



IN CONVERSATION WITH OUR GROUP
CHIEF EXECUTIVE DESIGNATE,
JEAN MICHEL NG TSEUNG

Describe the world that MCB Group operated in over the past financial year – what were some of the challenges and positives?

The past year has been an eventful one. Fuelled by the conflict in Ukraine, global geopolitical tensions are undermining much needed economic recovery and introducing new levels of uncertainty and risk into public policy and decision-making. Rising inflation and increasing food and energy costs are putting enormous pressure on governments, businesses and households around the world.

These challenges are exacerbated by a worsening climate crisis, which requires an urgent and coordinated response by a wide network of stakeholders. Developing a comprehensive ESG strategy has therefore emerged worldwide as a prerequisite to retain one's license to operate within the financial sector, and the financial and reputational cost of not addressing ESG issues openly and transparently is growing.

Locally, we are encouraged by the upturn in tourism following the opening of the country's borders in October 2021 and the general pickup in economic activity. While we are not immun to the challenges beyond our frontiers, these green shoots are immensely positive in the face of challenging and unpredictable times.

Against this backdrop, what stood out for you as non-financial highlights or disappointments?

MCB Group's success is measured by how well we accompany our entrepreneurs and individuals to new heights, grow our people and develop their talents, and promote and deploy sustainable finance for the good of our planet. By this measurement, I believe MCB Group delivered a strong performance

We supported our clients by providing relevant products and services that are responsive to their needs and helped address their cashflow challenges. This includes refining products that aim to promote local economic development, such as our online business-to-business platform Punch. The Bank signed up as the lead investor in the Katapult Mauritius Accelerator, an impact accelerator programme for local and international start-ups focusing on regenerative food and agritech solutions for Africa.

Within MCB Group, we launched Allies for Change workshops. These workshops build on the commitments outlined in our Gender Equality Charter established last year. They aim to strengthen leadership's ability to advance gender equality and women's empowerment within the organisation.

We also initiated actions to help us embed sustainability firmly within our organisation. This includes progressing on our roadmap to develop a sustainable finance framework and soliciting the support of the World Bank's former Executive for Sustainable Development to advise on our ESG journey. We also kickstarted a culture alignment project that we branded Successful Together. This project will create even greater alignment between our corporate sustainability engagement and the mindset and behaviours of our employees.

While we have made great progress in many aspects of our sustainability strategy, we recognise that there is always room for improvement. For example, the deployment of the Rs 5 billion credit line was delayed due to the ongoing impacts of the COVID-19 pandemic. We therefore saw slower progress than we would have liked in the financing of local renewable energy projects.

We continued our partnership with Livelihoods Carbon Fund 3, an impact investment fund focused on financing large-scale projects with positive social and economic impacts for rural communities. Investments targeted in the year include restoring and conserving high biodiversity ecosystems as well as regenerative agriculture and agroforestry to foster low-carbon, sustainable farming practices. MCB Madagascar collaborated with the Adventist Development and Relief Agency (ADRA), a global humanitarian organisation. Together, MCB Madagascar and ADRA supported 600 vulnerable households in Fokontany by providing resources to promote food security.

These projects and investments come at an opportune time when food security continues to deteriorate and is a worldwide concern. Despite these challenges, I am extremely proud of what MCB Group was able to achieve in a difficult year and how quickly the Group recalibrated and restored momentum in the wake of the pandemic.

What do you believe the Group's most significant ESG risks and opportunities are, and do you believe that MCB Group has a mature framework to identify and respond?

MCB Group's most significant risk also represents its best opportunity. As mentioned earlier, the cost of not addressing ESG issues timeously will be significant in the long term and remaining still is not an option. ESG has moved firmly from something in the peripheries to centre stage for the public and private sectors as well as for our stakeholders. At MCB Group, ESG is therefore recognised as integral to our business model. We see it both as a critical component of risk management as well as a major growth engine and believe we have the appropriate responses to capitalise on opportunities while mitigating risks.

In recent years we have invested significant resources into each pillar of 'Success Beyond Numbers'. Our actions are underpinned by a commitment to act responsibly. For example, we continue to mature our Environmental and Social Risk Management Framework in relation to all project financing and carry out due diligence where projects are flagged as high risk. We are improving in terms of how we manage climate-related risk. This includes developing a more comprehensive view of the impact of climate change on our operations by gaining a better understanding of matters such as stranded assets and Scope 3 emissions through our financing activities. This is supported by a review of our governance structures for climate-related risk management. We believe that every employee, including leadership, should understand the impact of climate change and are deploying a user-friendly, interactive workshop called Climate Fresk to create awareness across our operations.

These actions support our efforts to better understand our impact on the world around us and the role we can play in safeguarding the resources on which we and our stakeholders rely.

MESSAGES FROM OUR EXECUTIVES

Provide your thoughts on what you believe lies ahead for the Group in the upcoming financial year, and what are your priorities?

Wherever we operate, we remain guided by the belief that our success depends on the success of our stakeholders. We will therefore use our expertise and resources to make a positive difference to economies, people, communities and the environment.

The year ahead is likely to be challenging as we continue to navigate the impacts of the conflict in Ukraine. Locally, this includes high import and transportation costs. While this is troubling, it does present opportunities to shift resources towards longer-term solutions that support local economic activity and reduce import dependency. I believe that MCB Group can play a leading role in the country's economic and sustainable development transition and facilitate similar shifts in the region and our presence countries.

Another priority for the year includes deploying the Rs 5 billion credit line. As we move into the next financial year, our teams are gearing up to engage with clients on how we can support them with financing green energy and positive environmental impact projects. This is in line with the objectives that the Mauritian government set for the country's energy sector. We welcome opportunities to develop this dialogue between the private and public sectors and accelerate the financing and implementation of relevant projects.

We are establishing an ESG financing task force to review our operations so that we can better understand our ESG financing position and propose a future trajectory for MCB Group. Developing a clearly articulated way forward will be essential to our overall ESG strategy and we must ensure that the Board and employees clearly understand and embed ESG considerations in our process and product offerings.

Finally, there is a need to invest in ESG-focused employee training and development. The training programme will need to include, among others, a general introduction to environmental and social sustainability, targeted in-house training programmes on specific issues relevant to the financial sector, and externally facilitated courses on the matters of compliance, policy and sustainable financing.

Any closing remarks?

Past efforts have given us a strong base from which to move forward – but we are not satisfied yet. Each year brings an opportunity to identify business-led solutions that are responsive to the needs of markets, communities and consumers, locally and regionally.

I would like to take this opportunity to thank the Board of Directors and the members of our Corporate Sustainability Committee for their support and guidance throughout the year and for encouraging leadership in relation to MCB Group's agenda. Thank you to the Head of Communication and Corporate Sustainability and her team, to the sponsors of our different sustainability-related projects, and to each and every employee who contributed in their own way to ensuring that MCB Group lives its purpose to the fullest and delivers Success Beyond Numbers.

Jean Michel Ng Tseung
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MCB Group Ltd