

Corporate Sustainability Report

MCB Bank believes in nurturing the talent of the individuals of the communities in which it operates. By initiating numerous projects and services that facilitate in a socially responsible way, MCB Bank ensures sustainability of the greater environment and social well-being of its employees.

The Bank adheres to several key principles that accredit it as an institution. It is committed to creating a better work place and provide a cleaner environment through various initiatives for the good of the community at large. MCB Bank believes in inculcating a culture of excellence, good governance, transparency, integrity and accountability through commitment to prioritize controls and compliance, thereby ensuring all activities are carried out in accordance with the prevailing regulations. In addition to covering the technical side, MCB Bank has a well-defined Code of Ethics and Conduct policy, a mandatory document that acts as a guideline for employees while performing their duties.

MCB Bank truly adheres to its philosophy i.e. "Bank for Life". The Bank is committed to bringing about positivity in all aspects of life for its shareholders, customers & employees. As life's platform offers various elements of emotions, aspirations, expectations, needs and desires, MCB Bank endeavors to help achieve a higher form of living: a living that becomes more worthwhile when it is filled with love and compassion.

Corporate Social Responsibility

The Bank realizes it as its rightful duty to operate as a highly socially responsible Bank. Being amongst the largest banks in Pakistan, MCB Bank manages business with its stakeholders in a manner that is ethically acceptable and beneficial for all.

MCB Bank also holds an approved Corporate Social Responsibility (CSR) Policy to cover the core areas of focus on CSR. During 2016, the Bank has continued to make contributions towards education, health, environment, sports, social awareness and promotion of culture.

MCB Bank is one of the largest employers in Pakistan and provides employment opportunities to thousands of fresh, experienced and deserving candidates. The Institution regularly identifies and promotes talent which in turn contributes towards the progress of the economy as a whole. The Bank encourages internal and external trainings and President level interactive sessions for field and operational staff.

Youth Education and Training

MCB Bank recognizes the role of youth in the future of Pakistan. It has, therefore, partnered with leading educational institutes across the country to develop the personality and character of Pakistan's future generation.

The Bank aims in promoting and encouraging intelligent minds of all ages to get together by sponsoring the efforts of the Institutes in every way possible. During 2016, the Bank partnered with and sponsored Lahore University of Management Sciences (LUMS) Entrepreneurial Society for the Young Leaders & Entrepreneurs'

Summit [YLES], Kinnaird Entrepreneurial Club for a 2 days Business Week at the premises, Old Ravian Association Lahore for annual dinner and Institute of Chartered Accountants of Pakistan [ICAP] for the SAFA Conference Lahore 2016.

During 2016, the Bank has paid Rs. 26.6 million as education allowance to clerical and non-clerical staff for education of their children. In addition, MCB Bank has also spent Rs. 50.8 million on staff capacity building and trainings.

Sports

During 2016, the Bank made sponsorships for Multan Golf Club for the 7th Major General Shahid Hamid Khan Memorial All Pakistan Multan Open Golf Championship 2016, Lahore Garrison Golf and Country Club for Championship 2016, PAF Golf Club Islamabad for Night Golf Match, State Bank of Pakistan for the 13th SBP Governor's Cup - Interbank Regional Cricket Tournament [ISB 2016-17].

Employee Engagement through Celebration of National Events

The Bank over the years, has celebrated the Independence Day with great zeal. Each year, the Bank employees are encouraged to engage the customers in the activities and decorate the premises festively. The year 2016 proved to be an even mega year where the Head Office Lahore was a traffic-stopper for two nights as a result of its eye-catching LED décor and flag that covered the entire front of the building. Flag hoisting and cake cutting ceremony was held which was participated by MCB Employees and their families.

Employees of the Bank also celebrated the day throughout the Country and the event was shared amongst employees to encourage their spirits and patriotism.

Energy Conservation and Energy saving measures

MCB Bank considers national obligations to be its top priority. With energy crisis as one of the major national concerns, MCB Bank believes to lead by example. To conserve energy as a policy and for efficient use of natural resources, MCB Bank has initiated installation of solar systems for its ATMs.

The management is geared towards mitigating the impact of high energy cost by promoting practices that aim to use energy smartly and economically.

Using technological advancement, a BMS operational system is installed at MCB Bank Principal Office building to have a centralized and better control over various energy sources. A recent initiative, the first of its kind was introduced at the newly built MCB Centre in Lahore, where waste heat is being utilized for cogeneration. Moreover, the Head Office building in Lahore has also been a constructed using glass panel which allows maximum use of sun light throughout the day.

