent and timely advice and information on our offering. Ensure an effective process for transaction supported by appealing digital solutions. Ensure security and privacy of client information and uphold their trust in the organisation. 	<ul style="list-style-type: none"> The Group constantly surveys its customers on their needs and expectations and regularly gathers feedback on products and services. Clients are provided with easy-to-use digital platforms for access to banking services and information. The Group leverages its network of branches for face-to-face banking transactions. The Group regularly communicates on social media and collects customer feedback. 	<ul style="list-style-type: none"> Customer lab, customer surveys and focus groups for co-creation of products and services. Digital Factory, branches & kiosks. Internet Banking facilities, Mobile Banking App JUICE, MCB websites). MCB's Facebook, YouTube, Instagram, Twitter.
Employees	<ul style="list-style-type: none"> Improve the skills, knowledge and experience of employees. Foster staff welfare, health, safety and well-being as well as promote inclusiveness and diversity. Provide optimum working conditions and attractive remuneration. 	<ul style="list-style-type: none"> The Group monitors employee satisfaction via engagement surveys and gathers employee feedback via discussion platforms. The Group provides appropriate and motivating remuneration as well as additional financial and non-financial staff benefits. Employees have access to learning and development platforms as well as various training sessions. 	<ul style="list-style-type: none"> Culture Audit, Feedback sessions, Workplace polls, MCB Restaurants, MCB Staff banking facilities, Counselling. Social activities: social leave, plogging. Sports activities. Training and development portfolio.
Suppliers and Subcontractors	<ul style="list-style-type: none"> Promote the transition towards more sustainable enterprises through engagement with suppliers and contractors. Have a clear approach to procurement in line with best practices in terms of governance, human rights and environment imperatives. Ensure on-time payments. 	<ul style="list-style-type: none"> Annual surveys are conducted and the Group strives to continuously improve its procurement practices. Partnerships and support are established to upskill suppliers. A strict supplier selection process is followed. 	<ul style="list-style-type: none"> Procurement policy. Procurement audits. Supplier engagement.
Shareholders and Investors	<ul style="list-style-type: none"> Generate adequate earnings and maintain attractive returns on investment. Provide timely, and valuable information on the positioning and performance of the Group. Preserve the credit ratings of MCB and facilitate access to global financial markets. Be aware of global trends and ensure that business decisions are made in consideration of the global environmental context (socio-political, environmental, demographic, economic and regulatory). 	<ul style="list-style-type: none"> The Group promotes open and transparent communication with shareholders to ensure that they receive adequate information while upholding trustworthy relations with them. The Group maintains ongoing dialogue with shareholders to discuss its strategy, financial performance and other topical issues and ensures that they are kept abreast of all material business developments in a timely and transparent manner through various communication channels. 	<ul style="list-style-type: none"> Annual Meeting of Shareholders. Group's website provides for an adapted and comprehensive self-service interface in addition to official press announcements, occasional press conferences. Earnings Calls. Analyst Meetings. International road shows. Conference calls and meetings with investors.
Regulators and Rating Agencies	<ul style="list-style-type: none"> Ensure strict compliance with relevant regulatory limits and stipulations relating to business operations, product development, market development, risk management, etc. Help preserve the stability and security of the financial sector of countries where we are present. 	<ul style="list-style-type: none"> Reports are submitted in a timely manner to regulatory bodies, while transparent and open relationships are forged to promote adequate monitoring of activities and pave the way for informed discussions about relevant issues and matters. The Group strives to maintain and improve the ratings provided by financial rating agencies. 	<ul style="list-style-type: none"> Involvement through the MBA. Reports sent and meetings held periodically with the Bank of Mauritius. Assessments by credit rating agencies, e.g. Moody's.
Institutions and Economic Agents	<ul style="list-style-type: none"> Contribute to foster the inclusive socioeconomic development of the country and help to position it as an international financial centre. Finance key projects shaping the economic landscape and contribute to thought leadership on key aspects of economic development. 	<ul style="list-style-type: none"> Regular meetings are held with multilateral organisations and overseas financial institutions, with insights provided on the positioning of the organisation and the operating context of countries in which business is conducted. Dedicated insights and reviews with respect to the market and economic environment are provided to enable external parties to better comprehend our positioning and performance. Discussions on topical issues of significance to the Group are conducted – notably upcoming legislations and regulations – towards finding ways to ensure that developments taking place are in our long-term mutual interest. 	<ul style="list-style-type: none"> Involvement with economic agents: MBA, Business Mauritius, Association of Mauritian Manufacturers, Economic Development Board, MCCI. Publications: MCB Focus, 'Lokal is Beautiful' report
Societies, Communities and Civil Society Organisation	<ul style="list-style-type: none"> Promote sustainable socioeconomic development and continue to live up to our engagement as a socially responsible and caring corporate entity. Foster well-being and progress of societies in which we operate. Value and preserve our cultural heritage and promote arts. Adopt environmentally-friendly practices. Encourage the adoption of sustainable habits. 	<ul style="list-style-type: none"> The Group implements and monitors initiatives that contribute positively to the communities in which it operates. The Group sponsors or sets up initiatives to contribute to the promotion of arts in its countries of operation. The Group strives to reduce its direct environmental footprint. Sports and educational activities regularly receive sponsorships. 	<ul style="list-style-type: none"> MCB Forward Foundation: Football Academy, Cité Toile etc. VIBE Moris® by MCB and Rises Nou Kiltir. Recycling at MCB, Reduction of plastic in restaurants, energy efficiency measures and production of renewable energy. Team MCB, MCB Foundation Scholarship, Chess in School, SEMYIA.

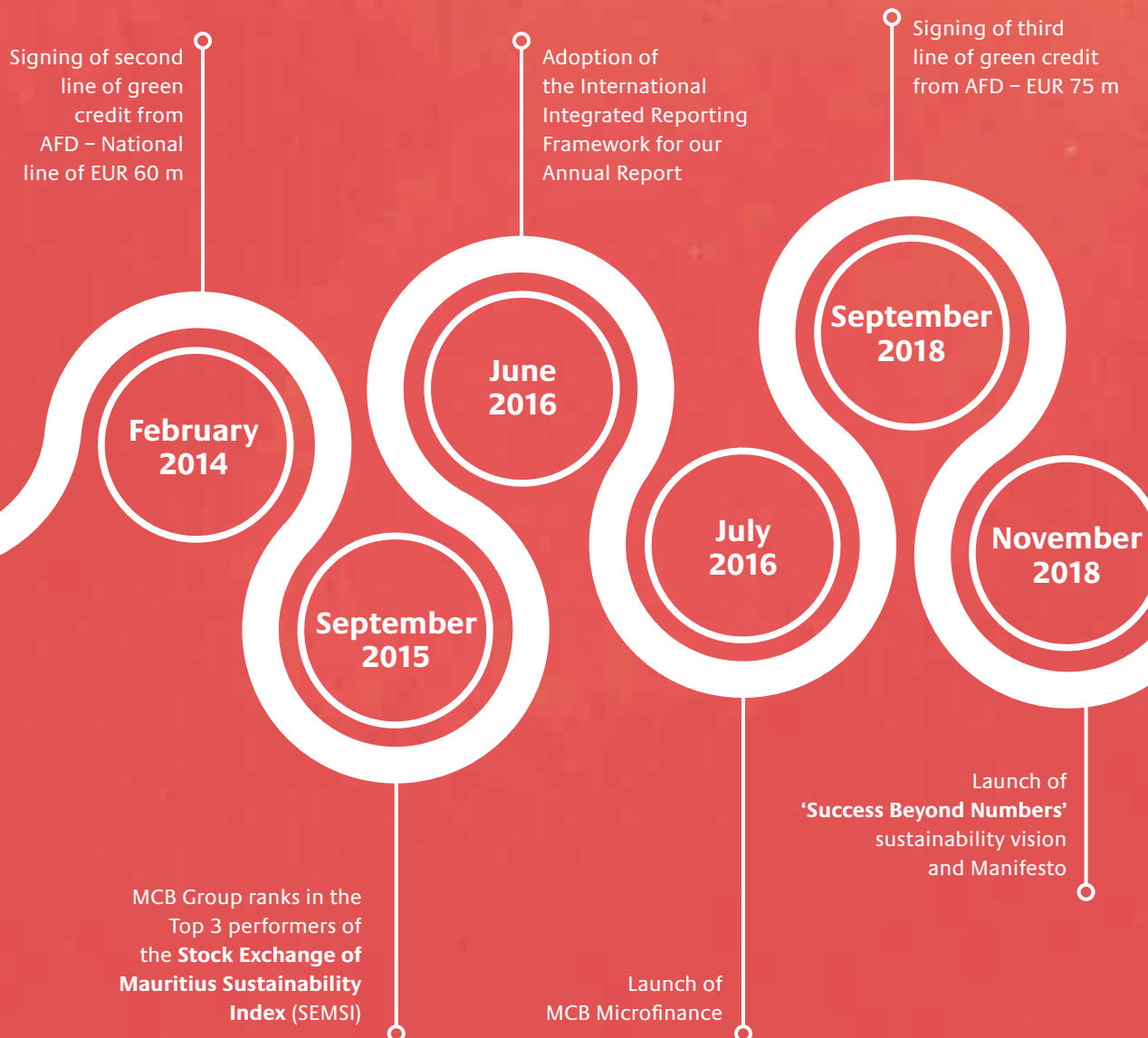
'Success Beyond Numbers'

Sustainability is not new to the Group. Over the last decade, several key sustainability milestones were reached. Of note, was Initiative 175, launched in 2009 on the occasion of MCB Group's 175th anniversary. This environmental action plan consisted of a series of concrete measures aimed at preserving the environment. In 2011, MCB opened its new eco-friendly offices in St Jean. The building boasts improved energy efficiency and hosts a rainwater recycling system.



"Times have changed and so have challenges, such as the fact that Gross Domestic Product (GDP) or money are not the only yardsticks for success anymore."

Pierre Guy Noël - Group CEO



In 2017, the Group decided to go a step further in integrating sustainability to its business strategy and brand positioning. Consultations and workshops (led by French consultancy firm Utopies) were held with some 150 employees and executives, as well as external stakeholders. This culminated in MCB Group's corporate sustainability programme, **'Success Beyond Numbers'**, launched in November 2018. **'Success Beyond Numbers'** defines the Group's philosophy and makes a statement about what it stands for and what it would like its legacy to be. This philosophy has three pillars – local economy, cultural and environmental heritage and individual and collective well-being – and is supported by sound and responsible behaviour and governance that together translate the strategy into reality.

This new definition of the Group's purpose comes at a time when society is increasingly looking to companies, both public and private, to address pressing social, environmental and economic issues. The reasoning behind the strategy is the conviction that as a financial institution that has played a critical role in the economic development of Mauritius, MCB Group has a responsibility to contribute to the nation's success otherwise than by conventional means. That is why the Group has redefined the way it measures success. Because it takes more than numbers.

'Success Beyond Numbers' is more than a tagline or a marketing campaign: it has become MCB Group's compass to navigate the complex landscape of our times, it is the Group's fundamental reason for being – creating value every day for its stakeholders and helping make a difference for Mauritius and its people.



'Success Beyond Numbers' aims at unifying management, employees, and communities around a common goal that will guide daily behaviours and ethics, providing a framework for consistent decision-making and ultimately sustaining long-term financial returns for its shareholders.

'Success Beyond Numbers' is a long-term journey. The launch of the corporate sustainability programme was followed by various initiatives. The Group is currently working on a detailed roadmap with deadlines and quantitative targets so as to ensure measurable progress and a structured approach on all three pillars, in line with its three-year strategic plan. The current plan concludes in 2020 while the next one will cover the 2020-2023 period.



Redefining success; MCB's corporate sustainability programme was unveiled to staff in October 2018 at the Swami Vivekananda Convention Centre.

MCB Group's manifesto

We are MCB, we have grown and prospered
with our country and its people

We are proud contributors to our economic success story.

But how do we define true success...

Is happiness measured by the size of a home?
Or the love it allows a family to share?

Does the value of a car lie in its size?
Or in the freedom to choose our own path?

Does the wealth of a business lie in its profit margins?
Or the well-being it provides?

Now is the time to redefine the way we measure success.

Success is access to health, education and jobs for all.

Protecting our environment for future generations.

Empowering business, big small, old and new
Success is equality being everyone's utmost priority.

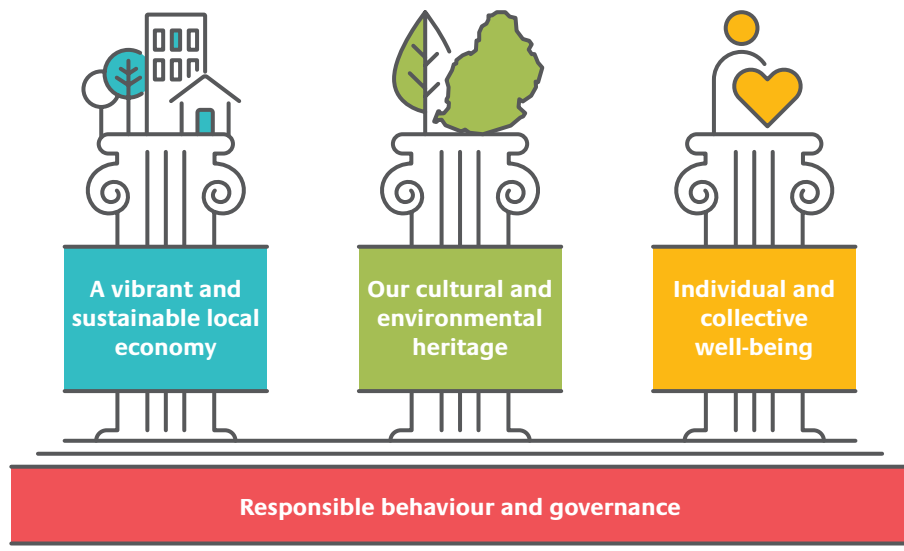
We believe in Success.

Success for this land. For all people. For tomorrow.

SUCCESS BEYOND NUMBERS




The architecture of MCB's corporate sustainability programme





The launch of Success Beyond Numbers was welcomed by our stakeholders who showed an avid interest in the initiative, as depicted below.

'Success Beyond Numbers': A positive reaction from our stakeholders

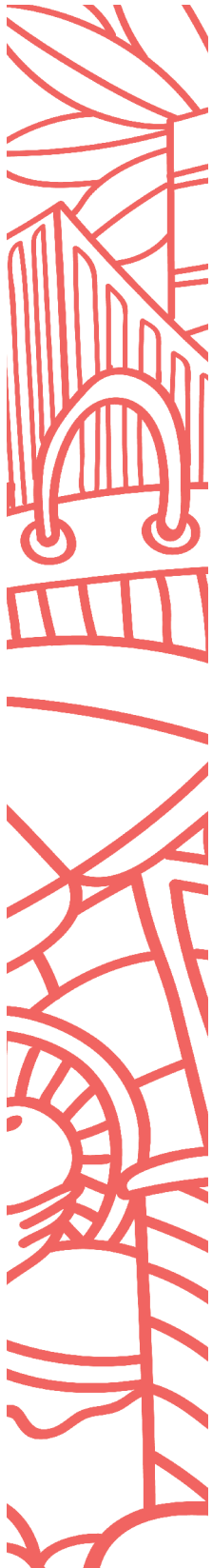


- 

Earned media
≈ Rs 100K
- 

+ 280k people reached
+ 17k interactions
+ 10k likes
- 

+ 125k views
+ 90k spectators
79% audience retention
Most viewed video on MCB Group's Youtube channel



‘Success Beyond Numbers’ governance

MCB Group’s ‘Success Beyond Numbers’ programme requires its own specific governance structure to implement strategic ambitions, ensure adequate schedule and a concrete roll-out in the organisation.

The Programme Steering Committee (PSC) meets on an ad-hoc basis to set priorities, provide advice, bridge appropriate connections and approve objectives, budget and scope. Each pillar has been assigned to a specific PSC member and pillar owners are accountable for the success of their respective pillars.

The PSC is chaired by the **Executive Sponsor** who has overall authority for the project. He is in charge of tracking the benefits and managing internal and external communication.

