

## 'SUSTAINABILITY IS KEY TO ECONOMIC RECOVERY'



Raoul Gufflet (RG)  
Deputy Chief Executive Officer of MCB Ltd

Pierre Guy Noël (PGN)  
Chief Executive of MCB Group Ltd

Alain Law Min (ALM)  
Chief Executive Officer of MCB Ltd

### Two years after the launch of the Corporate Sustainability Programme 'Success Beyond Numbers', what has changed at MCB Group?

**PGN:** Sustainability is in itself a real journey. Two years down the line, I can safely say that sustainability is no longer considered an isolated project. Sustainability has become a key element of our operations and processes, and governance on the subject has been adapted within our organisation accordingly. Our initiatives have been positively received by both our internal and external stakeholders. We have also been able to rally shareholders, partners, the public and our employees to the cause. From the very start, we wanted 'Success Beyond Numbers' to be as inclusive as possible. To achieve this, input from our employees was critical in the very definition of our three pillars of action: A vibrant and sustainable local economy, the preservation of our environmental and cultural heritage, and the individual and collective well-being. Sustainability is now part of our strategy which has been formulated in line with the United Nations Sustainable Development Goals framework.

### What were the Group's main sustainability milestones in 2019-2020?

**ALM:** The 'Klima' conference held in February 2020 was without a doubt the highlight of the year. This conference was followed by the launch of the 'Klima Neutral 2050' report which MCB Group commissioned from French consultants Utopies. It was also the platform to communicate on our climate-related commitments to the corporate world and the population at large. We announced that we would no longer finance new coal-fired power plants, that there would be more transparency on the impacts of our financing portfolio and we stressed our ambition to be carbon neutral in our operations, to name but a few. We have also committed to invest € 5 million over the period 2021-2040 in the Livelihoods Carbon Fund 3, an impact investment fund created by Livelihoods Funds with leading companies joining

forces to accelerate efforts on climate change mitigation and social impact. Another milestone achieved this year is the enhancement of the sustainability governance structure, which places 'Success Beyond Numbers' at the strategic level for both the Bank and the Group. Sustainability issues are now discussed at Board level and key Executives form part of the Sustainability Strategic Council, which is empowered to validate strategic initiatives. A Sustainability Coordinating Team composed of various Heads of Business Units and Pillar Owners follows progress of projects on a monthly basis. Also, three new colleagues have joined the Sustainability Team and thanks to this new structure, we have reinforced our capabilities for the implementation and follow-up of internal and external sustainability initiatives.

### With new economic constraints looming in the wake of the COVID-19 pandemic, does the commitment to sustainability remain a priority?

**PGN:** Many of the problems we face today, including COVID-19, are the consequences of excessive and unsustainable modes of production and consumption. Sustainability is therefore key to the economic recovery. It is about devising a strategy for the upcoming generations, about striking the right balance, and doing the right thing for future generations. This will entail having a holistic approach. As a major stakeholder in the local economic landscape, we need to have a clear stance on what we agree or refuse to finance. We are already financing green initiatives and technologies via the SUNREF credit line and our long-standing partners 'Agence Française de Développement' (AFD). The major projects we finance all undergo an environmental and social impact assessment to ensure potential risks are properly managed and mitigated. We have also taken the bold commitment to stop the financing of new coal-fired plants as from 2022 on the international scene, and to assist our existing local clients as they phase out coal. The post-COVID-19 economic recovery has to be a sustainable one and I believe that

## MESSAGE FROM TOP EXECUTIVES (CONTINUED)

strengthening the local economy is essential. We are now more than ever committed to ensure a sustainable economic recovery via local, green and inclusive development. This will entail financing virtuous projects and at the same time create deterrence to discourage the most polluting activities.

**“SUSTAINABILITY IS THEREFORE KEY TO THE ECONOMIC RECOVERY. IT IS ABOUT DEVISING A STRATEGY FOR THE UPCOMING GENERATIONS, ABOUT STRIKING THE RIGHT BALANCE, AND DOING THE RIGHT THING FOR FUTURE GENERATIONS.”**

### **What do your stakeholders, particularly your clients, expect from MCB Group today?**

**PGN:** In these turbulent and unpredictable times, we are more than ever committed to nurture a close relationship with all our clients. The COVID-19 pandemic has forced us into new modes of working and interactions, and we are helping our clients transition to this new normal. We also want to seize the opportunity to help them shift to more resilient business models by encouraging green investment and sustainable growth via dedicated financial products. We ambition to pave the way towards an innovative and co-constructive approach to finding solutions. The Group is in constant touch with the trends of the market and this allows us to provide the most appropriate and valuable services to our clients. Most importantly, we are committed to upholding our responsibility, as a long-standing economic actor, to act as a force for good. Our clients can rest assured that we are doing and will keep doing our best to bring about positive and impactful change possible.

