

COMPLAINT RESOLUTION PROGRAM

A POLICY PAPER BY

INTERNAL AUDIT & RAR GROUP

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1. OVERVIEW

MCB Bank is committed to operating practices with the highest possible standards of service, delivered in an ethical, professional and legal manner. The bank's interactions with customers, suppliers and other requires trust, and all of the bank's directors including the CEO, officers, and employees (herein referred to as "personnel") must maintain strict compliance with all applicable laws and regulations.

The bank has adopted a code of business conduct policy that establishes specific expectations regarding the behavior of its personnel, and is committed to maintaining an effective internal control environment to detect and to prevent or deter improper activities. Effective internal controls can also ensure the accuracy of the bank's financial reporting and related disclosures. However, even the best systems of internal controls cannot provide absolute safeguards against irregularities; intentional and unintentional violations of laws, regulations, policies and procedures may occur, and the bank has a responsibility to investigate and address allegations of suspected fraudulent, wrongful, or improper activities.

This Complaint resolution Program serves to provide a new channel for the bank's staff and outside parties to raise concerns, expose irregularities, help uncover financial malpractices, prevents frauds, eliminate personnel harassments and attend to grievances of those associated without any fear of reprisal or adverse consequences. The scope of the policy will mainly cover the cases that escaped the existing normal procedures and systems.

In line with instructions issued earlier from time to time and an effort to further improve governance and service quality, Bank has formulated and designed a new mechanism for raising flags and even addressed concerns like staff protection, preservation of confidentiality and even embedded rewards for complainants.

The Complaint resolution Program is additional to the existing systems of complaint and dispute resolutions. It is a part of a new effort to further improve governance and service quality at MCB. This program sets out the procedures for lodging of complaints and concerns by the staff and the outside parties, handling of complaints by the bank, reporting requirements, disciplinary actions/rewards/penalties and periodic monitoring of the program.

The employees and outside parties are encouraged to use the guidance provided by this program for reporting wrong doing/improper conduct. It is emphasized that this policy is intended to assist individuals who believe they have discovered malpractice or impropriety. It is not designed to question financial or business decisions taken by the Bank nor should it be used to reconsider any matters which have already been suitably addresses under harassment, complaint, disciplinary or other procedures.

Complaint Resolution Unit

For this purpose Complaint Resolution Unit has been established under the umbrella of Audit Committee. The Head of this Unit will not be less than an EVP, administratively under the Head of Audit Group and functionally reporting directly to the Chairman Audit Committee with dotted line reporting to Head of Audit Group.

2. DEFINITIONS**a. Allegations**

This refers to accusing before proving with evidence.

b. Fraud

This denotes an intentional twisting of the truth or concealment of facts. Employers might be guilty of fraud, for example, if they maliciously lie about the advantages or disadvantages of the jobs they're offering, or as guise to illegally discharge employees. Fraud typically falls under tort or criminal law.

c. Improper conduct or Wrongdoing

For the purpose of this policy, improper conduct or wrongdoing is defined as:

- corrupt conduct;
- fraudulent activity;
- a substantial mismanagement of MCB resources; or
- Non-Financial allegations such as sexual or racial harassment

That would, if proven, constitute by a member of the MCB Group or its personnel:

- a criminal offence;
- reasonable grounds for dismissing or dispensing with, or otherwise terminating, the services of MCB personnel who was, or is, engaged in that conduct; or
- reasonable grounds for disciplinary action.

d. Malicious

Intent to cause harm without justification and regard for legal rights.

e. Protected Disclosure

For the purpose of this policy, protected disclosure is defined as:

"Any communication in good faith based on reasonable grounds that discloses or demonstrates an intention to disclose information that may evidence a wrongdoing or improper conduct".

f. Complaint

For the purpose of this policy, Complaint is defined as:

"The deliberate, voluntary disclosure of individual or organizational malpractice by a person who has or had privileged access to data, events or information about an actual, suspected or anticipated wrongdoing within or by an organization that is within its ability to control."

g. Complaint Resolution Unit

An operationally independent Unit established within the Internal Audit & RAR Group for receiving, handling and monitoring allegations, complaints and concerns raised by the complaint resolution

h. Complainant

For the purpose of this policy, a complainant is defined as:

"any employee, director, related officer, contractor, service user, customer or any member of public, who makes or attempts to make a disclosure of improper conduct or wrongdoing."