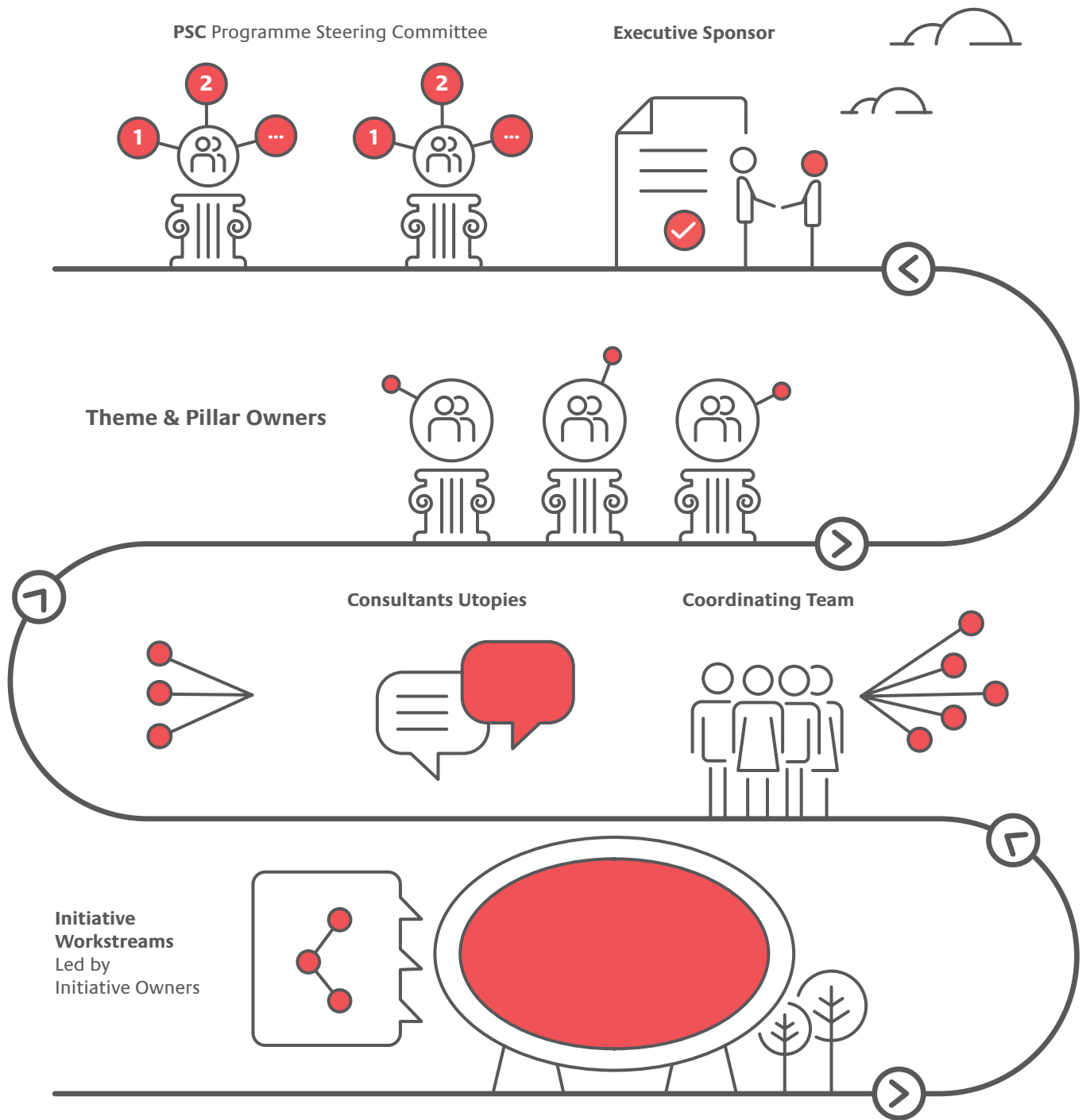
The **Sustainability Pillar Owners/Theme Owners** act as ambassadors for the project inside the organisation. They have set objectives and timeframes, and are in charge of prioritising and scoping the projects for each pillar. There are two experts per pillar and they provide business understanding of the organisation. They identify impact, interdependencies and coordination across the programme.

The **Coordinating Team** is in charge of project planning, coordination and execution. Composed of different business

lines (Strategy, Research and Development (SRD), Marketing and Communication, Human Resource (HR), CEO Office), it manages priorities and resources, as well as the associated risks of the project. It regularly reviews progress of the ‘Success Beyond Numbers’ programme with the help of external sustainability consultants.

The **Initiative Workstreams** are different cross-functional teams within MCB Group, responsible for the planning and implementation of assigned work stream projects. They ensure that the activities are aligned with the overall programme’s strategic direction.

A dedicated **Sustainability Team** is currently being set up to promote and monitor the implementation of the ‘Success Beyond Numbers’ philosophy across the organisation. This team will enable better integration of sustainability topics in our operations. The first member of the team, the Sustainability Project Lead, was recruited in April 2019. Our sustainability governance is also being amended to ensure seamless communication amongst stakeholders and a smoother process flow in initiatives roll-out.







Behaving responsibly

Ethics & integrity

In order to bring a positive contribution to the communities in which it operates, MCB Group Ltd has strengthened its foundations, its reputation and its operations by using a robust ethics & integrity approach. By the very nature of its activities, the Group faces a number of risks in its day-to-day operations. Those risks range from fraud and corruption to financing of terrorism and money laundering and these require constant monitoring. The Group has implemented a number of policies and actions to manage those risks. The organisation also relies on its core values to ensure the conduct of an ethical business.

- **MCB Group core values:** Integrity, Customer care, Teamwork, Innovation, Knowledge and Excellence
- **Risk governance:** The Board of Directors has oversight of risk management and monitoring via a dedicated committee. The Permanent Control department is responsible for managing operational, information and compliance risks. Furthermore, independent assurance on the effectiveness of risk governance is provided by an internal audit function.
- **Main risks identified:** Information security, operational risks (internal and external fraud, health and security, client management, assets loss, systems dysfunction, process and execution) and compliance risks (regulatory, advisory & trading and financial crime)

MCB Group has various policies in place to maintain proper internal control. These are available on the Group's website and include our Code of Ethics, Conflicts of Interest & Related Party Transaction Policy and Whistleblowing Policy.

Our **Code of Ethics** covers the following grounds:

- Responsibilities towards employees: Respect of human rights principles, equal treatment and the highest standards of health and safety.
- Dealings with clients: Outstanding client satisfaction through dedicated and high standards of service, including products and services of the highest standards.
- Integrity: No inducements to be accepted or given to conduct business and no compromise to any duty owed to clients and shareholders.
- Confidentiality: Utmost care in protecting client information and third party information.
- Customer care: Feedback from customers is encouraged and complaints are dealt with promptly.

Our **Conflicts of Interest & Related Party Transaction Policy** covers the following grounds:

- Comprehensive definition of conflicts of interest
- Identification of related parties
- Information pertaining to Directors

- held by the Company Secretary
- Responsibility of each Director/ Senior officer to report interests
 - Rules on lending to related parties
 - Rules on granting of credit facilities to related parties

Our **Whistleblowing Policy** covers the following reportable issues:

- Suspected criminal offences in breach of government regulations/laws
- Suspected criminal behaviours, including bribery, corruption or fraud or misuse of office
- Actions significantly detrimental to MCB Group and its subsidiaries or any of their employee
- Questionable accounting practices constituting a serious breach of internal policy
- Suspected deliberate failure to comply with any legal and regulatory obligations
- Actions aiming at concealing any of the above activities.

Employees are required to raise routine issues and concerns relating to day-to-day operations with their respective hierarchy whereas undesirable conduct is reported to the Anti-Money Laundering/Fraud Prevention (AMLFP) BU by e-mail or can be made anonymously if desired, using a dedicated telephone number /whistleblowing hotline. Concerns are investigated either by that office or by the Compliance Officer (CO), depending on the case.

11 claims reported via the whistleblowing process since 2015 ▲

Risk identification linked to clients

Every Anti-Money Laundering (AML) risk has a rating according to its financial impact (High, Medium and Low). A monitoring tool, embedded with AML-related risks, generates warnings according to scenarios as well as thresholds for the Relationship Manager to analyse. Monitoring tools are up and running in the Maldives and the Seychelles and are progressively being implemented in Madagascar.

Varying risks can be identified in relation to the country of operation. Some countries may be blacklisted by the European Union, the United Nations Security Council (UNSC), the Bank of England or the Office of Foreign Assets Control (OFAC). These lists of countries are regularly updated on the system (e.g. countries with high risks of financing terrorism).

Collaboration with relevant regulators and authorities also helps in the identification of risky clients.

25 client applications were turned down last year due to financial crime risks ▲

Risk management process linked to clients

Risks are managed by turning down applications or requests from clients suspected of fraudulent/illicit activities or association thereof (through the risk identification process).

A policy is currently being prepared to define the criteria for forceful closure of accounts.

Reports of breaches and of incidents are forwarded to the Compliance department for investigation.

Training on risks

Internal awareness campaigns are regularly held for employees through the intranet.

MCB also raises awareness of its clients on fraud through mailing and communication campaigns, or official letters, if required.

In financial year ending 30 June 2019

32 sessions on Fraud Awareness including Anti-Money Laundering, Cyber-Crime and Counter-financing of Terrorism saw the participation of **295** attendees from the Group, including domestic and overseas subsidiaries

16,545 Financial Crime Risk Management alerts investigated and closed

261 Internal Suspicious Transactions Reports investigated, out of which **221** were filed at the financial Intelligence Unit (FIU)

1,090 frauds/alleged frauds investigated

Business transparency and human rights risks

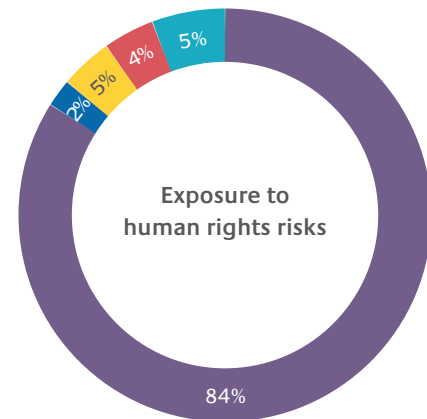
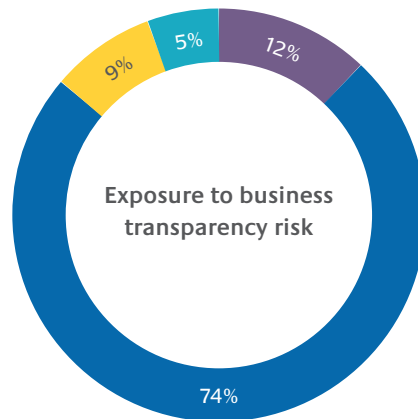
Some of MCB's operations take place in countries that expose the Bank to business transparency and human rights risks. Those risks also threaten our capacity to generate income from the financial services we provide. For example, financing a corporation involved in child labour is risky as reputational damage caused by controversies might result in poor financial performance for the client if not bankruptcy. In such cases, loan repayment capacity suffers and revenues are lost. The charts below highlight our top 15 countries with highest loan exposures. Countries are classified into four score categories, Low

Risk, Average Risk, High Risk and Very High Risk with respect to Business Transparency and Human Rights risks. The latter score and scale have been developed by aggregating relevant indicators available in the **Gapframe** analysis mentioned earlier.

The results show that the Bank has around **8%** of its credit portfolio exposed to high risk and very high risk countries with regards to both business transparency and human rights risks. Countries included in those categories are Nigeria, Mozambique, Kenya, India and Gabon. Issuing loans to clients in those countries requires additional care and verification.

Exposure to business transparency and human rights risks as at 30 June 2019

- Low risk (Country score > 7.5)
- Average risk (Country score 5 - 7.5)
- High risk (Country score 2.5 - 5)
- Very high risk (Country score < 2.5)
- No data



Top 15 countries* in terms of loan exposures amounting to **Rs 234 bn** and representing **94%** of our total credit portfolio

*includes Mauritius

Responsible data

The increasingly strict regulatory framework coupled with a growing awareness of customers on the importance of their data make confidentiality and information security a central issue for a financial institution like MCB Group that holds sensitive client data in multiple countries. Our utmost ambition and priority is thus to protect data for the Group and its customers.

With regards to customer privacy, appropriate governance and policies have been set up internally. As such, the Bank recently appointed a Data Protection Officer (DPO) who is now specifically in charge of data protection and compliance topics. The DPO operates under MCB's Information Risk Management (IRM) team. The main objectives of the DPO are to ensure safe data processing in full compliance with the recently proclaimed Data Protection Act (DPA) and the EU's General Data Protection Regulation (GDPR) requirements, align our processes with internationally recognised cyber security frameworks and certifications, and strengthen the first line of defence through continuous security awareness.

MCB today collects and uses customers' data as follows:

- Cookies, personal data, non-personal data, and banking data are collected via apps, websites and the call centre. Data is more often used to avoid mis-selling (the mismatching of clients and products/services).
- Customers' consent is obtained when they sign a contract with MCB.
- Data is kept for a period of seven years after the banking relationship ends.
- The customer is notified when his/her data is being collected (recording of phone conversation etc.).
- Claims from clients are looked into by Quality Assurance, whereas customer complaints pertaining to alleged breach of confidentiality are investigated by Compliance.

MCB is transparent on how it uses customer data. Customers can have access to a detailed explanation on how MCB uses and collects personal data and what it does with it. This document entitled "A NEW DATA PROTECTION LANDSCAPE" also highlights other relevant information about individuals' rights over their data and can be obtained on our website.

A general awareness document on DPA and GDPR was also shared on the organisation's intranet to raise staff's awareness on this issue. Furthermore, a dedicated team now operates under the IRM to handle and safeguard clients' data.

MCB is now aiming to eliminate the manual handling of data and avoid breaches by reinforcing the use of digital tools. Other measures being investigated include the development of new job responsibilities internally, related to data mining and data science, the improvement of granularity in data monitoring and grievances and the training of all employees on consent collection and consent traceability.

With regards to information security, MCB has worked with EY on a gap assessment to evaluate its exposure to risks in the data privacy field and to define the perimeter of responsibility of the Group. Regular cyberattack simulations are held to identify weaknesses and strengthen our response. Other measures implemented include ethical hacking to identify security breaches and online tests for employees on cyber risks.

As at 30 June 2019

58 Business representatives trained on DPA/GDPR

480 employees attended our Cyber War Game awareness sessions (Leadership team included)

2,373 employees targeted for Information Security Policy awareness sessions. These sessions are scheduled until December 2019

Product responsibility

Equator Principles

A bank's sustainable development depends on many factors, such as the environmental, social and economic impact of its financial products and services, the direct impacts of its operations (e.g. buildings and non-physical market presence) as well as the indirect impacts of its stakeholders, employees, etc. However, it is ultimately MCB's responsibility to ensure that its activities degrade neither the environment nor the social conditions of the countries in which it operates. We are therefore committed to market more responsible and ethical products.

MCB Ltd voluntarily adopted the Equator Principles in May 2012. This framework is followed by many financial institutions

around the world to identify, assess and manage environmental and social risks associated with project financing. It is also primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making.

The Bank's Environmental and Social (E&S) Policy is founded on this framework and applies to any project or undertaking entailing loans of an aggregate amount greater than or equal to USD 2 million and with a maturity of at least 24 months. In particular, the process caters for the identification, categorisation, reporting and monitoring of environmental and social risks for projects that fall within the scope of the E&S Policy.

The scope of the Environmental & Social Risk Management (ESRM) process

MCB Ltd has an exclusion list, elaborated in accordance with international practices, for activities it will not finance. This list, available on the Bank's website, includes amongst others, pornography, trade in wildlife products, production, use or trade in hazardous materials, pharmaceuticals, pesticides/herbicides and chemicals.

The Bank will not have more than 5% of its capital committed to projects or to clients whose primary operations relate to the production and/or trade in weapons and ammunition, tobacco, hard liquor, gambling, casinos and equivalent businesses.

The ESRM process in detail

All eligible projects i.e. those with undertakings that entail loans of an aggregate amount greater than or equal to USD 2 million and with a maturity of at least 24 months, are grouped under three categories - A, B or C, based on their potential E&S impacts and risks. Category A indicates projects with potentially significant adverse and irreversible E&S impacts, Category B, projects with potentially limited adverse but largely reversible E&S impacts, and Category C, projects with minimal or no E&S impacts.

Some projects are ipso facto categorised as A, for instance, crude oil refineries, thermal power stations, nuclear industry, motorway construction, waste-processing installations, industrial plants and so on.

For some projects, an E&S action plan is agreed upon between the Bank and the client, detailing and prioritising the actions needed to implement mitigation measures, corrective actions and/or monitoring measures required to manage the impacts and risks identified in the assessment.

2 projects of Category A and
1 of Category B out of
105 projects financed during the year ended 30 June 2018
The last reporting year to the Equator Principles associations

MCB is an emerging player in project financing in Africa. The Bank finances specific projects like infrastructure investments (ports, airports, health/education facilities, energy...) and participates in transactions or syndications. If the projects assessed by the E&S process are deemed too risky, they can be turned down. This decision is taken after an appropriate assessment of the client's sustainability policy and the E&S risks and impacts of the project or transaction at hand.

External sustainability initiatives

United Nations
Global Compact



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

MCB is a signatory to the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative that believes businesses can be a force for good. UNGC urges companies worldwide to align strategies and operations with ten universal principles on human rights, labour, environment, and anti-corruption, while asking them to take actions that advance societal goals. Every year MCB submits a Communication on Progress (COP) report highlighting its engagements and initiatives on the ten principles.

**Principles for
Responsible Banking** ▲

MCB Ltd has become a founding signatory to the Principles for Responsible Banking (PRB) of the United Nations Environment Programme Finance Initiative (UNEPFI) that were launched on September 22, 2019 in New York. Signatories are responsible banks around the world that agree to adhere to six principles of the initiative and improve their impact and contribution to society. The participants are required to analyse where their institutions have positive and negative impacts on society, and identify ways to increase positive impacts while reducing the negative ones. Banks are also expected to set meaningful targets on the most relevant impacts and are required to report on how they are implementing the PRB and assess their progress in doing so. We believe that joining this initiative is a fantastic opportunity for us to entrench our corporate sustainability programme and showcase our engagement towards building a more prosperous Mauritius.

Founding Signatory of:



UNEP
FINANCE
INITIATIVE

PRINCIPLES FOR
RESPONSIBLE
BANKING





Investing in local economic development

‘Lokal is Beautiful’: the rationale behind the first pillar

MCB Group has supported entrepreneurship and innovation in Mauritius for over 180 years and as a result, has the necessary clout to influence ways to achieve increased prosperity for individuals, Small and Medium Enterprises (SMEs), corporations and the country. But the landscape is no longer the same. Global challenges such as the economic crisis and global warming, added to the digital revolution have sparked a deep questioning of commonly held definitions of prosperity and progress, both at the individual and the collective levels. This systemic reassessment has contributed to MCB Group’s decision to redefine its responsibilities and review its role as an active steward of the island’s economic growth. The thinking led to the exploration of new ways to achieve greater and more sustainable prosperity.