### **MCB has worked for two years on strengthening the local economy and support local value. How do these initiatives fit into the current crisis?**

**ALM:** As Pierre Guy rightly said, the COVID-19 pandemic has shown that a strong local economy is critical in ensuring resilience in times of crisis. The global disruption in supply chains and production impacts more severely small island economies like Mauritius. As highlighted in the 'Lokal is Beautiful' report commissioned by the Group at the beginning of 2019, Mauritius should aim to minimise its economic leaks and promote local value-added by encouraging the Fab-island, Circular-island and Smart-island modes of development. These models emphasise the importance of local production and consumption and provide more resilience to our local entrepreneurs. This is even more important in the current context of economic slowdown and the temporary closure of our borders. Under the 'Lokal is Beautiful' initiative, we have set out an action plan spearheaded by our Business Banking Strategic Business Unit, to promote local businesses thanks to favourable loan schemes, a mobile app dedicated to SMEs, an online account opening facility, among others.

### **At a regional level, how can MCB Group be an influencer on sustainability?**

**ALM:** The Group's corporate sustainability strategy aims at aligning business development and profitability with the notion of sustainability over time. As Pierre Guy mentioned, our roadmap was built to take into account the priority Sustainable Development Goals (SDGs) of the country. The same rationale will be at the core of our strategy for our Indian Ocean subsidiaries. Our objective is to support the positive transitions that are necessary for the inclusive economic development in the countries where we operate, be it in the ecological, energy, or digital fields. The Group is working on financial solutions and products that will help accelerate societal shifts for a better tomorrow. On another note, we are the only bank in the Indian Ocean region to have signed the Principles for Responsible Banking (PRB) of the United Nations Environment Programme Finance Initiative (UNEP FI). This will provide us with the opportunity to learn and share with our regional and international peers on the sustainability topic.

**“THE GROUP’S CORPORATE SUSTAINABILITY STRATEGY AIMS AT ALIGNING BUSINESS DEVELOPMENT AND PROFITABILITY WITH THE NOTION OF SUSTAINABILITY OVER TIME.”**

### **At the beginning of 2020, the Group launched the 'Klima' initiative. How do you see the Group's role in tackling the fight against climate change?**

**RG:** Although our economy faces many significant challenges in the wake of COVID-19, climate change remains the defining issue of our time. Mauritius, like all small island states, is highly exposed to the consequences of climate change. The 'Klima' conference was aimed at raising the awareness of our population, ignite change and collectively work towards finding a fair and inclusive solution to climate change. We believe that the path to a low carbon economy is not a constraint but an economic opportunity. We have this opportunity to create a more stable and prosperous future embedding the development of low-carbon offers, the decarbonisation of the energy mix and very importantly, as Pierre Guy and Alain highlighted, the emergence – in the continuity of our 'Lokal is Beautiful' initiative – of a more local and decentralised economy, all relevant contributors to sustainable economic growth. Aiming for carbon neutrality for our country is ambitious, but it is a necessity. As a key financial actor, our role is to finance this transition to a low carbon economy by providing the appropriate financial products, services and support to our clients.

### **How can this 'Klima' initiative thrive in a world struck by the COVID-19 crisis? COVID-19 has triggered a severe economic crisis in Mauritius and the world. How can the fight against climate change be enhanced by economic recovery packages and measures?**

**RG:** I believe that the coronavirus pandemic and climate change are not black swan events. Although they both require honest, science-based policymaking, I think it is infinitely more justified to act in the case of the ecological crisis than in the case of the health crisis because it affects every inhabitant of planet earth, not a few thousand people, and not for a time, but forever.

## MESSAGE FROM TOP EXECUTIVES (CONTINUED)

António Guterres – the United Nation (UN) Secretary-General – recently argued that “the climate threat is much more serious than the pandemic”. The latter may have forced nearly half of humanity to confine itself for weeks and led to a historic plunge in global economic activity, but it has only resulted in a momentary reduction in carbon dioxide emissions. Pierre Guy, Alain and I firmly believe that we should be seeing the COVID-19 crisis as a tipping point, an opportunity to ensure a greener, more inclusive economic recovery. Developing new sectors linked to reaching carbon neutrality for our country will create new jobs, businesses and at the same time bring about positive environmental impact. The Group is committed to playing its role in this economic transformation. However, the authorities also have a crucial role to play. They should also provide economic stimulus packages that will encourage businesses to shift to greener technologies. Countries in Europe have tied the allocation of recovery packages to successful implementation of environmental and climate initiatives. Without this kind of incentives, we face the risk of short-termism, leading us back to the ‘business as usual’ mindset and the COVID-19 crisis would then have served no purpose.

