

Sustainability & Corporate Social Responsibility

As one of the largest Banks in Pakistan, MCB Bank, has a great legacy of service and innovation spanning over 72 years. The Bank always strives to adopt best practices and cultivating a culture of discipline and values which preserve the interests of all relevant stakeholders.

Through the promotion and deployment of projects and services that work in a socially responsible way, MCB Bank stresses upon the importance of environmental sustainability and the social well-being of its employees and society as a whole.

Our policy

MCB Bank undertakes CSR initiatives with a vision to contribute towards harmonious and sustainable development of communities. Following will be the framework and broad parameters for CSR activities by the Bank to:

1. Comply with applicable laws and regulations as well as the spirit thereof and conducts business operations with honesty and integrity.
2. Promote and engage in social welfare activities that help strengthen communities and contribute towards the uplift of society.
3. Support and promote Financial Inclusion.
4. Endeavor to build and maintain sound relationships with customers and other stakeholders through open and fair communication in order to contribute towards sustainable image building.
5. Honor the culture, customs, history and laws as the Bank constantly searches for safer, cleaner and superior practices that satisfy the evolving needs of the society.
6. Strive to develop, establish and promote practices enabling the environment and economy to coexist harmoniously whilst encouraging minimum wastage of resources.



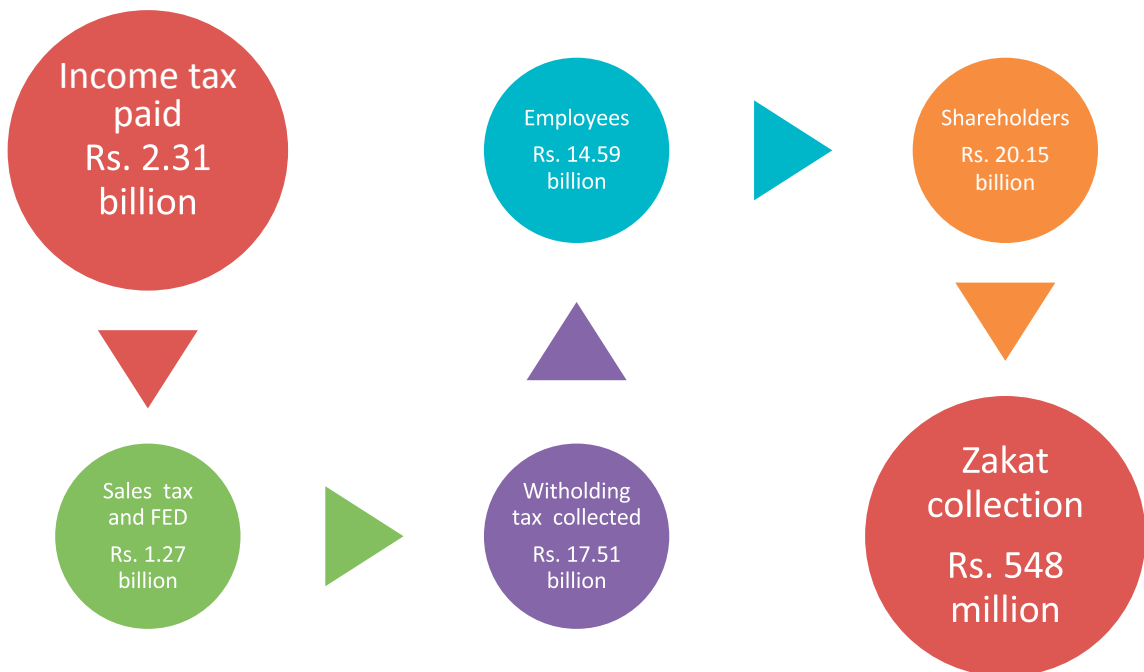
Our approach to sustainability

The Bank has focused on several key principles as an institution. It is committed towards fostering a better work place and cleaner environment through its varied initiatives. By committing to a culture of excellence, good governance, transparency and integrity, it ensures that all activities are conducted in a manner that is ethically responsible and beneficial for all stakeholders. MCB Bank has a well-defined Code of Ethics and Conduct policy that serves as a guideline for the behavior and ethics of employees.



Contributing to sustainable economic growth:

MCB Bank uses its core business of banking to promote sustainable development in all the markets it operates.



Contribution to Economy & National Exchequer:

MCB Bank has the highest market capitalization in the banking industry. In 2019 the Bank paid approx. PKR 2.31 billion on account of income taxes to Government Treasury and collected over PKR 17.51 billion for the National Exchequer as withholding tax agent under different provisions of Income Tax Ordinance 2001. In addition to that Bank has also paid PKR 1.27 billion in respect of sales tax and FED.

The contribution by the Bank to the national economy by way of value addition was PKR 58.91 billion, out of which around PKR 14.59 Billion were distributed to employees and PKR 18.96 billion to shareholders.