This culminated in a study on the local economy and subsequent report entitled ‘Lokal is Beautiful’, undertaken by the sustainability consulting firm Utopies and launched in January 2019. The idea was to understand how prosperity is achieved in Mauritius and identify the mechanisms that create wealth, including how much of it is generated from local economic circuits. The study confirmed that while attracting external wealth was essential, it was also important to encourage further internal circulation of this external wealth in order to further boost the island’s prosperity. At current levels, Mauritius is able to multiply the revenues captured from abroad by 2.86 times (based on year 2015 figures).

Yet, if the ability to circulate wealth locally is increased, so will the national income. This can be achieved if Mauritius grows and develops further from the inside out. However, as the island’s efforts were focused on leveraging globalisation as a tool for economic development, the local economy has for long not been considered a priority. The idea is not to aim for complete self-reliance or to minimise the importance of the exportation of goods and services or of other pillars such as tourism or international investment, but to reinforce the

solidity of Mauritius’ economy by anchoring it in a new kind of globalisation, one of exchanges between more complex economies that produce locally but are still open to world.

The concern, as demonstrated in the study, is that while Mauritius’ external income has registered strong growth on average for the last 20 years, the country’s local multiplier effect has consistently decreased (-25% in 10 years), in a ‘scissor-like effect’. To enable Mauritius to enter the group of high-income countries in a sustainable way, the study recommends increasing external income by 50% and simultaneously increasing the island’s local multiplier effect by 25%, by the year 2025. This scenario leaves the island less exposed to external vulnerability, addressing prosperity in the broadest sense, including social and environmental issues.

Increasing the local multiplier effect means developing local manufacturing further but without increasing Mauritius’ ecological footprint. The study suggests three avenues to stimulate local entrepreneurship and the emergence of new local industries:

- A MAKER ISLAND, i.e. developing micro-factories, fablabs, fabshops, incubators, start-ups and company partnerships
- A CIRCULAR ISLAND, i.e. increasing the ability to produce locally with recycled resources (repair, restore value, recycle...)
- A SMART ISLAND, i.e. creating value rather than products through business models based on digital solutions (peer to peer, collaborative platforms...).

A half-day conference was organised by the Group at the Caudan Arts Centre in Port-Louis on 23 January 2019 to present and discuss the findings of the study, with experts in the field and local players of the Mauritius economy.

This conference was followed by tangible initiatives by MCB to incorporate the findings in its own lines of business. A ‘Lokal is Beautiful’ Scheme aimed at SMEs was launched in August 2019.



The first pillar of 'Success Beyond Numbers' was launched in January 2019 by way of a conference on the local economy.



Social Media

+ 1.4 m views
 + 810k people reached
 + 2 m interactions



Earned Media

+ Rs 1 m vs paid media (Rs 750k)
 Press Rs 550K
 Online Rs 275k
 TV / Radio Rs 225K

Figures as at October 2019



Partnership with 'Made in Moris'

MCB has been a partner of the 'Made in Moris' label since its inception in 2012. The label was created by the Association of Mauritian Manufacturers (AMM) to foster local manufacturing and to improve the quality of goods and services produced in Mauritius. The aim was to increase the competitiveness of locally manufactured products then severely threatened by the elimination of customs duty on imported goods.

Five years down the line, 3,000 products from 300 brands produced by 95 companies carry the 'Made in Moris' label which has become synonymous with trust, quality, traceability and freshness. To obtain the label, manufacturers have to undergo a site visit carried out by officials of 'Made in Moris' together with their strategic partner Geneva-based Société Générale de Surveillance (SGS), a worldwide provider of quality verification and certification services. To qualify for the label, the following aspects are taken into account; the quality of the product, the origin of raw materials, the manufacturing process, the supplier, transparency in structure and accounting as well as the working conditions of employees and the way they are treated.

The label is financed by the membership fees of companies that have obtained the certification as well as MCB sponsorship. MCB's contribution for the year 2018-2019 amounted to Rs 2 m.



Anne Favori, the founder of Pandanus, was thrilled to see her modest baskets turned into chic end of year gifts for MCB staff.



Made by artisans from Mauritius and Rodrigues, the basket was then subjected to a glamorous finish by Hémisphère Sud.



Last year's end of year gift was a 'Lokal' product par excellence!

Socio-economic footprint of MCB Ltd's activities⁴

A company's contribution to social and economic development is impacted by how socially responsible its policies are. In fact, contribution to socio-economic development is the number one issue that stakeholders throughout the world expect companies to address (34% of respondents vs 15% for environment - Global CSR Study, Cone Communication & Echo, 2017). As such, an assessment of the Bank's socio-economic impact was carried out by the sustainability consulting firm Utopies based on their LOCAL FOOTPRINT® model. This study covers both our direct and indirect impacts on the Mauritian territory for the period January to December 2018.



Direct impacts linked to our own operations

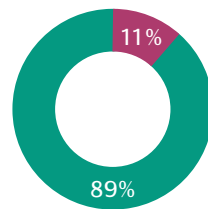
Our direct socio-economic impacts relate to all the jobs supported and the economic value generated (GDP) in the Mauritian economy via our purchases from local suppliers, the local consumption of our employees and suppliers' employees (via the wages they receive), and via all the taxes we/our suppliers pay and which support public spending.

Indirect impacts linked to our banking activity

Thanks to the savings entrusted by our clients, the loans we disbursed support the production of goods and services, as well as household consumption and government spending. This also supports jobs and value creation in Mauritius.

For this first edition of the study, overdrafts, investments and bonds were not included in the scope of the evaluation.

- Operations impacts 
- Loan impacts 



In 2018, through its operations and banking activity, MCB Ltd supported nearly **112,645** jobs in the Mauritian economy, representing 18% of the active population⁵. Our financing activities (via loans) represent 89% of the employment impacts while the remaining 11% relate to our direct impacts.

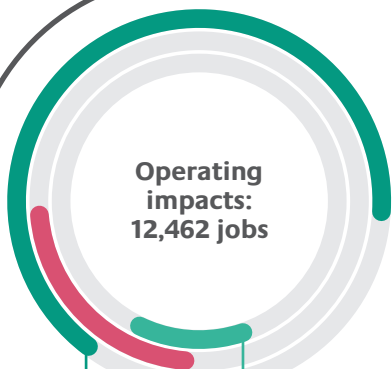
- The socio-economic benefits in the “Industry” sector are supported by loans that finance the cash flow of these companies.
- Impacts in the “Public administration, education, health” sector are mainly supported by households’ consumption and public expenditure.
- Employment in the “Construction” sector is supported by new real estate loans, renovation loans or via direct purchases from the Bank.

At the same time, MCB Ltd also contributed **Rs 86.9 billion** to the Mauritian economy, representing **17%** of the country's GDP, through our operations and banking activity. Banking activity represents 76% of the wealth impacts and operations represent 24%.

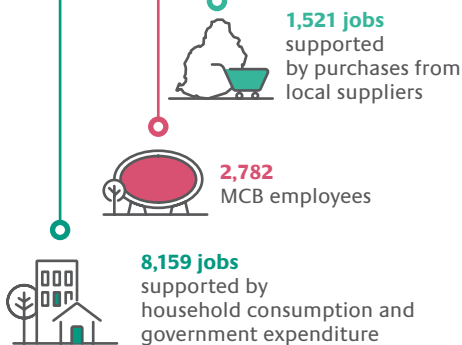
⁴ Study covering MCB Ltd's disbursed loans from January to December 2018

⁵ Statistics Mauritius Dashboard 2019

Total supported jobs: 112,645



Operating impacts:
12,462 jobs



Impacts of banking activity
100,183 jobs

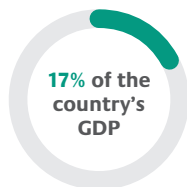
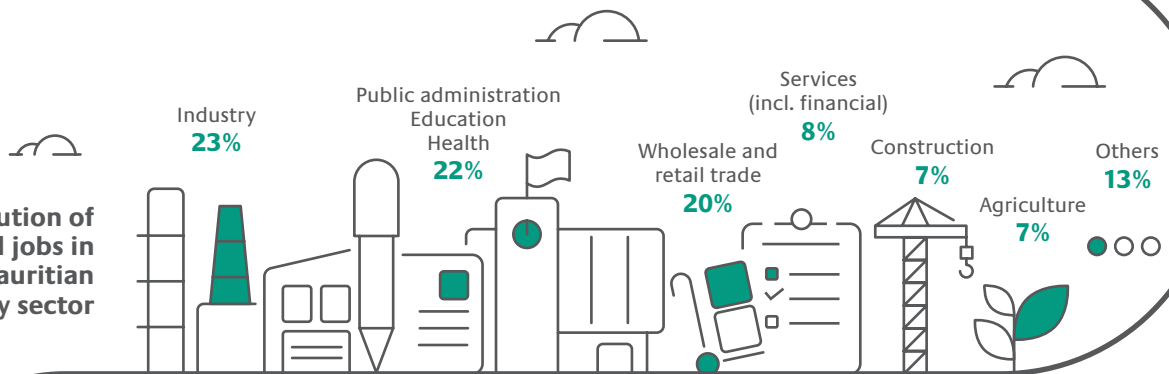


67,883 sustained jobs in the Mauritian supply chain needed to produce the goods and services related to the credits granted to our customers.

32,300 jobs through household consumption and government expenditure of these companies



Distribution of supported jobs in the Mauritian economy by sector



Contribution of Rs 86.9 billion to the Mauritian economy



For every 1 employee of the bank, 39 additional jobs are supported in Mauritius.



On average for the bank Rs 482,000 of financing is needed to support 1 job.



Study covering MCB Ltd's disbursed loans from January to December 2018

Tax responsibility

Why tax responsibility is a major issue for the Group

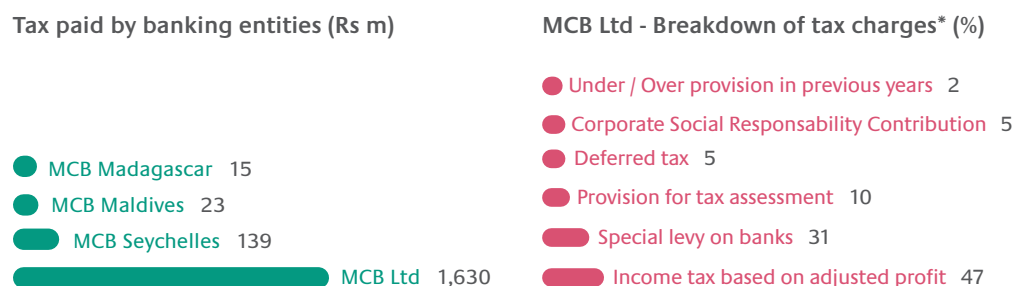
One of the ways a business contributes to society and local prosperity is by paying taxes. Taxes – be it corporate tax or property tax – provide essential public revenues for governments to meet economic and social objectives.

The 2008 financial crisis and recession brought to the forefront the lack of public trust in business and led to much broader speculation about the taxes companies actually pay. This has led to a worldwide call from campaigning groups, NGOs and non-profit organisations for more transparency and regulation with regards to corporate tax.

And yet, this is not an easy subject because a balance needs to be found between value creation, that preserves the ability to reward investor confidence and value distribution, which ensures a fair contribution to local communities. The international and multi-country scope of the Group’s activities as well as the level of income and fiscal regime of some of the countries of operation make this subject all the more relevant to MCB Group’s social contribution.

Tax breakdown

Overview of taxes paid by MCB Group banking entities in year ending 30 June 2019



*Amount shown does not include Value Added Tax (VAT). In financial year ending 30 June 2019, the Bank remitted a total of Rs 135 m to the Mauritius Revenue Authority (MRA).

MCB has dealings with customers who operate in countries that may be considered “tax havens” by the international community. As at 30 June 2019, MCB’s credit exposures in countries blacklisted for being non-cooperative tax jurisdictions by the EU, represented only 0.8% of its total credit portfolio.

MCB’s credit exposure in non-cooperative tax jurisdictions at as 30 June 2019



*Marshall Islands and United Arab Emirates have been removed from the EU list of non-cooperative jurisdictions in October 2019.

Financial services

Banking cluster

MCB Ltd seeks to widen its footprint across the corporate, institutional and high-net-worth customer segments in sub-Saharan Africa and beyond, by means of customised solutions. It is an active promoter of the Group’s ‘Bank of Banks’ initiative, which consists of providing adapted solutions to financial counterparts, thus leveraging its local experience. To further its development, the Bank leverages its representative offices in Johannesburg, Paris, Nairobi and Dubai and a network of around 1,150 correspondent banks worldwide, including some 200 in Africa. Beyond, the Group’s foreign banking subsidiaries in Madagascar, Maldives and Seychelles and its overseas associates, i.e. Société Générale Moçambique and Banque Française Commerciale Océan Indien (BFCOI) – operating in Réunion Island, Mayotte and Paris – provide clients with banking

solutions that are adapted to the realities of local markets, while capitalising on synergies within the Group. Corporate and Institutional Banking activities include different financial services provided internationally by MCB:

- Financial institutions: MCB offers support systems, back office or loans to African and European institutional banks
- Energy and commodities (E&C): MCB finances mainly the trading of oil and gas, and provides term funding to Exploration and Production oil companies, with a strong focus on African transactions
- Corporate international: MCB offers its products and services to multinational companies
- Local corporates:
 - MCB helps Mauritian clients diversify and invest abroad
 - MCB supports multinationals that plan to settle in Mauritius by financing their business base, treasury funds...

MCB Group

Non-banking financial cluster

MCB Capital Markets Ltd is the investment banking and asset management arm of MCB Group.

MCB Factors Ltd is a prominent operator in the field of factoring in Mauritius.

MCB Leasing Ltd offers a wide range of finance and operating leasing solutions.

MCB Microfinance provides dedicated financial support to micro and small entrepreneurs

Other Investments cluster

International Card Processing Services Ltd (ICPS Ltd) provides state-of-the-art technology in Switching and Card Management Systems.

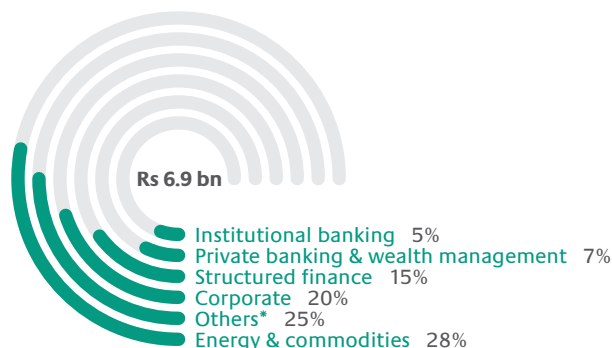
MCB Consulting Services Ltd provides companies with sustainable solutions to help them attain their innovation and business development goals.

Fincorp Investment Ltd is an investment company with diversified interests.

MCB Institute of Finance Ltd provides students and professionals with financial knowledge via dedicated courses.

Breakdown of international revenues of the Bank ▲

International revenues of MCB Ltd as at 30 June 2019



*Others include treasury, retail banking, cards issuing, management fees, dividends and fair value gains.

Lobbying

MCB Group has historically favoured a neutral approach in terms of public policy. However, its position as the dominant bank – with over one million bank accounts in Mauritius – and its new corporate sustainability programme, are making neutrality a non sequitur as it forces the Bank to question its role and its socio-economic impact on the development of Mauritius.

As a member of the Mauritius Bankers Association (MBA) and in line with the association’s priorities, MCB believes that financial literacy is one of its biggest responsibility towards its clients. As the leading bank in Mauritius, with its results directly impacted by the country’s economic performance, MCB believes it has the responsibility to influence economic growth to achieve sustainable prosperity.

Procurement practices

Procurement is another key corporate lever for having a positive impact on the local economy and on sustainable development. In line with its strategy, MCB favours, as far as possible, suppliers whose goods are of a certain quality and whose practices comply with its environmental and social standards.

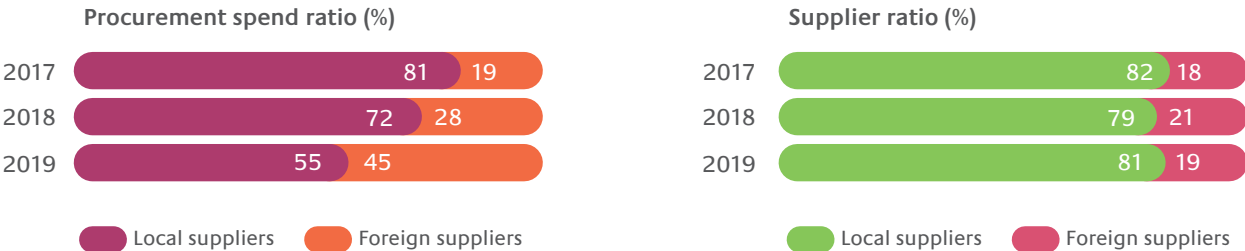
With regards to its procurement practices, MCB aims to have a demonstrable impact on the environment and society, while reducing risks and encouraging suppliers and employees alike to share its standards so that it remains in a virtuous cycle of continuous improvement.

In line with the above, MCB, as a signatory to the UN Global Compact (UNGC), favours suppliers who respect the ten principles promoting human rights, fair labour practices, environmental protection and the fight against corruption.

The Bank also has a procurement charter in place that defines responsible procurement as the consideration for the social and environmental aspects of the products purchased as well as the supplier’s attitude towards sustainable development. On top of that, local suppliers are encouraged to provide evidence of their quality assurance programme, health and safety programme, and their code of ethics via a specific supplier information sheet. Most of our suppliers are local companies. However, the procurement spend ratio has seen a recent increase in favour of foreign suppliers, mainly due to contracts with foreign consultants and companies having specific expertise not found locally.