During 2016, the Bank commenced the mega project to convert its vast network of more than 1,200 branches and ATM signage, running

Corporate Sustainability Report

on conventional medium, to the most efficient and energy saving LED medium. This is in view of the Country's continuous energy shortfalls. The Bank energy saving measures resulted in a decrease of Rs. 23.98 million in electricity and gas expenses during 2016.

Environmental Protection Measures

With reference to environment, MCB Bank believes in a sustainable and safe environment which is closely linked to the welfare of the community. Plantation within the Bank is encouraged by the organization.

To contribute positively towards environment, MCB Bank has taken over a project of landscaping of over two kilometers of Airport road, Lahore with plantation of plants. During 2016, the Bank has spent Rs. 17.8 million as plantation expenses.

Online banking such as internet banking and mobile banking are a great way to reduce paper consumption. MCB Bank is the pioneer in introducing Mobile banking in Pakistan. Customers can execute fund transfer, request for Cheque book, balance inquiry, mini statement and utility bill payment through Mobile and Internet banking in paperless environment. During 2016, 4.9 million financial & non-financial transactions were executed by MCB mobile customers.

To reduce its paper consumption, the Bank's ATM system being programmed to ask the customer whether or not a printed receipts for the transaction is required. The Bank is encouraging its customers to opt for e-statement facility.

Mitigating the adverse impact of industrial effluents

We seek to reduce the direct impact of our operations on the environment. The Bank is creating awareness on the issues of water pollution and water preservation to deliver benefits to the communities. We encourage our clients to:

1. Avoid the release of effluent, or when not possible minimise and manage the impact
2. Implement technically and financially feasible measures for improving water consumption

Community Investment, Welfare Schemes & National Cause Donations

MCB Bank seeks to demonstrate firm commitment towards the community by being vigilant towards identifying and supporting causes that will facilitate the upliftment/betterment of the society. The primary focus of the Bank is towards communities where public and private sector services are inadequate as a result of geographical or social isolation or because of insufficient demand levels

During the year, the Bank contributed towards health by donating an ambulance to the District Headquarter Hospital in Gwadar which is a growing industrial hub and is crowding by the day. The Bank also donated to Children Hospital Lahore for upgradation of Cardiac

surgery facilities for the underprivileged children of the Country.

MCB Bank also contributed generously towards the rehabilitation of the flood victims in Sri Lanka by joining hands with Sri Lanka Pakistan Friendship Association. The Bank also sponsored the Lahore Businessmen Association for Rehabilitation of the Disabled in 2016.

MCB Bank continued to donate its media space to the major concern of the world – Cancer. The Bank sponsored ads for Shaukat Khanum Cancer Hospital for constant donations towards growing number of cancer patients and Pink Ribbon for their awareness campaign of breast cancer awareness to women in Pakistan.

Besides direct financial support, the Bank also facilitated various charities in raising funds through electronic banking and distribution of flyers.

Consumer Protection Measures / Procedure Adopted for Quality Assurance of Products and Services

The Bank is committed to provide quality products and services to its customers. It maintains a privacy statement for the usage of its products i.e. Credit Cards, ATM pins etc. Staff at customer care department is specifically trained to ensure customer privacy and protection policy while dealing with sensitive information.

To ensure a culture of "Quality Customer Service" the Bank has a dedicated Service Quality Division with the objective of strengthening the Bank's service culture by managing close customer relationships. Regular training sessions are conducted in all circles, call centers and other front-end staff offices regarding "Service Excellence" & "Customer Satisfaction".

Complaint Management & Handling

A centralized complaint resolution team manages all customer complaints through a complaint management system. All complaint handling staff & Call Centre have access to this system so as to ensure that all complaints, whether verbal or written, are immediately captured in the system. In addition, complaint forms and drop boxes are also available at branches to facilitate customers in registering their complaints.

The resolution of complaints is comprehensive, appropriate and quick. The customer is kept informed on the status of their complaint, starting from complaint acknowledgement till its resolution. Turnaround times for escalations and resolutions are followed as per regulatory requirement.

Customer Satisfaction

A satisfied customer is the key driver/core element to the success of any organization. MCB Bank truly respects its business partners, thereby ensuring that it exceeds the expectation of its customers. The Bank has Help Desk, Call Centres and website to help address customer queries/complaints.

Corporate Sustainability Report

During 2016, a total of 71,979 complaints were resolved at a success rate/level of 99.61%.