3. PROCEDURES OF LODGING COMPLAINTS**a) PARTIES TO COMPLAINT RESOLUTION**

The following are the parties to the Complaint Resolution Program:

- i. Any employee, as Complainant
- ii. Any outside party, including shareholders, accountants, vendors, customers etc., as Complainants.
- iii. Complaint Resolution Unit, handling complaints, allegations, concerns against malpractice, wrongdoings etc.

b) COMPLAINT RESOLUTION ACTIVITIES & DISCLOSURES

The following are to be reported to the Complaint Resolution Unit;

- i. Allegations of Suspected Fraudulent act, Wrongdoing, or Improper conduct by the bank's Personnel.
- ii. Allegations of Suspected Wrongdoing or Complaints relating to the bank's accounting, internal controls, auditing, or financial reporting matters

Reports are to be made in writing to assure a clear understanding of the issues being raised. Such reports should be factual rather than speculative, and contain as much specific information as possible, including name(s), dates, places, events, employee's perception of why he/she suspects the fraudulent act, wrongdoing, or improper conduct in accounting, internal controls, auditing, or financial reporting.

COMMUNICATION

Employees or outside parties with concerns or complaints may report such concerns or complaints through the bank's hotline, e-mail, fax or regular mail. Concerns and complaints received through these means shall be forwarded to concerned person.

- **Hotline** – e.g. 111-111-ABC
- **E-mail** – e.g. complaint@mcb.com.pk
- **Fax** – 111-111-XYZ
- **Regular Mail** – MCB House. 15-Main Gulberg Lahore.

One complaint should be submitted once only through any one of the above means. See **appendix I & II** for submitting such details.

4. HANDLING COMPLAINTS

1. The nature of each complaint will be determined and complaint classified accordingly, i.e. whether it pertains to employee related matters; to internal fraud / misappropriation; or to accounting, internal controls, auditing, or financial reporting matters.
2. Each complaint received by the Complaint Resolution Unit is to be logged into a tracking report and assigned a code. This code will be used in all subsequent processes including investigation and reporting of the allegation. Access to information regarding identity of complainant will be restricted.
3. Each complaint will be assessed by the Head of Complaint Resolution Unit with a view to decide whether it meet the criteria laid down in Complaint Resolution policy, and whether a future investigation is required, and form that such investigation should take.
4. Initial inquiries / assessments will be made to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved by agreed action without the need for investigation.
5. The cases warranting investigation should be forwarded to the Internal Audit Department for investigation.
6. An investigation will only be conducted if the allegation / information are sufficiently specific and contains adequate corroborating evidence to warrant an investigation.
7. Investigators must be competent, trained, independent, unbiased, objective, and ethical, and observe legal and professional standards.
8. The complainant shall receive follow-up on his / her concern within five (5) days:
 2. Acknowledging that the concern was received;
 3. Indicating how the matter will be dealt with;

9. The action taken by the Bank will depend on the nature of the complaint and the results of the investigation. The final investigation report will be forwarded to Head of HRM in case disciplinary action is required against the delinquent staff for necessary action. Copies of this report will also be endorsed to President as well as concerned Group Head.

5. FALSE ALLEGATIONS

Deliberately making a false report is also under this policy. This is not meant to discourage or limit the rights of individuals from making reports of alleged malpractices or wrongdoings. The bank recognizes that, in some instances, it may not be possible to determine whether a report / action are warranted. Employees should not be reluctant to report information because they are uncertain of who will be believed and whether the allegation can be proved.

This is expected from all employees to refrain from rumor mongering, irresponsible behavior and false allegations and if staff makes an allegation in good faith, but it is not confirmed by the investigation, no action will be taken against them. If, however, staff makes malicious or vexatious allegations, disciplinary action may be taken against them and penalties may be imposed as prescribed in article 7.

6. PROTECTION RIGHTS & REWARDS OF THE COMPLAINANTS

– Commitment to protecting complainants

The MCB Bank is committed to the protection of genuine complainants against action taken in reprisal for the making of protected disclosures.

– Confidentiality

Confidentiality of the complainant's identity, the nature of the report, and the suspected person's identity is to be strictly maintained.

– Keeping the complainant informed

The Complaint Resolution Unit will ensure the complainant is kept informed of action taken in relation to his or her disclosure as per handling procedures.

– Complainants implicated in improper conduct or wrongdoing

The MCB Bank acknowledges that the act of Complaint Resolution should not shield complainants from the reasonable consequences flowing from

any involvement in improper conduct or wrongdoing. A person's liability for his or her own conduct is not affected by the person's disclosure of that conduct. However, in some circumstances, an admission may be a mitigating factor when considering disciplinary or other action.