MCB intends to adapt its procurement model to the circular economy concept and some projects in line with the latter are already underway.

Breakdown of our spend volume and suppliers by type ▲



Microfinance

Mauritius is a country where access to loans remains problematic for SMEs and is even more complex for micro-businesses. As part of MCB Group's pledge to foster the financial inclusion and empowerment of small entrepreneurs, MCB Microfinance Ltd was launched in July 2016 as a wholly-owned subsidiary of MCB Group Ltd, and the first microfinance institution in Mauritius. Its aim is to facilitate access to business loans for micro-enterprises and self-employed individuals. Clients have access to two types of micro-loans:

- Micro-loan Working Capital to help meet working capital needs such as purchase of raw materials or stock. The repayment period for these loans ranges from six to 18 months
- Micro-loan Investment for capital spending requirements of businesses such as extensions. The repayment period ranges from 12 to 60 months

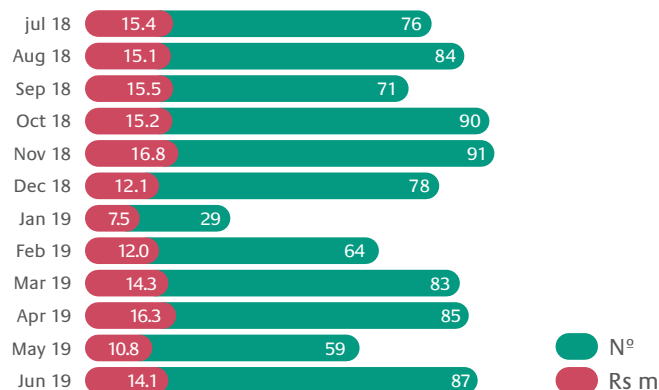
The loans provided start at Rs 15,000 and go up to Rs 800,000, and are collateral-free at a rate of 15%. Businesses need to have been active for at least one year.

MCB Microfinance prides itself on its proximity to its customers. Its Relationship Officers spend a lot of time on the field to understand the characteristics and requirements of every client so that customised solutions that suit their repayment capacities can be offered to them. The care and commitment provided by Relationship Officers to their clients are not subject to the loan volume, thus ensuring the same customer attention for every client. MCB Microfinance pays particular attention to each customer's background and situation to avoid burdening them with over-indebtedness while providing sufficient financial literacy and client awareness.

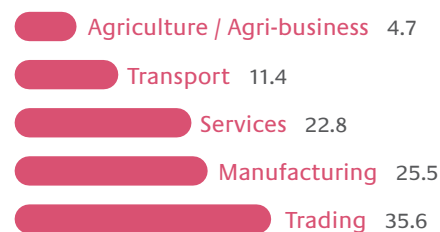
In March 2017, MCB Microfinance extended its activities to Rodrigues with the opening of an office and the recruitment of two Relationship Officers.

Statistics on microfinance loans disbursed as at 30 June 2019 ▲

Overview of loans disbursed



Loans by business sector (%)



As at 30 June 2019

40% of clients are women.

2,762 loans disbursed corresponding to a gross amount of some **Rs 528 million** (including 188 micro-loans disbursed in Rodrigues, amounting to Rs 24 million)

55% of the loans disbursed were investment loans

Average loan is **Rs 200,000** in Mauritius and **Rs 128,000** in Rodrigues

Investing in local economic development

'Lokal' is truly beautiful:
Roland Meunier, an MCB Microfinance customer, produces
delicious charcuterie in Rodrigues.



MCB Microfinance is careful not to burden its clients with
over-indebtedness. Here, Yannick Zoile, an upholsterer.



Next steps



MCB seeks to promote the development of the local economy by stimulating responsible entrepreneurship. As such, the Bank launched the 'Lokal is Beautiful' (LIB) Scheme on 19 August 2019. The latter has been designed solely for SMEs (having a turnover between Rs 2 m and Rs 50 m) and aims to provide funding to a larger number of entrepreneurs at a lower rate provided they are ready to adopt good practices, and thus build businesses with a positive impact.

The scheme is also more flexible than the more traditional schemes aimed at SMEs, in terms of loan security and the sector they operate in. Flexibility is key in this particular segment because it allows for the creation of new economic models based on novel and often untested ideas.

A dedicated SME platform is currently in preparation. This platform will enable SMEs to find all the relevant services, information, products and

contacts with one aim – to help them surf through the complicated landscape of entrepreneurship in a changing marketplace. This ecosystem for SMEs will be made available to MCB and non-MCB entrepreneurs in the coming months. MCB will tap into its consequential database, leverage its partnerships with different entities and institutions to better accompany SMEs and help them grow.





Investing in our cultural and environmental heritage



MCB's St Jean building not only has a photovoltaic farm but it also harvests rainwater.

Some environmental issues are critical in Mauritius and every local actor has a role to play to contribute to a cleaner footprint. A large proportion of waste is exported since the country lacks local recycling infrastructure. Local biodiversity is endangered, and both the air and the oceans suffer from pollution. Institutions like MCB Group have a double impact and contribution to the environment: direct impact through its operations and indirect impacts through its financing activities.

Direct environmental impacts of MCB Ltd⁶

Banking activities directly impact the environment through buildings, IT systems, transports and business travel. To step up its carbon footprint programme implemented in 2009, MCB has set environmental targets covering energy, water, paper and carbon emissions, and committed to influence and engage employees, stakeholders and suppliers by concentrating resources on the following areas:

- Managing direct carbon footprint
- Driving eco-efficiency performance
- Greening the supply chain

⁶ KPIs reported in this section relate to our banking operations in Mauritius only and cover the reporting period January to December 2018.

Energy

MCB Ltd's GOAL: -23% energy consumption by 2023 compared to 2018

Procurement of green electricity remains a challenge in Mauritius as the national electricity grid is heavily dependent on coal-fueled power plants. MCB has thus built its own solar farm at its St Jean building. The latter has provided 5.3% of the building's global electricity consumption in 2018. This solar farm can provide a maximum of 20% of electricity required by the St Jean building during clear sunny summer days.

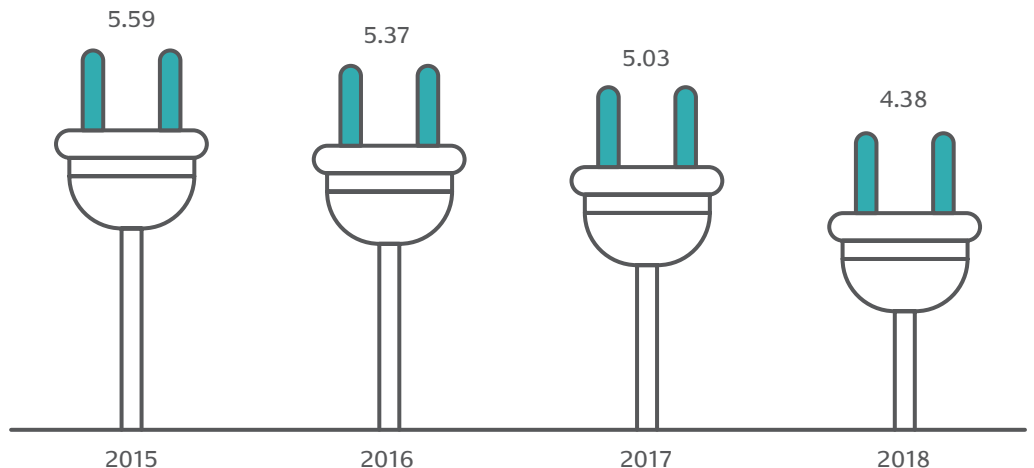
Total energy consumption by source (% - MWh)



Energy consumption from buildings constitutes MCB's main carbon emission and as such, facilities management teams are continually working to improve energy efficiency in all MCB offices and premises in Mauritius, through renovation plans.

Equipment is also replaced or upgraded regularly to include energy-efficient technologies for computers, air-conditioners, motion sensors, lighting and printers. In 2016, the temperature of air-conditioning units was changed from 16 to 24°C in order to save energy, and all lights have been shifted to LED. In 2018, a significant reduction of 14.2% in energy consumption was observed, while energy intensity i.e. the energy consumed per full-time equivalent employee, has dropped by 12.8%.

Energy intensity in MWh per FTE



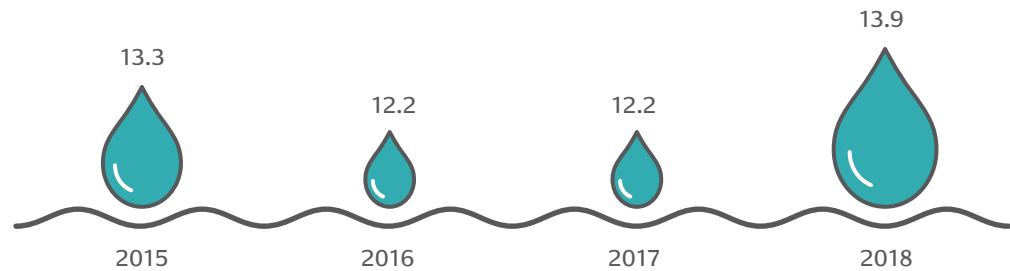
Compared to 2015, MCB Ltd has reduced its energy intensity by **21.6%**

Water

MCB Ltd's GOAL: -25% water consumption by 2023 compared to 2018

Although water usage is not significant for MCB, water monitoring and mitigation measures are in progress. The total water consumption of MCB Ltd was 39,521 m³ in 2018. Of note, this year's data on water consumption is not comparable to previous years as the collection system has been greatly improved and is now more exhaustive.

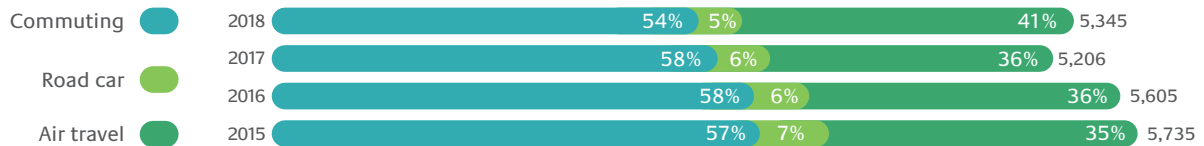
Water intensity in m³ per FTE



Transport

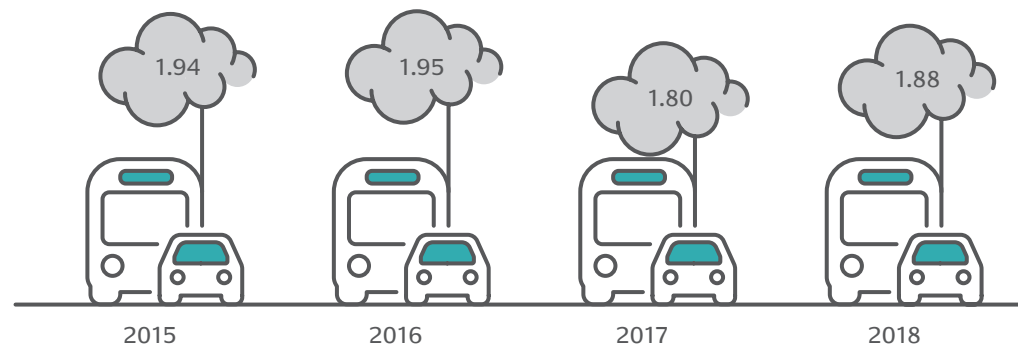
With the Bank expanding internationally, business travel is unavoidable. MCB is therefore committed to making those business travels as energy-efficient as possible. With regards to employee commuting, MCB is equipped with charging stations to encourage employees to opt for greener cars.

Total CO₂ emissions by transport type (% - tCO₂eq)



Transport emissions have slightly increased by **2.7 %** in 2018 when transport intensity has risen by **4.3%** over the same period.

CO₂ intensity of transport in tCO₂eq per FTE



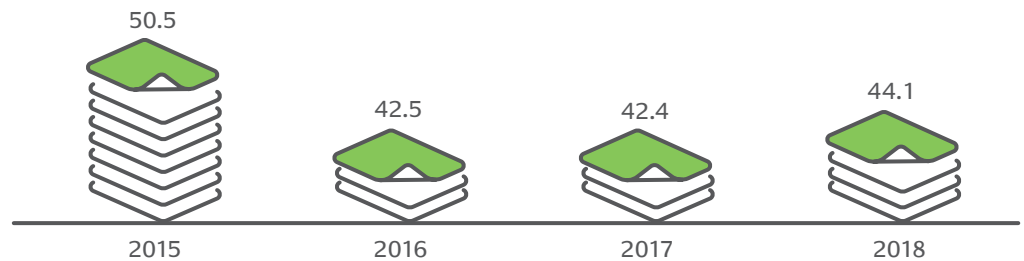
Paper



MCB Ltd's GOAL: under 100 tons of paper consumed by 2023

Paper consumption intensity has increased by **4.0%** compared to last year though it has decreased by **12.7%** when compared to 2015. In 2018, **57%** of our paper waste was recycled via a professional recycler. The total volume of paper consumed in 2018 stood at **125.5 tons**, an increase of **2.4%** compared to the 2017 value.

Paper consumption intensity in kg per FTE

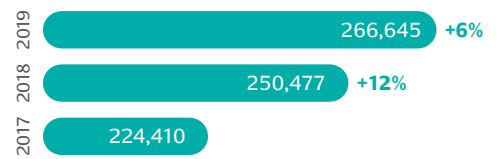
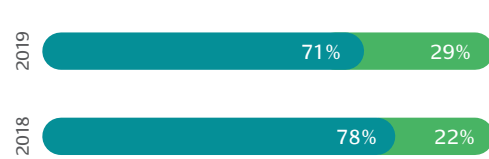


The Group is also encouraging its customers and security holders to go paperless. Our banking customers are encouraged to subscribe to e-statements while the Group security holders are given the opportunity to subscribe to the electronic version of our annual report.

Security holders subscribing to electronic version of annual report

E-statements subscription for active MCB Ltd customer accounts

- Security holders receiving hardcopy of annual report ●
- Security holders receiving electronic version of annual report ●



Waste



Mauritius does not have adequate recycling infrastructure. Most of the recyclable waste that is sorted out is exported for treatment. MCB ensures that the waste it produces is handled properly by carefully selected service providers.

The Bank encourages its staff to bring their own mugs at the office. Single-use plastics have practically been eliminated within our operations and we are investigating ways to do away with them completely. Furthermore, all recyclable waste from the Head Office and the St Jean building are collected by professional recyclers. Regarding organic waste at the Port-Louis and St Jean restaurants, MCB is aiming at “zero waste” and has improved its meal reservation system accordingly. An organic composter is also in operation at the St Jean office. With regards to e-waste, MCB has proactively sought sustainable disposal solutions for IT hardware reaching end-of-life phase. For the past two years, professional recyclers have collected MCB’s electronic waste as well as its toners.

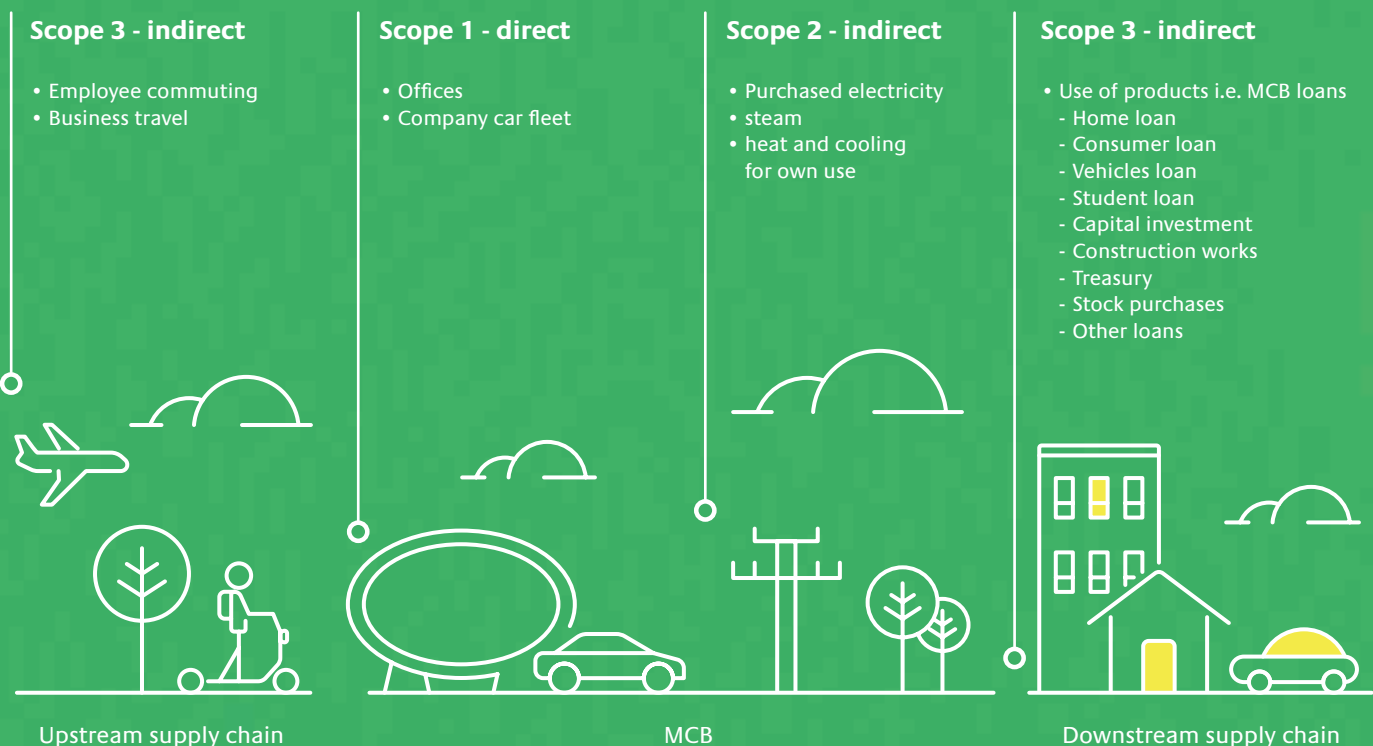
Carbon footprint of MCB Ltd⁷

MCB's Carbon footprint analysis in 2018 follows the GHG Protocol⁸. This approach identifies direct and indirect emissions sources related to MCB Ltd's activities:

- Direct GHG emissions: from sources that are owned or controlled by the Bank.
- Indirect GHG emissions: are a consequence of the activities of the Bank, but occur at sources owned or controlled by another entity.