Total Login – Statement of Complaints	72,264		
Closed	71,979	99.61%	
Open	285	0.39%	
Total Complaints	57,534		
Closed	57,280	99.56%	
Open	254	0.44%	
Total Login	Closed	Open	Grand Total
Complaint	57,280	254	57,534
Request	10,066	20	10,086
Queries	3,307	10	3,317
Reversal	1,326	1	1,327
Grand Total	71,979	285	72,264
Percentages	99.61%	0.39%	

Turnaround Time (TAT) Monitoring:

Monitoring and evaluation of service indicators is part of the belief in increasing and retaining customer base. In order to keep a strong hold on processes within the Bank, the division has devised several controllable measures at par with prevailing market practice. Against each measure, a tolerance level along with a timeline is set. Similar to the Branch Banking, indicators for Consumer Assets, Credit Cards, Bancassurance, Call Centre, Mobile Banking and ATM Uptime are monitored monthly.

Customer Experience Management:

The Bank is undertaking systematic efforts to make interfaces, processes and flows at all MCB Bank direct banking contact points. Feedback is elicited from customers for all contact points via surveys and tests and actions to be taken are identified. The end goal of these measures is to be the most preferred channel as well as to become the most popular Direct Banking brand.

Service Council

Service Council is a monthly forum, chaired by the President, which brings together key stakeholders from across the bank with a view to place service on the forefront through thought leadership, collaborative discussions and creation of a clear service roadmap.

Service Protocols, Complaint Logging and Suggestion Forms

SQ introduced Service Protocols booklet once again in all branches for standardization of Service Standards. A new and improved complaint logging procedure poster has been introduced in the branches for customer convenience in order to make it easier for the customers to give their feedback.

Quality Checks and Mystery Shopping

During the year, all branches were monitored with respect to service parameters and protocols. Moreover, around 750 branches were

'Mystery Shopped' by independent external agency and results of this activity was shared with management for further improvement. The average score was 80% across all regions including troubled non- metropolitan areas/far flung troubled areas.

Gender Equality and Employment of Special Persons

MCB Bank is an equal opportunity employer and encourages employment of special persons. It does not discriminate on the basis of race, gender, age or disability. As of 2016, the Bank has approximately 14% female permanent employees. The Bank has also extended employment opportunities to special persons who are contributing towards the growth of the Bank. The Bank ensures through its approved Code of Conduct the rights of all staff members are highlighted and each employee abides by the basic ethical standards of the Bank.

Occupational Safety and Health:

MCB Bank has always tried its best to provide a congenial working environment to its employees, which includes Health & Safety aspects of its personnel. All permanent employees are covered under a comprehensive staff group insurance policy (life & medical) Our Bank branches are equipped with alarm system, CCTV cameras and trained security personnel have been deployed to ensure the safety of our people and customers. Bank has developed a comprehensive "Health, Safety & Environment Policy" which is periodically being reviewed & updated by the management. The policy reiterates maximum safety standards to be met by all businesses, support functions and branches encouraging employees to promote the safety of their colleagues and customers.

Developing a constructive health and safety culture within the Bank is everyone's responsibility; however, MCB Bank has always taken initiatives such as on-site health checkups, seminars on health & safety aspects, practical drills imparting emergency preparedness, reinforcement messages upon epidemics & pandemic etc. to ensure that its staff is updated with procedures for safeguarding life & Bank's assets.

Emergency Lights, Fire Proof Cabinets, Fire Detection System, Fire & Burglary Alarm System, Portable Fire Extinguishers, Safety-Anti Shatter Films, First Aid Kits, Regular Evacuation Drills, Emergency Exit Doors, Fire Sprinkler System and Medical Health Insurance are some of the measures through which Bank assures safety and security.

During the year under review there has been no significant health and safety issue reported.

Women Protection

MCB Bank has always tried its best to provide a congenial, non-discriminatory and harassment free atmosphere, Policy for protection of women harassment has been revisited in 2016 and rotated Bank wide. Training sessions will be conducted on the issue of Protection against Harassment of women at the workplace emphasizing the Bank's position of zero tolerance on this matter as well as disciplinary and legal implications where harassment charges are proved against an individual. Zero tolerance to any form of harassment or discrimination is also covered in our code of conduct.

Corporate Sustainability Report

Industrial relations

MCB Bank is fully responsible for maintaining a healthy relationship between individual workers and the employer. It gives special heed towards the agreement and satisfaction of its staff as a whole. The clerical/non clerical staff is represented by a staff union that periodically engages with management to arrive at an equitable and mutually agreed wage award for the unionized staff (clerical/non clerical).