– **Harassment or Victimization**

The bank recognizes that the decision to report a concern can be a difficult one to make not least because of the fear of reprisal from those responsible for the malpractice. The bank will not tolerate harassment or victimization and will take action, which could involve disciplinary proceedings, to protect complainants when they raise a concern in good faith.

Retaliation against an individual, who, in good faith, has made a Complaint, disclosed information relating to a Complaint or otherwise participated in an investigation relating to a Complaint, is prohibited regardless of the outcome of the investigation. Complaints of alleged retaliation also are to be directed to the Complaint Resolution Unit. The Bank shall not discharge, demote, suspend, threaten, harass or in any manner discriminate against an employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of Complaints, participation in a related investigation or otherwise. An employee's right to protection from retaliation does not extend immunity for any complicity in the matters that are the subject of the complaint or an ensuing investigation.

f. Rewards

Complainant will be awarded monetary benefit / career advancement depending upon the nature and gravity of the disclosure. The decision of the audit committee would be full and final in determining the nature and amount of reward. But only those complainants will be rewarded who will report such allegation by disclosing their complete identity and would also help in investigating the matter through providing proofs/evidences if asked for by the Investigator / Head of Complaint Resolution Unit.

i. DISCIPLINARY ACTION & PENALTIES

Where an employee commits breach of the regulations of the bank or the complainant is guilty of a false allegation against any other employee or any other act or improper conduct or wrongdoing or insubordination the competent authority may impose on him one or more of the following penalties.

- a) Reprimand
- b) Postponement or stoppage of increment or promotion

- c) Recovery from the pay or otherwise of the whole or part of any pecuniary loss caused to the bank by the employee
- d) Degradation to lower stage of pay in his grade or to a lower grade
- e) Compulsory retirement from service and
- f) Termination / dismissal from Bank services with / without benefits.

All such cases will be forwarded to Head HRM who will decide to outcome of each case according to its gravity.

ii. RIGHTS & RESPONSIBILITIES OF THE SUSPECTED PARTIES

- a. The suspected party(ies) of a complaint resolution investigation has the right to consult with a person or persons of their choice. This may involve representation from his/her colleague from the bank.
- b. The suspected party(ies) has a responsibility not to interfere with the investigation. They are not to withhold, tamper, or destroy evidence or influence, coach or intimidate witnesses. Unless there are compelling reasons to the contrary, subjects should be given the opportunity to respond to material points of evidence contained in an investigation report.
- c. The suspected parties are bound to answer / respond to the queries made by Investigator and appear in person if called for by the investigator.

iii. REPORTING REQUIREMENTS

- a. At the conclusion of a complaint resolution investigation, a written report that provides the findings of the investigation, including a summary of the evidence and a conclusion as to whether or not the allegations are substantiated is to be completed and logged into the Audit Committee's tracking report.
- b. The Audit Committee shall have the authority to, at any time, obtain briefing regarding any investigation of a Complaint and any findings regarding a Complaint.
- c. A tracking report documenting all complaint resolution allegations and actions taken to resolve them will be submitted to the Audit Committee at least bi-annually and subsequently to the Board of Directors annually.
- d. At the conclusion, the designated person will send a written response to the Complaint. Record of all response letters, Complaints and documentation shall be properly maintained.

- e. Records of Complaint Resolution complaints, investigations, and reports are to be retained for at least ten years.

10. OTHER CONSIDERATIONS

1. The bank should keep good records to protect evidence, ensure credibility and avoid claims of discrimination.
2. It should be made sure that evidence is collected and analyzed by someone with sufficient time, tools and expertise. Expert opinion may be called wherever deemed necessary.
3. The Complaint Resolution Unit should not rush to judgment. The subject of allegation involves rights which are to be safeguarded. Every person should be given ample opportunity to present his / her case and defend the allegation against him / her.
4. Consideration should also be given to costs, and whether focus is prosecution, recoveries, restitution, or termination.
5. The bank's findings should not result in a public record unless required by law.

o DISCLOSURE TO EXTERNAL BODIES

Complainant is not allowed to disclose internal concerns to any of the external bodies unless required by the law and will be subject to Disciplinary action in case he / she found guilty of breach of secrecy.

12. ANONYMOUS DISCLOSURES

Anonymous complaints will be discouraged and may not attract any action thereon.

a. MONITORING & REVIEW OF POLICY

The Audit Committee is responsible for monitoring the effectiveness and compliance of the Complaint Resolution Program. This program will be reviewed annually to ensure it complies with relevant laws and that it remains relevant and effective. This policy may be changed at the discretion of the Board of Directors of MCB Bank Limited

b. EFFECTIVE DATE

These rules laid down herein by Audit Committee will take effect from the 1st Day of July 2007.