The GHG Protocol categorises GHG emissions caused by an organisation into three broad scopes. In accordance with this categorisation and considering the consolidation approach selected by MCB Ltd (control approach), our carbon footprint analysis is broken down into Scope 1 & 2 emissions. Additional Scope 3 emissions related to employee commuting and business travel are also included. This year, the Bank extended its carbon footprint analysis to account for an estimation of the carbon emissions associated to its loan products i.e. Scope 3 – 'Use of products' category.

MCB's carbon footprint methodology

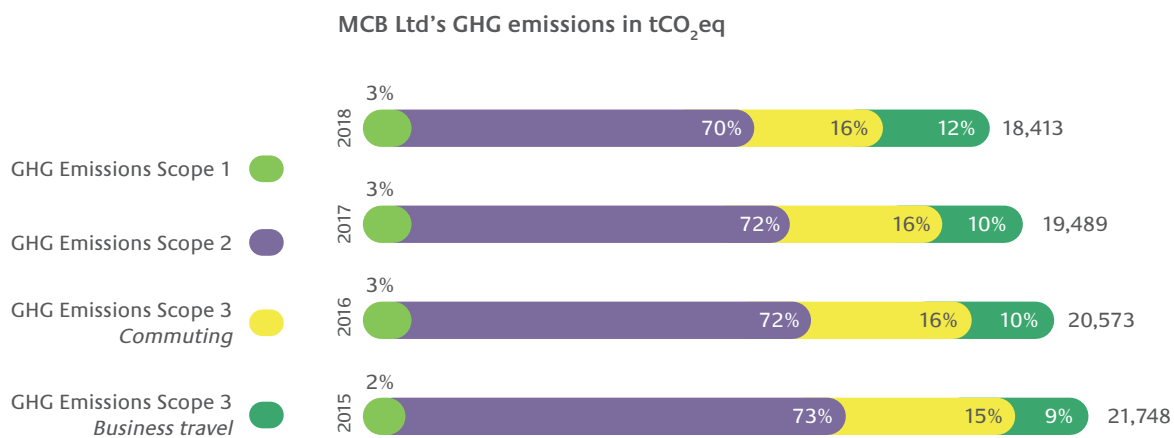


⁷ KPIs reported in this section relate to our banking operations in Mauritius only and cover the reporting period January to December 2018

⁸ The Greenhouse Gas (GHG) Protocol, developed by World Resources Institute (WRI) and World Business Council on Sustainable Development (WBCSD), sets the global standard on how to measure, manage, and report greenhouse gas emissions. This standard is used by a diverse range of organisations, including many in the banking sector, and is widely accepted as best practice.

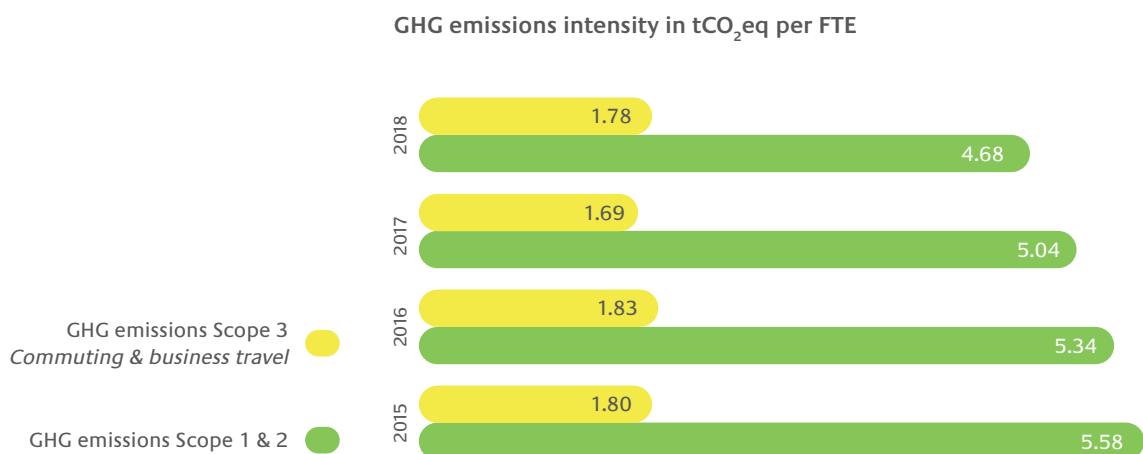
MCB Ltd's GOAL: Be Carbon neutral by 2023 (Operations & Upstream supply chain)

In 2018, MCB released a total **18,413 tCO₂eq**, of which **13,338 tCO₂eq** are from Scope 1 and 2 sources. The remaining **5,075 tCO₂eq** are Scope 3 emissions related to employee commuting and business travel.



GHG emissions from Scope 1 and 2 sources have decreased by 18.9% between 2015 and 2018, while commuting and business travel GHG emissions have decreased by 4.3% over the same period.

Furthermore, MCB's GHG emissions intensity has decreased by 16.0% for Scope 1&2 and by 1.0% for Scope 3 over the last four years.

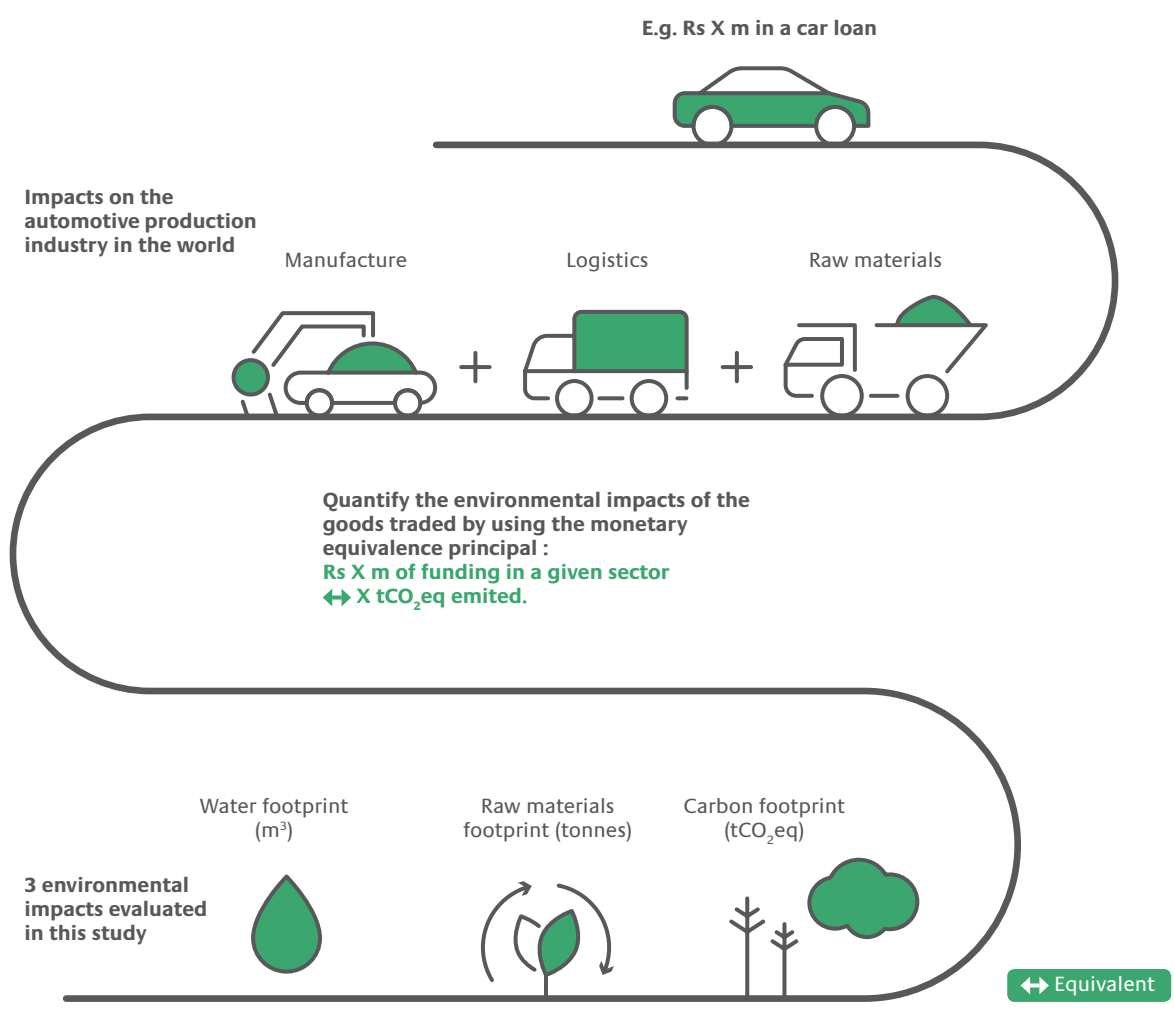


Indirect environmental impacts of MCB Ltd⁹

This year, MCB has sought to assess its environmental impact beyond its operations by estimating the impact of its lending activities. Sustainability consulting firm Utopies undertook the study below, using its LOCAL FOOTPRINT[®] NATURE model. The model measures the environmental impacts of the monetary flows of the Bank's loans throughout the

supply chain in Mauritius and a large number of countries worldwide, establishing monetary equivalence on three given environmental impacts, namely carbon, raw materials and water. The study covers loans disbursed by the Bank in calendar year 2018.

MCB's loans carbon / environmental footprint methodology



⁹Study covering MCB Ltd's disbursed loans from January to December 2018.

Breakdown of MCB's loans in 2018

Six disbursed loans types have been analysed. They represent **Rs 9,907 M** equivalent to 21% of MCB Ltd's lending activity over the period under study. Overdrafts, participations and bonds are not included in the perimeter of the study.

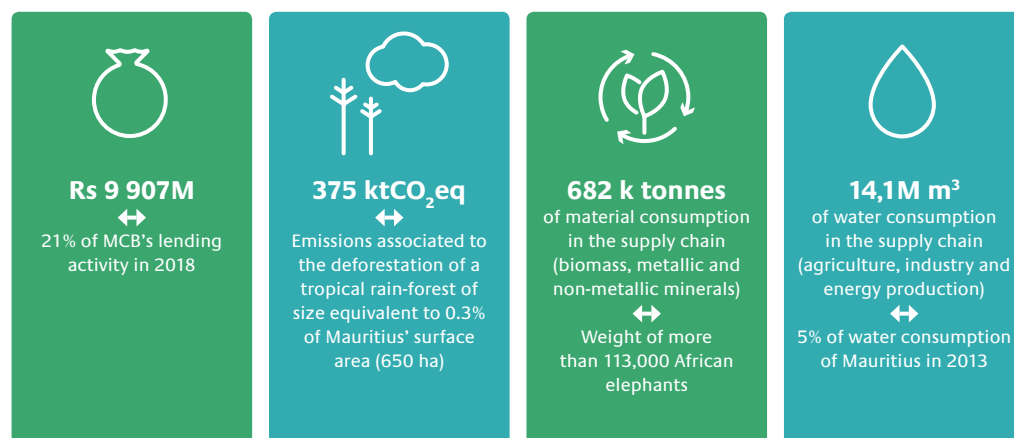
These six loan types granted to our clients have released **375,055 tCO₂eq**. These emissions relate to supply chain activities involved in the production of the goods and services financed by the loans granted by us.

Loans in Rs 000' m



Raw materials and water impacts involved in the production of the goods and services financed are presented in the next chart.

↔ Equivalent



A detailed assessment of the environmental impact intensity by type of loan gives better insights and identifies hot spots.

For example, the analysis shows that on average, **for each Rs 1,000 spent on a consumer loan, 48 kg CO₂eq are released in the supply chain** to produce the goods and services financed.

Per Rs 1,000 of loan disbursed	Carbon footprint (kg CO ₂ eq)	Materials footprint (tonnes)	Water footprint (m ³)
Real estate	41,54	0,07	0,65
Consumer	48,29	0,09	3,05
Capital	13,20	0,05	1,88
Infrastructure and Construction	18,22	0,08	3,97
Student	48,14	0,09	3,04
Car	13,26	0,06	1,58

Climate assessment & strategy

**First insights
for a 1.5°C
climate strategy**

As an island state, Mauritius is particularly exposed and vulnerable to the adverse effects of climate change. Rising sea levels and coastal erosion, ocean acidification and the subsequent irreversible damages to marine ecosystems, and the intensification of extreme weather events and cyclones, all pose a significant threat to the country’s economy and to the livelihood of many Mauritians.

MCB Group’s ‘Success Beyond Numbers’ philosophy therefore entails a pledge for contributing to a 1.5°C-compatible pathway through a structured climate strategy to be launched in 2020.

As of 2019, MCB had taken its first steps towards the fight against climate change by monitoring the climate impacts of everyday operations i.e. Scope 1 & 2 emissions and Scope 3 emissions – Business travel and employee commuting, representing 18,413 tCO₂eq, about 0.35% of Mauritius’ net GHG emissions¹⁰. MCB will intensify its efforts to lower its emissions and will seek to compensate any remaining direct emissions through local projects, contributing to making Mauritius a carbon-neutral territory.

However, as is the case for socio-economic impacts, MCB’s responsibility extends to the much greater indirect impacts caused by its loans and investment portfolios.

Type of impact	tCO ₂ eq	% of Mauritius emissions (Scope 1 and 2)
MCB operations	18,413	0.35%
MCB loans (6 types)	375,055	7.1%
MCB investment portfolio	To be assessed	

Representing more than 7% of Mauritius’ emissions, the substantial measured CO₂eq. impact of loans disbursed by MCB underlines the necessity to reinforce its green loan offer and to actively contribute to local mitigation and compensation projects, in order to support Mauritius’ transition towards carbon-neutrality.

¹⁰ Environment Statistics 2018, Statistics Mauritius



With regards to its investment portfolio, MCB intends to better monitor its carbon-related assets and to assess the climate-related risks attached to its debt and equity holdings. A first, partial analysis regarding oil, gas, and coal-related assets shows an increase in fossil fuel exposure over the past three years, due the growth of our E&C activities. A climate-related risk and opportunities assessment is expected to allow MCB to define an investment pathway that effectively contributes to economic development while also paving the way to a carbon-neutral society. That being said, it is important to understand that our E&C activities in Africa still contribute to the socio-economic development of the impacted regions by providing access to energy. It is therefore important to understand the energy context and imperatives of the countries in which we operate.

In USD m	June 2017	June 2018	June 2019
Oil & Gas	839	1451	1913
Trade Finance	690	1128	1303
Exploration & Production	65	99	213
Project Finance	0	26	22
Prepayments	84	198	375
Coal	52	121	100
Trade Finance	52	121	100
Total	890	1,572	2,013
% of total assets*	9.3%	15.0%	16.3%

*Total assets of MCB Ltd

In this regard, 2019 was a turning point for MCB as the Bank, for the first time, denied financing for a coal-powered power plant project on the grounds of climate responsibility. This choice triggered rich discussions between the project holders and the Bank about more environment-friendly energy alternatives. This decision paves the way for better integration of climate risks in our investment and financing decisions.

Partnership with the Mauritian Wildlife Foundation

On 8 May 2019, MCB signed a three-year partnership with local NGO Mauritian Wildlife Foundation (MWF), committing to fund five of MWF's existing programmes to the tune of some Rs 20 m over three years. The terms of the partnership include a direct financing of Rs 5 m every year until 2021 on top of a fund into which MCB pays 10 cents for every transaction clients make using their debit cards. It is estimated that this contribution will amount to between Rs 1.5 m to Rs 2 m a year.

The rationale behind this partnership is to raise awareness on the need to include the protection of the island's unique biodiversity in the country's ongoing economic development and to favour green tourism. The five programmes sponsored by MCB are as follows:

- **Protection of the fragile biodiversity of Mauritius' islets through inclusive participation**

- This programme consists of raising awareness among users of the islets found in the South East of Mauritius on the unique biodiversity to be found on those islets as well as on conservation efforts so far. The idea is to empower users – fishermen, skippers, boat operators and officers of the National Coast Guard – to act as guardians of those islets and protect conservation efforts on the understanding that they also have a stake in protecting those islets. Training will soon extend to users of northern islets where conservation work is also taking place.



MCB CEO, Alain Law Min and Chairman of MWF, Tim Taylor shake hands on a three-year deal.

- **Conservation of the Pink Pigeon**

- When the MWF was created 30 years ago, there were only nine known individuals of this endemic bird. The population today is estimated to be at 480.

- **Conservation of the Echo Parakeet**

- The population of this endemic bird now stands at 800 against nine individuals 30 years ago.