Scholarships are being offered to enhance the educational needs of the staff children. Bank has enhanced the number of seats for Umrah for the bank's staff members.

During the year the Bank through its platform of "Staff Welfare Fund" has spent Rs.5.3 million to assist clerical and non-clerical staff members by financially enabling them in important social events like marriage ceremony of their daughters or to meet the burial expense of their departed loved ones. Keeping in view the religious sentiments of our employees, the Bank sponsored its staff through balloting to perform Hajj by spending Rs. 8.1 million in 2016.

Business Ethics and Anti-Corruption Measures

Bank has always been active in identifying and mitigating possible risks and losses through promulgation of policies and procedures to reduce possibility of such incidents.

The "Human Resources Management Group" of the Bank has developed, along with Human Resource Policies and Procedures, a comprehensive "Code of Conduct and Business Ethics", which is disseminated to staff for information and signed off on a yearly basis. This document is also available on the intranet.

It is imperative that the Bank maintains a strong, positive compliance culture across the full range of our activities. At MCB Bank, employees are expected to act honestly, responsibly, and with integrity at all times. The Code of Conduct of the Bank describes the values and minimum standards for ethical business conduct and governs all of our interactions, whether with clients, competitors, business partners, government and regulatory authorities, shareholders, or with each other. It also forms the cornerstones of our policies, which provide detailed guidance on how employees should act to ensure compliance with applicable laws and regulations.

The Disciplinary Action Committee (DAC) takes action on any violation of policies & procedures, act of fraud & forgery, breach of discipline and code of conduct, ethics & business practices, law of land and statutory regulations by an employee.

Values and ethics are major consideration at every level in MCB. Improved compliance and ethical standards are the core ethical base of the organization. In doing so it provides us an opportunity to reinvent ourselves in the public eye, and to set ourselves apart from others by ensuring that customers have been treated fairly and are catered for suitable products and services as per their needs.

MCB pursues a compliance policy, whereby it ensures that it is not exposed to reputational risk and its customers' interest is protected. The actions of staff members and the culture of the organization are the major drivers of conduct in the financial services industry. The blend of these two helps in development of a proactive ethical culture

that can be clearly demonstrated and evidenced from practice that the bank follows and is critical in setting standards. Learning and Development of the employees plays a vital role in inculcating ethical corporate culture.

Contribution to National Exchequer

MCB Bank has the 3rd highest market capitalization in the banking industry. In 2016 the Bank paid Rs. 16.2 billion as income tax to Government Treasury and contributed approx. Rs. 8.5 billion to the national exchequer as withholding tax agent under different provisions of Income Tax Ordinance 2001.

The contribution by the Bank to the national economy by way of value addition was Rs. 47.6 billion, out of which around PKR 9.4 Billion was distributed to employees and Rs. 17.8 billion to shareholders.

The Bank has generated direct and indirect employment for a large number of people over the years. With the payment of taxes and the investment in the network, the Bank is making a significant contribution to the development and growth of the nation.

Rural Development Program

MCB Bank fully supports the agriculture sector by extending credit to the farming community. These finances, apart from business perspective, have an element of mission aligned with the cause of supporting our national goals and objectives.

Agriculture sector shares almost 22 percent of Pakistan's GDP. It is a catalyst of overall growth and optimistic economic outlook that provides dependable food security and confidence to almost 180 million people of this country. In this regard, MCB Bank extends all types of credit facilities to address the needs pertaining to both farm and non-farm activities of the farmers. Agriculture credit facilities are extended through 180 Agri Lending Branches all over Pakistan. MCB Bank encourages progressive farmers for farm mechanization as well as for their non-farm initiatives involving technology. Machinery & equipment are financed by extending credit on easy instalments mainly for tractor and its implements. A special arrangement is made with tractor manufacturers to achieve this objective.

The Bank has partnered with State Bank of Pakistan by partially sponsoring the Farmers Financial Literacy and Awareness Program Phase – II (FFLP). It is an Agricultural Awareness Program that is held at District Level in order to educate the agrarians at grass root level regarding agri credit facilities offered by the banks and better financial management of loans. MCB Bank has conducted financial literacy program at Gilgit in partnership with SBP and has actively participated in all such programs and Agri Melas. MCB Bank is committed in enlarging the scope of financial inclusion by extending agri credit facilities and enhancing the knowledge and understanding of banking business especially of the people of less developed regions of the country.

MCB Bank has 421 rural branches that offer customized product menu to suit and meet the requirements of the locals. MCB Bank is committed to enhancing the knowledge and understanding of banking business.