Zakat is an essential component in delivering assistance to those most in need. The Bank bolstered the zakat collection efforts of prominent public welfare organisations such as Shaukat Khanum and Edhi Welfare Organisation through its communication mediums such as MCB Mobile Banking, MCB Internet Banking and ATM Screens. MCB Bank also contributed to the national exchequer in Zakat Deductions to the sum of PKR 548 million.

The Bank is making significant contribution to the development and growth of the country.

An analysis of the Bank's value creation and allocation of value among key stakeholder groups is represented in Statement of Value Added.

Key financial highlights:

Key financial figures and related ratios are discussed in financial performance section.

Being a responsible organization:

The Bank's duty is to promote the right values and behaviors, investing in people, managing its environmental impact and supporting the fight against anticorruption measures.

A number of steps have been taken by the Bank during the year:

- Occupational Safety and Health
- Business Ethics and Anti-Corruption Measures
- Service Council
- Customer Experience Management
- Turnaround Time (TAT) Monitoring
- Consumer Protection Measures

Occupational Health and Safety

For any progressive and productive organization, sound health, safety and congenial work environment are considered as core elements; therefore MCB Bank takes pride in providing an enabling environment to its employees to promote both the health and creativity of its staff while providing a sound basis for outstanding results. Since there is a strong focus on the safety and wellbeing of Bank employees and its customers, all iconic buildings, including branches of the Bank, are equipped with modern Fire Safety, Surveillance and Security equipment (as applicable). Moreover, trained security personnel also ensure physical safety and security of all employees, customers, building and equipment. The Bank has developed a comprehensive "Health, Safety & Environment Policy" which is periodically reviewed and updated by the Bank Management and implemented across the board.

MCB is cognizant of the fact that to achieve any objective, staff is the prime enabler, therefore Building Admin, Floor Coordinators and other support staff in multistoried/ multipurpose buildings ensures the provision of safe, healthy and conducive work environment to Bank staff. Additionally, staff evacuation drills are periodically conducted under the supervision of Security Department which helps staff in practicing how to respond in different emergency situations. First Aid Kits are properly maintained at all major buildings and branches of the Bank.

The dangers of smoking are well-known. In adults, second-hand smoke can cause serious ailments, including cardiovascular and respiratory diseases, coronary heart disease and lung cancer. Keeping in mind the dangers of smoking for both smokers and non-smokers alike, the senior management of MCB Bank has declared all Bank buildings as No Smoking Zones. Staff members are allowed to smoke at a safe distance of at least 20 feet away from any MCB premises.

For the safety of Bank staff and their family, pictorial safety messages on topics such as Dengue prevention measures, Safe Driving / Riding in the Rain tips, precautionary measures in case of SMOG / FOG, Heat Wave precautions, Earthquake safety tips, Fire Safety actions, etc. are also frequently disseminated through internal mediums.

A healthy body nurtures a healthy mind, so all permanent employees of the Bank are provided with medical coverage under a comprehensive staff group life and medical insurance policy. MCB Bank has always been keen in taking initiatives such as on-site health checkups, arranging seminars on health & safety and emergency preparedness within its staff to safeguard life and assets of the Bank.

Business Ethics and Anti-Corruption Measures

The Bank actively identifies and addresses possible risk factors through the implementation of policies and procedures designed to reduce the possibility of such incidents.

In this regard, it has fielded, alongside its Human Resource Policies and Procedures, a comprehensive “Code of Conduct and Business Ethics” which is disseminated to staff for information and sign off. This document is also freely available to all staff on MCB Intranet Portal.

The Bank continues to maintain a strong compliance culture across the board. MCB Employees are expected to perform all tasks with diligence and honesty at all times. The Code of Conduct of the Bank has comprehensively defined the values and minimum standards for ethical business conduct. We ensure that all our interactions with clients, competitors, business partners, government and regulatory authorities, shareholders, or with one another following a vigorous ethical standard. Our foremost efforts are to ensure that the conduct of the employees is impeccable. This is done with the help of guidelines that ensures compliance with all applicable laws and regulations.

MCB Bank strives to ensure that it provides a friendly and harassment free environment for all employees. The Policy for protection of women harassment has been revisited and is circulated Bank wide every year. Zero tolerance for any form of harassment or discrimination is also covered in the Bank’s existing code of conduct.

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

To maintain the harmonious and efficient work environment in which the employees are assured a non-discriminatory, transparent, harassment free and respectful atmosphere regardless of their cast, religion and gender, HRMG has issued a clear and non-discriminatory code of conduct, violation of which may lead to disciplinary action.

Consumer Grievances Handling Mechanism:

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.

Customer Experience Management:

Feedback is solicited from customers for all contact points via surveys and remedial actions are taken for identified areas. The end goal of these measures is to be the most preferred bank in Pakistan.

Turnaround Time (TAT) Monitoring:

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

Consumer Protection Measures

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.

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. Regular training sessions are conducted in all Circles, Call Centers and other front-end staff offices regarding ‘Service Excellence’ & ‘Customer Satisfaction’.