- **Conservation of the Gunther's Gecko**

- This endemic reptile is one of the largest geckos in the world and was listed as a critically

endangered species until recently. There are now 200 individuals on the islets.

- **Conservation of the Round Island Boa**

- Initially found on Round Island, there were 150 individuals of this small reptile. The population now stands at 1600. Some of them have been relocated on Gunner's Quoin to ensure their survival.



MCB's partnership with the Mauritian Wildlife Foundation includes a contribution every time a customer uses his or her debit card.

MCB's partnership with the Mauritian Wildlife Foundation extends to printing the NGO's logo on all MCB debit cards as from September 2019. This will coincide with the replacement of all current debit cards made of plastic with ecological and recyclable cards made from maize.

Partnership with Ebony Forest

Ebony Forest covers 50 ha of almost decimated forest in Chamarel which are slowly being rehabilitated into an endemic forest. Rehabilitation of forests to their original state is a costly matter and MCB has over the years, been a regular sponsor of different activities to help Ebony Forest achieve its target of raising awareness on the importance of conservation work. Mauritius currently only has 2% of endemic forest. With the financial help of partners such as MCB, Ebony Forest has since 2007 planted 145,000 trees, representing a carbon offset of almost 25,000 tons. MCB has also sponsored 1 ha of Ebony Forest, thus taking the responsibility of reforesting this area together with its employees. This year's sponsorship amounts to Rs 2.2 m and includes information packs for school children.



1. Restoring Ebony Forest to its original state has brought back insects that had not been seen in a long time.
2. This, believe it or not, is a sign of a healthy forest!
3. Snug and safe in its natural habitat: The endemic bat at Ebony Forest.
4. Endemic birds are overjoyed with the return of their favourite nourishment!

**Plogging the way
to awareness**

Raising awareness on the need to protect the environment goes through understanding how vast the undertaking is. In May 2019, some 100 MCB Group employees took to the streets of Les Salines in Port-Louis in their plogging attire – jogging gear, gloves and bin bags. As staff jogged through two different trails, a 1 km one and a 4.5 km one, they managed to collect half a tonne of rubbish ranging from plastic bottles to disused fridges.

MCB staff jogging
with a purpose



MCB staff combined sports
with cleanup
on 9 May 2019



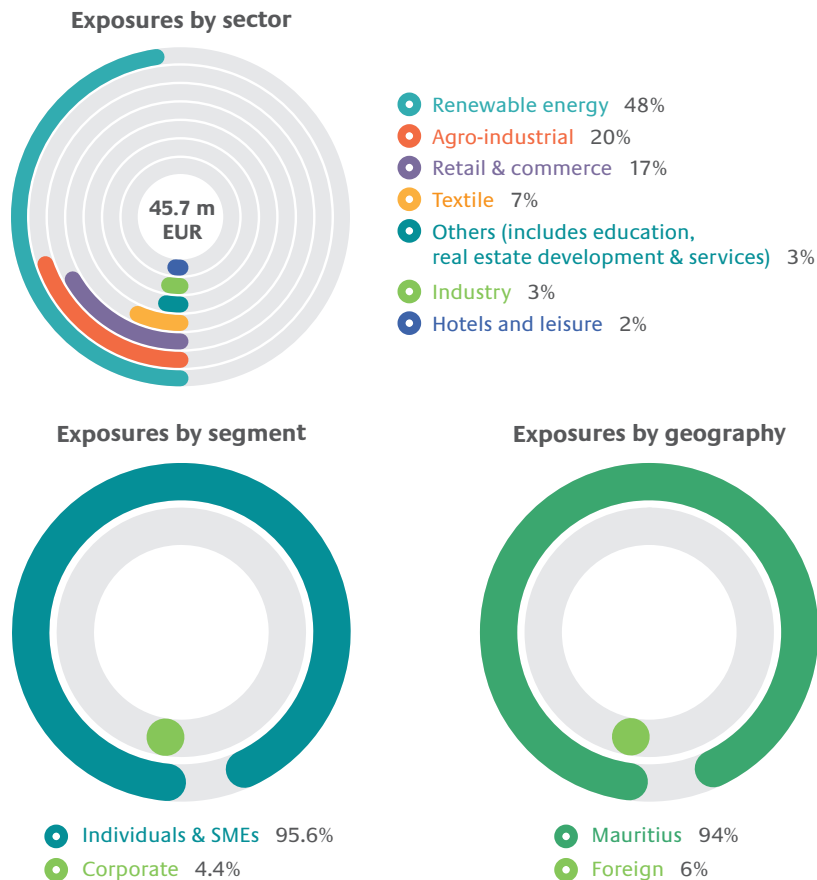
Positive impact products: the Green Loan

The Green Loan is a responsible product offered by MCB Ltd in partnership with Agence Française de Développement (AFD) under SUNREF, its green finance label. The Green Loan, currently in its third phase, consists of a EUR 45 million line of credit out of a national line of Rs 60 million.

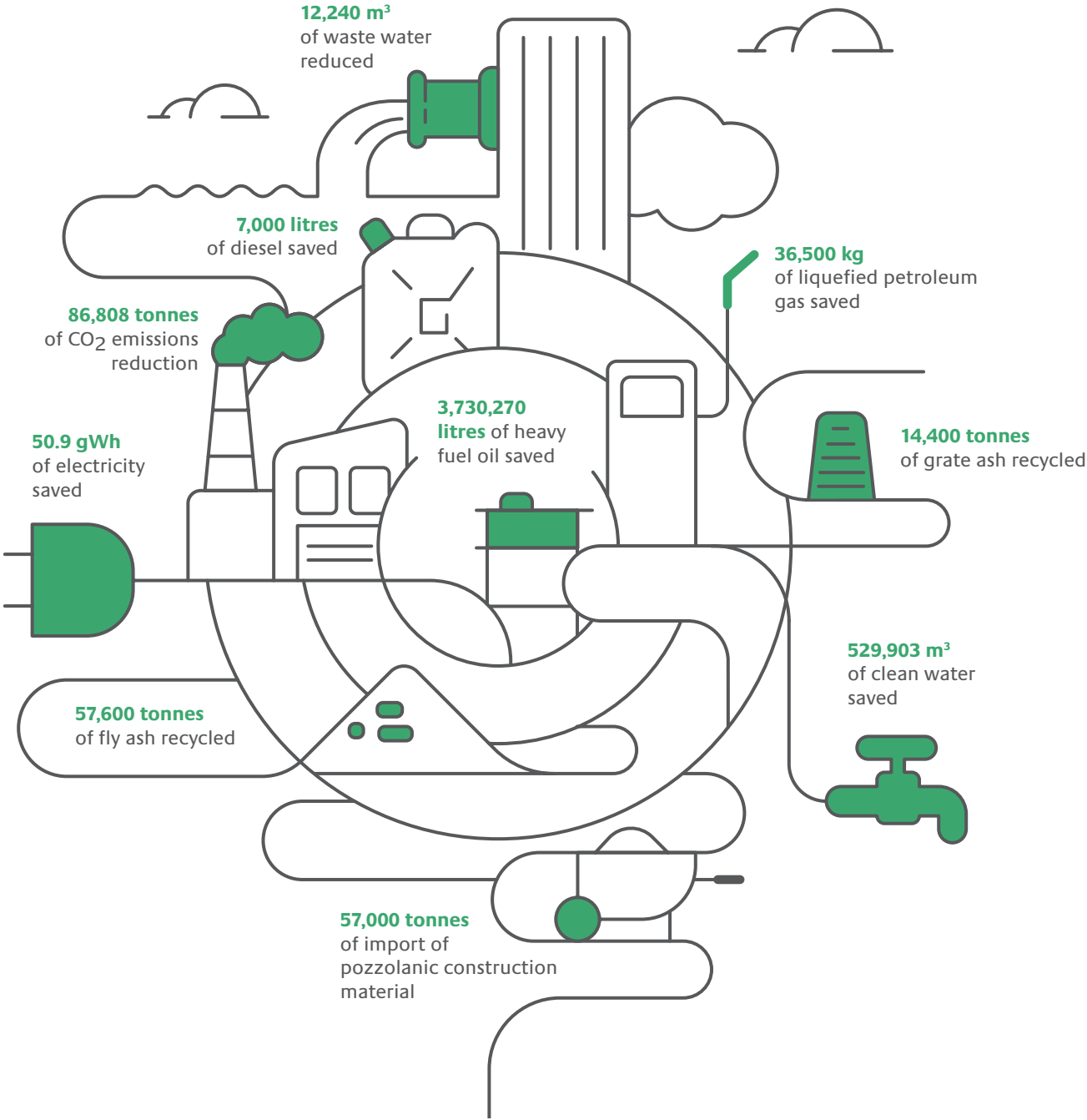
What does it entail?

- Preferential interest rates
- An investment grant (cash-back) of:
 - 5% on climate change mitigation projects, such as renewable energy projects, energy efficient equipment and installations
 - 15% on climate change adaptation projects, such as water saving installations, rain water harvesting, seawater desalination, thermal insulation building techniques
 - Additional grants offered to clients committing to assess gender balance within their organisations and undertake a gender action plan, as well as gender equality-related investments
- Repayment period: minimum of four years
- Financing of up to 100% of the investment, subject to the fulfilment of the eligibility criteria

Statistics on Green Loans exposures as at 30 June 2019



Estimated environmental benefits of projects financed as at 30 June 2019 ▲



Culture

Social integration in Mauritius remains an improvement point specifically with regards to discrimination. One of the pillars of the Group's corporate sustainability programme seeks to address this issue by creating cultural and artistic avenues that cater for the wholesome development of both individual and collective identity.

VIBE Moris®



MCB created the song contest VIBE Moris® in 2018 and the second edition of the show was broadcast on national television in May and June 2019. The initiative required an investment of Rs 38 m that served the following purposes:

- Encourage the creation and development of stage-related jobs
- Demonstrate that there is scope for the emergence of a cultural industry
- Train aspiring talents in different sectors – camera, lighting, production, editing and so on - through exposure to professionals from abroad
- Encourage artists to persevere in developing their talents by providing them with a platform
- Encourage and nurture local talent
- Create an environment that enables local service providers – caterers, transport, makeup, singing coaches etc – to professionalise their services, in line with our objective to boost the local economy.



'Rises Nou Kiltir' ▲

**Rises
nou kiltir**
APEL A PROZE

NOU KRWAR DAN
PREZERVASON NOU
ZISTWAR EK NOU KILTIR,
DAN PATRIMWANN
ARTISTIK MORISIEN,
DAN ENN PEI KI INVESTI
DAN RISES SO LIDANTITE.

Ki li dan lamizik, sanse, danse,
ki li dan lar ek lekritir,
enn proze pou la senn, teat
ou soi dan foto ek odioviziel,
soumett zot proze 'online' avan le 15 Me
ek pran zot sans gagn enn koudme pou
amenn zot kresion devan so piblik.

MCB

noukiltir

In April 2019, the Group launched a nationwide call for projects addressed to artists, groups of artists, organisations and managers/producers/impresarios and agents with the aim to support and enhance the promotion of the cultural and artistic heritage of Mauritius. The following sectors were concerned:

- Music, singing, dance
- Art and writing
- Photography
- Painting, sculpting
- Theatre and performing arts
- Film and documentaries

Out of the 177 applications received for the first edition of the call for projects, 6 were selected and financed to the tune of Rs 7.9 m.

Investing in our cultural and environmental heritage

Kreol as a customer language

The promotion of local culture goes through the use of the local language, Kreol, which is also the lingua franca of many local artists. The call for projects Rises Nou Kiltir encouraged the use of Kreol while efforts are being made to provide a more inclusive Customer Service. Clients now have the option of Kreol when they call the Customer Hotline.

When the Blue Penny brought Picasso to Mauritians

The promotion of arts and culture and the protection of cultural heritage goes through making the arts accessible to the local public. This is the raison d'être of MCB's Blue Penny Museum. Besides holding MCB's vast private collection that regularly goes on display, the museum also hosts about four to five temporary exhibitions every year. The themes may vary but the principle of free entrance to encourage accessibility remains the same. 2018-2019 saw a first in the history of the Blue Penny museum when it hosted 45 of Pablo Picasso's works, loaned to it by private collectors the world over.



Emmanuel Richon and Steeve Sowamy, the two men whose passion helped bring Picasso to Mauritian shores.

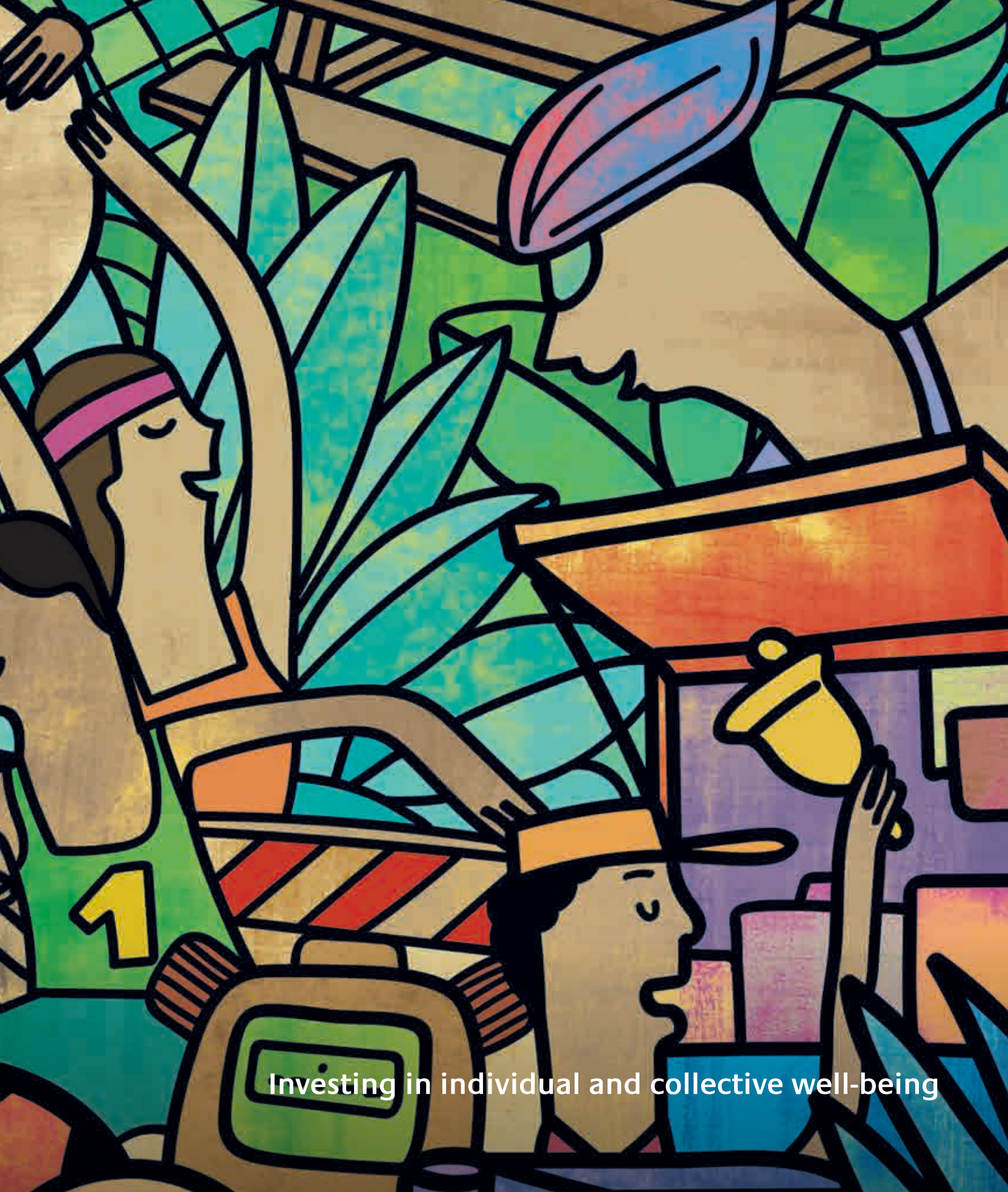
Next steps

The Group is currently working on its Climate Strategy to support the country's transition to a low-carbon economy by acting on its direct as well as indirect impacts. Furthermore, we will continue our actions related to biodiversity protection by strengthening the current partnerships we have with the relevant organisations. Waste management is also an issue that the Group wishes to tackle. As such, we are currently negotiating partnerships that will help to sensitise the public to proper waste management and sorting while providing them with the means to do so.

Having the Mauritian culture at heart, we will continue our actions towards the promotion of arts and local culture. This year we will see the launch of VIBE Moris® Season 3 and a second call for projects will also be initiated.







Investing in individual and collective well-being

Labour practices and decent work

Human resources approach

MCB Group has always put its people at the heart of its activities and strived to provide a working environment that is conducive to their personal development. We consider our diversified employee base as our most important asset and we strive to be an employer of choice. We are consistently challenging ourselves for continuous improvement in a bid to provide our employees with:

- Adequate and continuous training and development
- Opportunities for career advancement
- A total compensation package that will help them achieve their personal goals
- Recognition and reward mechanisms that foster a culture of performance

61% of our employees have been in continuous employment for six years and more, a testimony to the success of our retention efforts and our reputation as employer of choice. This is confirmed by our low staff turnover rate which stood at **5.6%** at Group level in 2019. We have however noticed that staff turnover rates at foreign subsidiaries reach higher levels and we are currently working to find solutions to this issue.