**“AIMING FOR CARBON NEUTRALITY FOR OUR COUNTRY IS AMBITIOUS, BUT IT IS A NECESSITY. AS A KEY FINANCIAL ACTOR, OUR ROLE IS TO FINANCE THIS TRANSITION TO A LOW CARBON ECONOMY BY PROVIDING THE APPROPRIATE FINANCIAL PRODUCTS, SERVICES AND SUPPORT TO OUR CLIENTS.”**

### **What are the main social/environmental barriers in Mauritius that the Group would like to help overcome?**

**RG:** As climate change imperils communities, livelihoods, and lives, organisations worldwide are reconsidering what it means to be sustainable. Corporate leaders everywhere have begun to view the health of the planet as a bellwether of their business’ long-term prospects: there is no business to be done on a dead planet. Strong-minded consumers have pushed to end the era of shareholder-first, planet-last practices, forcing companies to focus on risk awareness and reform. Sustainable development is a race against time, and against our reluctance to change our collective beliefs as well as our individual decisions and lifestyles. The recent Wakashio oil spill is a perfect example of this change in collective behaviour and belief that unity, solidarity and trust can have immense impact on communities, on the biodiversity, on the collective sense of pride, and hopefully and eventually on government policies. It is now very clear that a more inclusive society, based on equity and solidarity, is a key factor of resilience to major crises, including the climate crisis. We have an ethical imperative to work, in the forthcoming years, at bridging the gender gap but also at building a more inclusive economy. I am personally very worried by the complexity of our challenges in Mauritius, climate change, mega-pollution, COVID-19, inequality, lack of competence and corroded policies, but also incredibly inspired by the world breakthroughs in science, technology, know-how that we will benefit from. More importantly by the determination of young people especially, all around the world, for a better future. There is no excuse for any of us to be morose or pessimistic. The job of those of us who have been in this fight for a while is to help empower today’s young generation to become leaders to build a more decent world. What could be more exciting and rewarding than contributing to the future, and leaving a positive legacy for our children and grandchildren? It is truly its own reward.

### **What can be expected from MCB Group in the coming months/years?**

**PGN:** We have initiated a number of steps to promote sustainability on various fronts and to facilitate the transition to more sustainable practices for our clients. Over the last few years, we have been reducing our own energy consumption by investing in energy efficient solutions where possible but we are going even further. The Bank has retroactively offset all its operational carbon emissions generated in 2018 and will continue to do so in the coming years. We want to encourage our customers to do the same and to do what it takes to adopt environmentally friendly practices in their operations. In order to go even further in our sustainability approach and ambitions, and involve our customers, we are working on financing solutions that will consider sustainability criteria in the credit cycle process. By doing so, we will be encouraging our customers to progress in their own sustainability journey via the financial incentives and support.

**RG:** Our teams are working hard on various internal and external initiatives that will be uncovered over the new financial year. Our focus will remain to ensure progress on the sustainability targets we set ourselves last year, as well as deliver on our climate commitments. We will also continue promoting a more ‘lokal’ economy that will be even more relevant in the context of the COVID-19 aftermath. We will also look at the economics of equal opportunity in the workplace. The workplace is in upheaval, with a massive disruption in jobs and career paths. This was already the case because of artificial intelligence, robotics, and the digitalisation of the economy, but COVID-19 has dramatically accelerated and amplified this disruption. We will engage in a deep rethinking of jobs and on how to make both occupational tasks and businesses more equitable and inclusive with many different modes of engagement. We will constantly further our collaboration with our partners and stakeholders in order to bring systemic change where it is legitimate for us to do so. COVID-19 will not stop us in our ambitions.

**ALM:** MCB Group will continue to promote the ‘Lokal is Beautiful’ philosophy. We firmly believe that a strong local economy will help the country mitigate the impact of the economic downturn resulting from the COVID-19 crisis and help to sustain its recovery. We will be attentive to the needs of our clients in the midst of these unprecedented and unstable times while supporting entrepreneurs and corporates in their fight to stay afloat. COVID-19 will undoubtedly accelerate our sustainable finance deployment initiatives to invest in a better, greener tomorrow, and we will continue our fight against poverty and for greater inclusion via our CSR Foundation. The well-being of our employees is at the heart of our sustainability agenda and we started deploying a number of initiatives to promote better engagement, diversity and work life balance among our staff. Our sustainability strategic plan, which was validated by the board early this year have started as planned. We trust that the lessons from our sustainability initiatives implemented locally can be replicated in an impactful manner in our Indian Ocean subsidiaries, and scaled up in Africa. By sharing our sustainability vision and concept with African financial institutions and corporates, we aim to make the most of the untapped economic opportunities on the continent, in a responsible manner.