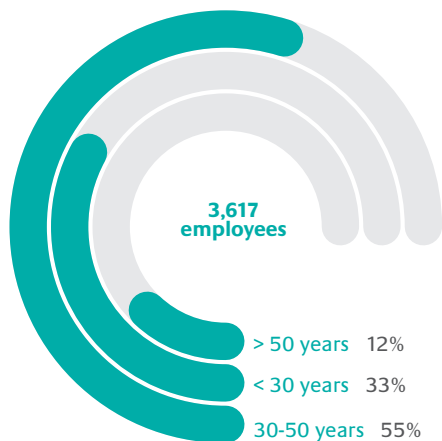
The Group 's Human Resources (HR) strategy consists of developing connectivity in order to build a human-centric digital financial services group. In this context, the HR Transformation Programme was devised to accomplish this and relevant information on the projects on the HR agenda were shared with staff by way of an Open Mic tour. This tour also provided an interactive platform during which key HR operatives met staff in all business units to listen to their preoccupations and gather their feedback to devise strategies adapted to evolutions in the workplace. Talent management within the organisation as well as the identification and development of leaders are a key part of this strategy.

General snapshot of MCB Group's workforce as at 30 June 2019

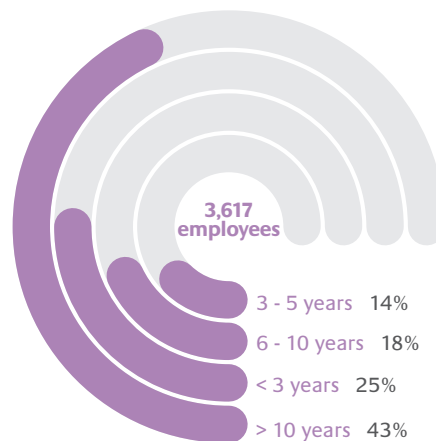
Headcount by MCB entity - 3,617 employees



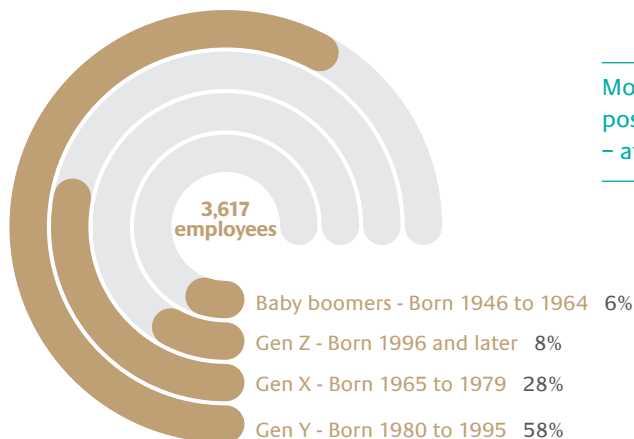
Headcount by age distribution



Length of service



Headcount per generation



More than **60%** of employees with post-secondary level qualifications – at Group level in Mauritius

Training and talent development

MCB Group's holistic approach to training and talent development is geared towards leveraging its talent & skills diversity as it represents a local productivity reservoir. The Group believes that adaptation is a key word and strives to encourage internal mobility as well as training to enable the development of a portfolio of vast skill sets. Our philosophy is to favour internal talent as much as possible while remaining on the lookout for external skills. Our priority is thus to invest in the development of internal talent at all hierarchical levels.

Policies and processes in place to achieve such an objective include:

- 80% of training courses are on-demand and business-oriented.
- Talent is generally sourced 80% internally and 20% externally.
- Continuous training is managed by each business line with a dedicated training budget for the year.
- A process for defining customised development plans for promotions and/or job changes is in place.
- A Study Assistance Scheme (SAS) is available to employees to promote further learning and the attainment of professional qualifications for continuous progress.



The four-day induction programme for new recruits is essential to their proper understanding of the diverse operations of MCB.



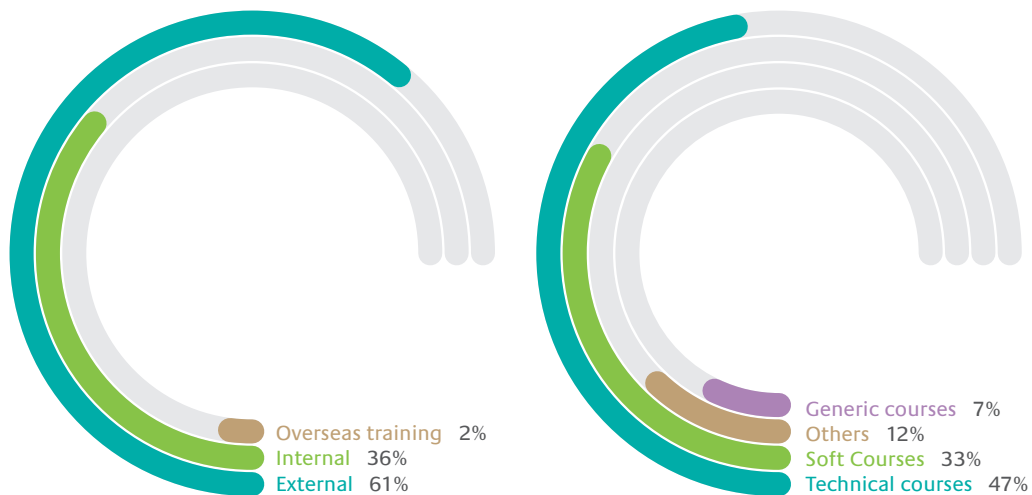
MCB's values are explained to new recruits through interactive sessions.

Further initiatives were launched during the year with a view to enhancing the organisation's training and talent development framework. These include a new performance management system – still in the test phase – with more continuous evaluation, discussion and feedback with revised tools i.e. an improved Performance Discussion Document, a Leadership Brand project that aims to develop a dedicated developmental journey for leaders, and a new framework for talent management. The latter is being developed to identify the organisation's "critical positions" for which succession planning is required and to detect and further develop consistently high-performing staff presenting high growth potential. Furthermore, an initial training (Induction Programme) is now offered to all new recruits. This training is followed by online tests to ensure that new employees get acquainted with the Group's operations and internal processes.

**Our training statistics
at Group level
for the year ending
30 June 2019**



Training courses by type



Figures do not add up to 100% due to rounding

For the year ending 30 June 2019 – at MCB Group level

Rs 59.5 M spent on training (net of refund by Human Resource Development Council in Mauritius)

A total of **719** training courses given to employees

An average of **1.6** trainings per employee (applicable only to MCB Ltd)

The Digital Factory or paving the way for the future of banking

A digitalised world does not just mean new technology, it also means that it will in time, completely change the way our employees work, by improving efficiency of processes and ensuring seamless communication flows. The way our customers bank is also bound to evolve. As such, MCB has initiated the path for the digital transformation of its operations through the Digital Factory, a place where new ideas and new ways of banking are being incubated.

The Digital Factory functions differently from the Bank's other departments. It has adopted the agile way of working by forming squads (teams) that are made up of different competencies and skill sets. Those squads function autonomously and test their products in real time with customers and adapt the product according to feedback. This flexibility enables them to function in an agile configuration.

As these new ways of working are not yet considered conventional, induction courses for new recruits include a module on digitalisation and agile work practices while a communication campaign aimed at existing employees has been initiated by HR, addressing all concerns they may have on how digitalisation will affect them.



MCB IF shaping tomorrow's finance



In March 2019, MCB Group launched the MCB Institute of Finance (MCB IF) in collaboration with Uniciti Education Hub. The institute aims to provide specialised and continuous learning to students and professionals from the banking and financial sectors. In the long run, MCB IF aims to become a regional reference in terms of executive education. MCB Group employees can also follow the courses provided by the training institute.

Diversity

Diversity and equal opportunity

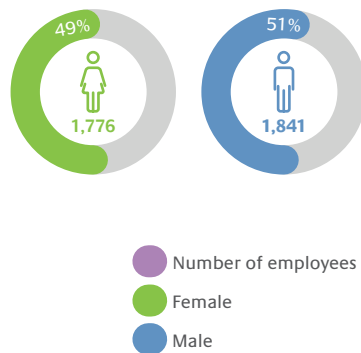
MCB Group is an equal opportunity employer and has always employed people based on their competencies. Our company’s Equal Opportunity Policy aims at continuously promoting an organisation where employees feel respected and valued, irrespective of their age, caste, colour, creed, ethnic origin, impairment, marital status, place of origin, political opinion, race, sex or sexual orientation. All our human resources practices are aligned with this philosophy. As such, selection for employment, promotion, transfer, training and access to benefits, facilities and services are fair and equitable and based solely on merit. An employee grievance process is also in place whereby employees believing they have been subject to discriminatory practices can directly contact the Head of Human Resources. Each complaint is seriously investigated and appropriate actions are subsequently taken and closely monitored.

MCB Ltd’s GOAL: At least 40% women at middle and senior management levels by 2026

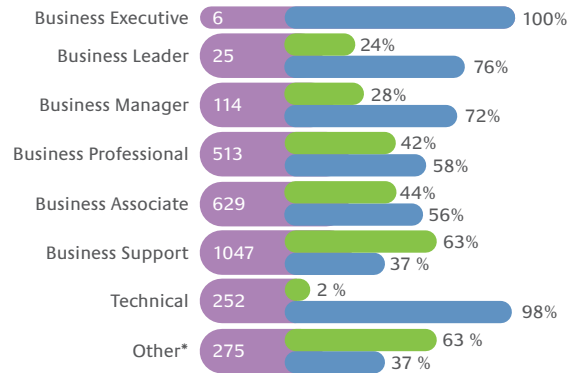
Although we genuinely believe that diversity and equal opportunity bring tangible benefits to our organisation and businesses in general, we have observed a noticeable gender gap at higher levels of responsibilities. We are committed to fight this gap and glass ceiling, which are typical to the Banking and Finance industry. By finding and implementing solutions to reduce this gap, MCB Ltd aims at having at least 40% women at middle and senior management levels by 2026 i.e. at Business Manager, Business Leader and Business Executive levels.

Our diversified workforce characteristics as at 30 June 2019

Gender distribution within MCB Group



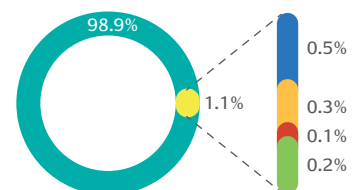
Headcount distribution by job band at MCB Ltd - 2,861 employees



* Other refers mainly to interns and contractors

Headcount by nationality - MCB Group in Mauritius - 3,233 employees

● Mauritius ● France ● India ● UK ● Others



Remuneration philosophy

Since we consider our human capital critical to the sustainability of our business, the Group rewards its employees adequately, in line with the market conditions prevailing. As such, the latter are regularly surveyed to ensure that our remuneration packages are motivating and competitive. Again, our remuneration philosophy is gender neutral, based on meritocracy, and ensures that salaries of employees at the lower end of the income ladder guarantee decent living conditions, while still ensuring fairness and equity. Furthermore, on top of the annual performance bonus linked to the Group's financial results, our employees have the opportunity to subscribe to a Group Share Option Scheme.

Other valuable benefits provided to our staff are:

- In-house pension schemes
- Medical coverage for all employees and their dependents
- Loans at preferential rates
- Holidays benefits scheme

There exists a gender salary gap within our organisation. The latter gap and former philosophy are not antinomies since the gender pay gap calculation is dependent on the distribution of female and male employees across all levels of responsibilities. This year we disclose for the first time the average salary figure within our organisation. While considerably higher than the national average salary, the figure is slightly lower than the national sector wage. However these numbers are not strictly comparable as our business model is quite different from our peers' – we employ a high number of technical staff as we limit outsourcing of services, and our pay structure is different, notably in relation to the performance bonuses we provide.

As at 30 June 2019

6 women in a leadership team of **31** (MCB Ltd only)

28.6% average monthly basic salary gap* between women and men within MCB in Mauritius vs **23.8%** national average salary gap¹¹

Rs 46,078 average monthly basic salary* at MCB in Mauritius vs **Rs 29,896** national average salary¹² (**Rs 51,141** for Finance and Insurance activities at national level)

52% of internal promotions given to female employees (MCB Ltd and local subsidiaries)

1.9% of employees with disabilities (MCB Ltd and local subsidiaries)

* Average salary for bands ranging from Technical to Business Manager

¹¹ Gender statistics 2018 – Statistics Mauritius

¹² Survey of employment and earnings in large establishments (SEE) – March 2018 – Statistics Mauritius

Health & safety



Well-being at work

The Group is committed to providing the highest standards of safety and health throughout its business activities as far as reasonably possible. The Occupational Safety and Health (OSH) Policy of MCB Ltd, in line with legal and regulatory requirements, aims to ensure a safe and healthy working environment for all employees.

The Management of Group entities is responsible to ensure the protection of workers' safety and health by setting up appropriate strategies to effectively manage issues that are raised. The Management has a critical role in providing adequate resources to achieve standards and practices required for OSH, risk management and compliance with legal obligations. At the level of MCB Ltd, each Head of Strategic Business Unit (SBU) and Business Unit (BU) manager is responsible for ensuring that operations do not constitute a hazard to the safety and health of employees. The Human Resource SBU is responsible for the coordination of initiatives undertaken to achieve health and safety objectives.

As mentioned in the previous section, MCB offers its employees and their dependents the possibility to subscribe to a medical scheme. This scheme is subsidised to a ratio of 2/3 of the premium.

The group also promotes physical health amongst its staff. An annual health week is organised for employees. The latter comprises of basic health checks by a renowned health service provider, and talks on various topics of interest e.g. ergonomics, healthy diet, common non-communicable diseases, etc.

Furthermore, MCB recently issued internally a Disease Outbreak and Pandemic Preparedness Policy which aims at safeguarding the health and safety of its staff and limit the risk of contamination during an outbreak, while at the same time, ensuring continuity of operations in order to protect customers' and shareholders' interests.

As at 30 June 2019 - at MCB Ltd and local subsidiaries level

132 days of injury leaves were taken by **21** employees
Our absenteeism rate stood at **2.7%***

* Absenteeism rate is calculated as such: Total number of days lost from work due to inability to work / (Average number of employees X Total working days per employee) X 100%

Employee dialogue



MCB Group takes the feedback of its staff very seriously. We use internal surveys to evaluate staff engagement and satisfaction in view of providing them with the best working conditions required to fulfill their responsibilities. The latest engagement survey was held in 2016 and the results were shared among the staff. Focus groups were then organised and action plans devised per BU to address relevant issues.

When it comes to discussing work issues, the Group has operated a shift from a top-down approach to encouraging employees more and more to share their views during weekly/monthly meetings, or even on a day-to-day basis through informal interactions. Leaders and managers now favour informal relationships with their team and are opting for an open door policy whereby employees are encouraged to discuss workplace issues openly.

As mentioned earlier in this section, the Group recently organised an Open Mic tour, as part of the HR Transformation programme during which key HR operatives, including the Head of Human Resources, went to all business units to listen to employees and collect their feedback on the Group's HR strategies and approach to staff well-being. These sessions were particularly fruitful as various ideas and suggestions were discussed and gathered. A restitution meeting is currently being planned to communicate on the priorities being addressed and related action plans.

Each employee goes through a formal performance discussion exercise twice a year. This is an opportunity for the employee not only to discuss his/her performance throughout the year, but also talk about his/her working environment and whether or not it is conducive to the fulfillment of professional duties.

Professional and personal life balance ▲

The Group believes that professional and personal life balance is key to its staff's wellbeing and has therefore implemented some measures to ensure that its employees have a well-balanced life and have access to the necessary help in case they face any life hardships.

Our organisation's culture focuses on excellence and the measurement and achievement of set targets at organisational, departmental and individual level. MCB Group strives to give a better work-life balance for its employees, drive change, and maintain a healthy working environment while ensuring that employees have access to all necessary facilities to achieve those targets.

A flexi-time policy is currently in place where employees can apply and work based on their preferred work schedule arrangement. Employees under flexi-time need to be present at their desks during core working hours and need to complete the minimum work week hours. The flexi-time facility is however only applicable to some departments where employees are flexible in terms of deliverables and interaction with clients. It does not currently apply to employees in the retail banking network and branches for example. The Group is also presently testing the work from home facility in a number of departments such as the IT and HR BUs.

Regarding paid leaves, the number of days off offered is based on the prevailing regulation in the country. A certain amount of flexibility is however given to employees with regards to paid leave where business conditions allow. Employees are also able to carry forward part of their leaves not taken during any given year to the following calendar year, and should an employee require additional paid leaves (to be approved by the manager and HR) for particular reasons, leaves can be deducted from the following year's balance. This flexibility allows the employee to better plan their holidays or events requiring them to take long leaves such as studies and weddings.

To cater for staff's mental well-being, an organisational in-house Psychologist is available on a part time basis at the MCB Head Office and St Jean premises to provide adequate support and counselling to employees in need. Employees may wish to consult with the in-house psychologist for both professional and personal issues.

A recent audit by 'Great Place to Work' has highlighted the fact that there is still room for improvement on the work-life balance facilities offered by the Group in order to measure up to best-in-class practices. In particular, lack of policies to accommodate parenthood with professional practice have been pointed out. We are therefore currently investigating further measures to support employees in caring for their families.

Customer accessibility and inclusiveness

Through its customised solutions, the geographical positioning of its branches and the modernisation of its remote channels, the Group strives to empower its clients and foster financial inclusion, notably vis-à-vis the low-income customer groups as well as micro-enterprises and self-employed individuals. Offerings are undertaken via multiple channels and aim to simplify customer experiences and interactions. MCB continuously improves the convenience of its digital channels, the Bank's 'JuiceByMCB' mobile banking platform being a key example. MCB plans to reshape several customer journeys in the next few months to offer clients more choice and speed in their banking operations.



Rupys is an MCB financial product for children aged under 18. A new version of the product now bears interest bonuses instead of gifts, accompanied by initiatives to encourage savings from an early age.
Our goal: To increase financial literacy in children.

Financial literacy

Africa is at the bottom of the table in terms of financial literacy¹³. Several countries where MCB Group is involved – including Mauritius – are found under the 50% rate: Ethiopia, Madagascar, Tanzania and South Africa. The Group has a role to play in Mauritius, as well as in other of its other countries of operation to promote financial literacy. We communicate in three languages: Creole, French and English, depending on the product audience.

MCB raises awareness on different themes:



- **Digital payments and how to use them**

Via our mobile banking app 'JuiceByMCB', the Bank provides to its customers a range of functionalities to simplify banking procedures. A Chatbot is also available to assist customers.

Videos will be launched shortly to educate clients on the usefulness, efficiency and simplicity of digital channels on top of internal campaigns and meetings to train staff in every branch.



- **Housing loan**

In the pipeline, is an educational campaign to explain the ins and outs of housing loans to clients, including the importance of the relevant documents to be submitted, the taxes to be paid, the conditions, the associated costs, etc. Our aim is to be as transparent as possible on all fees associated to the loan facility.

¹³ Financial literacy around the world - Standard & Poor's Ratings Services (2015). Financial literacy here is defined as having knowledge of four fundamental concepts for financial decision-making:—simple interest, compound interest, inflation, and risk diversification.

Investing in individual and collective well-being

Focus on accessibility



The Bank is anchored in Mauritius through branches and 24/7 kiosks, both in urban and rural areas. This remains important for the less digitalised population and it complements MCB's growing digital offer.

MCB Ltd has **40 physical branches/kiosks** in Mauritius

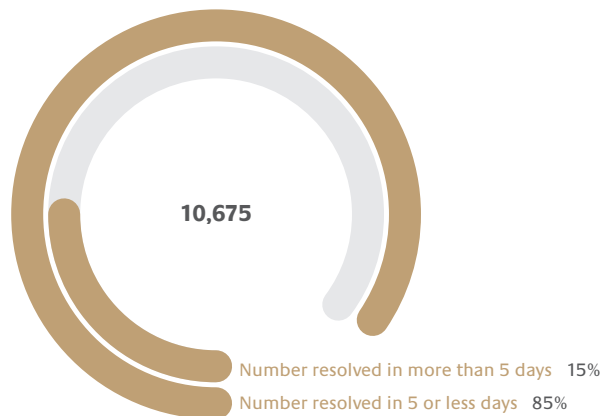
Customer satisfaction



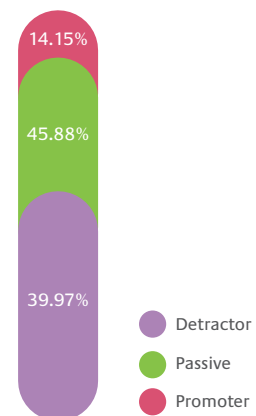
Being a customer-centric organisation, the Group knows that the quality of its customer experience is key to the success of its operations. As such, we do our utmost to deliver exceptional service and appealing digital solutions to our clients, while seeking to exceed their expectations. Alongside placing customers at the centre of our efforts and activities, we provide products and services that they value and trust.

Providing effective processes for dealing with complaints is thus a priority for us and we continuously monitor the situation to ensure that our customers get the highest level of service they deserve.

MCB customer complaints statistics for year ended 30 June 2019



Net promoter score in 2019



The Group also regularly monitors the loyalty of its customers through surveys compiled via an internal brand tracker dashboard. Our latest Net Promoter Score (NPS), calculated in 2019, stood at **31.7**, with promoter score reaching **45.88%**. We are currently in the process of implementing an omnichannel customer experience management platform which will ultimately enable us to optimise customer acquisition, improve customer retention and loyalty, reduce cost to serve and enhance brand awareness and equity.

Corporate social responsibility (CSR)

MCB Group aims to promote social well-being, empowerment of those in need and reduce inequalities via its CSR arm – the MCB Forward Foundation (MCBFF). MCBFF finances impactful projects in different areas such as absolute poverty alleviation and community empowerment, education, social housing, socio-economic development and welfare of children. For the year under review, an aggregate amount of around **Rs 54.7 m** was entrusted to MCBFF to be leveraged for spending on relevant projects, after making allowance for the Government policy that 50% of CSR contributions by local entities for projects initiated prior to January 2019 should be channeled to the Mauritius Revenue Authority (MRA). These funds were spent on 15 projects of which 13 were ongoing. The five largest projects financed last year were:

Projects	Rs m
MCB Football Academy	
<i>Operations</i>	7.01
<i>External Resource Persons</i>	8.40
<i>Educational Support & Training</i>	9.15
<i>Health</i>	0.61
<i>Social Housing</i>	8.18
Service dedicated to Children suffering from mental health disorders (Open Mind)	3.09
Integrated Housing Project (Social Housing Cité Tôle)	2.58
MCB Rodrigues Scholarship	2.39
Support to primary school children out of mainstream education system (Oasis de Paix)	2.21
Total	43.57

Results

- In all, 15 households under the MCB Football Academy benefitted from renovated housing arrangements.
- In October 2018, MCB Forward Foundation officially handed the keys to their brand new houses to six families of Cité Tôle after seven years of working with the community. At the end of this project, all the families were in employment and the children were in school.
- In May 2019, 28 football coaches from Mauritius and Rodrigues benefitted, with MCB Football Academy's help, from training in new techniques from international coaches, under the aegis of German Football Consulting GbR.

Of note, the recently conducted Great Place to Work's culture audit emphasised that MCB Group's CSR commitments and actions are among the best-in-class practices.

Cité Tôle



When staff of the MCB Forward Foundation paid their first visit to Cité Tôle in 2011, they were greeted with skepticism. Inhabitants of the slum are former squatters who were later registered but who live in a state of exclusion and poverty. Most of them do not have regular jobs while many of their children drop out of school at a young age. Drugs, alcoholism, prostitution and promiscuity are rife. The project consisted of a plan to provide housing to as many families as possible, on the condition that they undergo therapy and that they subject themselves to qualitative and quantitative studies on their situations. Out of 51 families, 32 were deemed eligible (people involved in illicit activities were de facto disqualified) but that number eventually came down to just six as families dropped out or were asked to leave the programme. Some of them would find the sessions with psychologists too intrusive while others would refuse to work or send their children to school. Seven years later, in October 2018, the six families were handed the keys to their brand new concrete house. All members of those families have a job and all their children go to school. Meanwhile even those families who did not make it through the programme benefitted as their residential area became more hospitable with asphalted roads, rubbish and recycling bins and weekly garbage collection. Beneficiaries reimburse just Rs 100,000 of the Rs 1.5 m the houses cost because the MCB Forward Foundation believes that it teaches them responsibility.



Next steps

In an endeavour to enable its staff to contribute to building a more prosperous society for future generations, the Group launched, last July, its first ever Social Leave. While this currently only applies to Mauritius, the initiative will be extended to foreign subsidiaries soon. The Social Leave gives the opportunity to each employee of the Group, via a one-day paid leave, to carry out social work by helping an NGO in its day-to-day activities. Employees have a choice of social activity from a pool of programmes crafted with selected NGOs involved in environmental preservation and social actions.

Staff well-being and development are key concerns for the Group and we remain committed, as far as reasonable,

to implement key impactful measures that improve our employees' working conditions and enable them succeed in their professional careers.

MCB Group has always had at heart the fight against inequalities in Mauritius. We will continue our social mission through the MCB Forward Foundation and strive to create meaningful positive impacts amongst populations in need. Furthermore, the Group is currently investigating avenues to boost the social and solidarity economy sector in Mauritius, with an aim to build a more inclusive society conscious of environmental and social issues.

GRI reference table

This sustainability report has been prepared as per the recommendations of GRI. The table below identifies the information disclosed that match GRI Standards reporting requirements.

Number	Status	Standard Name	Chapter	Page
102-1	CORE	Name of the organisation	Chapter I >> MCB Group at a glance	10
			Chapter I >> MCB Group at a glance	10
102-2	CORE	Activities, brands, products, and services	Chapter IV >> Financial services	53
			Chapter IV >> Microfinance	55
			Chapter IV >> Positive impact products: the Green Loan	74
102-3	CORE	Location of headquarters	Chapter I >> Where we operate	12
			Chapter I >> Where we operate	12
102-4	CORE	Location of operations	Chapter IV >> Tax responsibility	52
			Chapter IV >> Financial services	53
102-5	CORE	Ownership and legal form	Chapter II >> The Mauritian context and challenges	17
102-6	CORE	Markets served	Chapter I >> MCB Group at a glance	10
			Chapter I >> Where we operate	12
			Chapter I >> MCB Group at a glance	10
			Chapter I >> Some perspective...	11
102-7	CORE	Scale of the organisation	Chapter I >> Value distribution	11
			Chapter I >> Where we operate	12
			Chapter II >> The Mauritian context & challenges	17
102-8	CORE	Information on employees and other workers	Chapter VI >> Labour practices and decent work (Incomplete)	82
			Chapter VI >> Diversity (Incomplete)	87
102-9	CORE	Supply chain	Chapter IV >> Procurement practices (Incomplete)	54
102-10	CORE	Significant changes to the organisation and its supply chain	Foreword	1
102-11	CORE	Precautionary Principle or approach	Chapter III >> Ethics & integrity	36
102-12	CORE	External initiatives	Chapter III >> External sustainability initiatives	42
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102-13	CORE	Membership of associations	Chapter V >> Partnership with Ebony Forest	72
			Chapter IV >> Lobbying	54
102-14	CORE	Statement from senior decision-maker	Foreword	1
102-16	CORE	Values, principles, standards, and norms of behavior	Chapter III >> Business transparency & human rights risks	38
			Chapter III >> Product responsibility - Equator Principles	40
102-17	SUPP	Mechanisms for advice and concerns about ethics	Chapter III >> Ethics & integrity	36
102-18	CORE	Governance structure	Chapter II >> 'Success Beyond Numbers' governance	32
102-20	SUPP	Executive-level responsibility for economic, environmental, and social topics	Chapter II >> 'Success Beyond Numbers' governance	32
102-21	SUPP	Consulting stakeholders on economic, environmental, and social topics	Chapter II >> Stakeholder engagement	24
102-25	SUPP	Conflicts of interests	Chapter III >> Ethics & integrity (Incomplete)	36
102-30	SUPP	Effectiveness of risk management processes	Chapter III >> Ethics & integrity	36
102-40	CORE	List of stakeholder groups	Chapter II >> Stakeholder engagement	24
102-41	CORE	Collective bargaining agreements	Chapter VI >> Well-being at work - Employee dialogue (Incomplete)	90
102-42	CORE	Identifying and selecting stakeholders	Chapter II >> Stakeholder engagement	24
102-43	CORE	Approach to stakeholder engagement	Chapter II >> Stakeholder engagement	24
			Chapter II >> Stakeholder engagement	24
102-44	CORE	Key topics and concerns raised	Chapter II >> Mauritian context & challenges	17
			Chapter II >> Introducing our material issues	20
102-45	CORE	Entities included in the consolidated financial statements	Chapter I >> Where we operate	12
			Foreword	1
			Foreword	1
102-46	CORE	Defining report content and topic Boundaries	Chapter II >> Mauritian context & challenges	17
			Chapter II >> Introducing our material issues	20
			Chapter II >> Mauritian context & challenges	17
102-47	CORE	List of material topics	Chapter II >> Introducing our material issues	20
102-48	CORE	Restatements of information	Foreword	1
102-49	CORE	Changes in reporting	Foreword	1
102-50	CORE	Reporting period	Foreword	1

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102-52	CORE	Reporting cycle	Foreword	1
102-53	CORE	Contact point for questions regarding the report	Foreword	1
102-54	CORE	Claims of reporting in accordance with the GRI Standards	Foreword	1
102-55	CORE	GRI content index	GRI reference table	98
102-56	CORE	External assurance	Foreword	1
103-1	CORE	Explanation of the material topic and its Boundary	Foreword	1
			Chapter II >> The Mauritian context & challenges	17
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			Chapter II >> Direct & indirect Impacts	22
103-2	CORE	The management approach and its components	Foreword	1
			Chapter II >> 'Success Beyond Numbers' governance	32
103-3	CORE	Evaluation of the management approach	Chapter III >> Ethics & integrity	36
201-1	CORE	Direct economic value generated and distributed	Chapter II >> The Mauritian context & challenges	17
			Chapter I >> Value distribution (Incomplete)	11
202-1	CORE	Ratios of standard entry level wage by gender compared to local minimum wage	Chapter VI >> Diversity - Remuneration philosophy (Incomplete)	88
203-1	CORE	Infrastructure investments and services supported	Chapter IV >> Socio-economic footprint of MCB Ltd's activities	50
			Chapter VI >> Corporate social responsibility (CSR)	95
203-2	SUPP	Significant indirect economic impacts	Chapter V >> Indirect environmental impacts of MCB Ltd	66
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204-1	CORE	Proportion of spending on local suppliers	Chapter IV >> Procurement practices (Incomplete)	54
205-1	CORE	Operations assessed for risks related to corruption	Chapter III >> Ethics & integrity (Incomplete)	36
205-2	SUPP	Communication and training about anti-corruption policies and procedures	Chapter III >> Ethics & integrity	36
206-1	CORE	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	---	---
301-1	CORE	Materials used by weight or volume	Chapter V >> Direct environmental impacts of MCB Ltd	60
302-1	CORE	Energy consumption within the organisation	Chapter V >> Direct environmental impacts of MCB Ltd	60
302-3	SUPP	Energy intensity	Chapter V >> Direct environmental impacts of MCB Ltd	60
302-4	SUPP	Reduction of energy consumption	Chapter V >> Direct environmental impacts of MCB Ltd	60
302-5	SUPP	Reductions in energy requirements of products and services	Chapter V >> Indirect environmental impacts of MCB Ltd	66
303-1	CORE	Water withdrawal by source	Chapter V >> Direct environmental impacts of MCB Ltd	60
304-1	CORE	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	---	---
304-2	SUPP	Significant impacts of activities, products and services on biodiversity	Chapter V >> Positive impact products: the Green Loan	74
304-3	SUPP	Habitats protected or restored	Chapter V >> Partnership with the Mauritian Wildlife Foundation	70
305-1	CORE	Direct (Scope 1) GHG emissions	Chapter V >> Carbon footprint of MCB Ltd	64
305-2	SUPP	Energy Indirect (Scope 2) GHG emissions	Chapter V >> Carbon footprint of MCB Ltd	64
305-3	SUPP	Other Indirect (Scope 3) GHG emissions	Chapter V >> Carbon footprint of MCB Ltd	64
305-5	SUPP	Reduction of GHG emissions	Chapter V >> Climate assessment and strategy	68
306-1	CORE	Water discharge by quality and destination	Chapter V >> Direct environmental impacts of MCB Ltd (Incomplete)	60
307-1	CORE	Non-compliance with environmental laws and regulations	---	---
308-1	CORE	New suppliers that were screened using environmental criteria	Chapter IV >> Procurement practices (Incomplete)	54
401-1	CORE	New employee hires and employee turnover	Chapter VI >> Labour practices and decent work (Incomplete)	82
			Chapter VI >> Diversity (Incomplete)	87
401-2	SUPP	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chapter VI >> Diversity - Remuneration philosophy (Incomplete)	88

Number	Status	Standard Name	Chapter	Page
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403-1	CORE	Workers representation in formal joint management-worker health and safety committees	Chapter VI >> Well-being at work - Health & safety	89
403-2	SUPP	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Chapter VI >> Well-being at work - Health & safety	89
404-1	CORE	Average hours of training per year per employee	Chapter VI >> Training and talent development (Incomplete)	84
404-2	SUPP	Programmes for upgrading employee skills and transition assistance programmes	Chapter VI >> Labour practices and decent work	82
405-1	CORE	Diversity of governance bodies and employees	Chapter VI >> Labour practices and decent work (Incomplete) Chapter VI >> Diversity - Diversity and equal opportunity (Incomplete)	82 87
405-2	SUPP	Ratio of basic salary and remuneration of women to men	Chapter VI >> Labour practices and decent work	82
406-1	CORE	Incidents of discrimination and corrective actions taken	Chapter VI >> Diversity - Diversity and equal opportunity (Incomplete)	87
407-1	CORE	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Chapter III >> Business transparency & human rights risks	38
408-1	CORE	Operations and suppliers at significant risk for incidents of child labor	Chapter III >> Business transparency & human rights risks	38
409-1	CORE	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Chapter III >> Business transparency & human rights risks	38
410-1	CORE	Security personnel trained in human rights policies or procedures	Chapter III >> Business transparency & human rights risks	38
411-1	CORE	Incidents of violations involving rights of indigenous peoples	Chapter III >> Business transparency & human rights risks	38
412-1	CORE	Operations that have been subject to human rights reviews or impact assessments	Chapter III >> Business transparency & human rights risks	38
413-1	CORE	Operations with local community engagement, impact assessments, and development programmes	Chapter IV >> 'Lokal Is Beautiful': the rationale behind the first pillar Chapter V >> Culture	46 76
414-1	CORE	New suppliers that were screened using social criteria	---	---
415-1	CORE	Political contributions	Chapter IV >> Lobbying	54
416-1	CORE	Assessment of the health and safety impacts of product and service categories	Chapter III >> Product responsibility	40
417-1	CORE	Requirements for product and service information and labeling	Chapter III >> Product responsibility	40
418-1	CORE	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Chapter III >> Responsible data Chapter VI >> Customer accessibility and inclusiveness	39 92
419-1	CORE	Non-compliance with laws and regulations in the social and economic area	---	---