Customer Grievance Handling

The Bank considers complaints as opportunities for improvement and understands the link between complaint resolution and customer loyalty. We believe that complaints are a primary measure of customer dissatisfaction. Thus, they should be taken seriously and staff is encouraged to bring complaints to the forefront so that gaps can be identified and addressed expeditiously and effectively.

Service Quality (SQ) function is the custodian of customer grievance handling and works in collaboration with all businesses/functions of the Bank responsible for acknowledging, investigating, tracking, escalating and resolving customer complaints within specified turnaround times. A centralized complaint resolution team is used to manage all customer complaints through a Complaint Management System. During 2019, access to this centralized Complaint Management System has been provided to all branches which will further enhance our complaint capturing capability. At this stage, all our customer touch points are now connected to this system so as to ensure that all complaints, whether in verbal or written form, are immediately captured in the system.

Current channels for complaints:

- MCB Call Center
- MCB Branches
- MCB E-mail
- Letter/Fax
- Customer Service Centers
- Banking Mohtasib Secretariat
- State Bank of Pakistan

Management Committee (MANCOM)

The Bank makes its best effort to ensure that 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. An escalation matrix for complaint resolution observed and designed in the system is such that a complaint, if not resolved within the specified turnaround time, gets escalated to the next senior level of management and keeps on escalating onto a higher, appropriate level till the underlying issue is resolved.

SQ also performs in-depth qualitative and quantitative complaints analysis, followed by suggestions and recommendations in order to eliminate root causes of customer issues and drive continuous improvement.

During 2019, a total of 112,359 complaints were logged in the system out of which 112,270 complaints were resolved during the year (resolution rate 99.92%). There was a 3% decrease in total logged complaints in 2019 as compared to the previous year. Total complaints logged during 2018 were 116,136.

Statement of Complaints	Numbers	Percentage
Total Complaints Received	112,359	-
Closed	112,270	99.92%
Open	89	0.08%
Average time taken for resolution		8 Working Days

Total Login Details:	Total	Contribution
Complaints	112,359	90%
Request/Queries/Reversals	13,005	10%
Total	125,364	100%

Investing in communities:

The organization seeks to promote sustainable economic and social development in communities.

Key highlights of investment in communities

Employees	Environment	Social welfare
<ul style="list-style-type: none"> • Education Allowance - Rs. 38 million • Staff Capacity Building & Trainings- Rs. 60 million • Employee Hajj - Rs. 13 million • Staff welfare - Rs. 5 million • Employee education - Rs. 38 million 	<ul style="list-style-type: none"> • Plantation investment - Rs. 23 million • Solar energy-10 Branches 3 ATMs • Introduction of multiple energy conservative practices • Introduction of new waste heat management system • Promotion of paperless culture and recycling of dry waste 	<ul style="list-style-type: none"> • Our Key Partners in Social Investment <ul style="list-style-type: none"> ▪ Edhi Welfare Organization ▪ Shaukat Khanum Memorial Cancer Hospital ▪ Indus Hospital ▪ Pink Ribbon ▪ Sindh Institute of Urology and Transplantation ▪ Prime Minister and Chief Justice of Pakistan Fund for Diامر Bhasha and Mohmand Dam • Women empowerment female staff strength reached 15.80%

Following areas were addressed by the Bank in 2019:

- Outreach to the Healthcare Sector
- Education
- Sports
- Contribution to the Public Good
- Equal Opportunity for All Employees
- Energy Conservation and Eco-Friendly Measures
- Environmental Protection Measures
- Women Empowerment
- Green banking activities and initiatives

Outreach to the Healthcare Sector

The Bank places great importance to support initiatives that bolster the health care sector of Pakistan. During 2019, it strongly supported blood donation drives conducted by Shaukat Khanum Memorial Cancer Hospital and Indus Hospital where employees at major locations enthusiastically participated in the collection drive.

The deep association that MCB Bank has with major health initiatives deepened during the year. Comprehensive marketing collateral was also deployed to raise awareness of breast cancer in collaboration with Pink Ribbon, as part of the relationship the two organizations enjoy. The awareness campaign also supported Pink Ribbon in the NGO's efforts to raise funds for Pakistan's first ever Breast Cancer Hospital. MCB also helped generate awareness about Sindh Institute of Urology and Transplantation (SIUT), Edhi Welfare Organization and Shaukat Khanum Memorial Cancer Hospital through the Bank's internal and external communication platforms.

As part of its effort, the Bank stimulated donation channels through platforms such as MCB Mobile Banking, MCB Internet Banking and the MCB Bank corporate website. MCB Bank also supported activities for the youth, such as by supporting the Convocation of Quetta Institute of Medical Sciences and providing support to Murshid Hospital and Health Care Centre (MH&HCC), a non-profit organization serving underprivileged individuals since 1987 in Karachi.

Education

The importance of education cannot be stressed enough and MCB Bank considers it part of its national duty to support the uplift of the education sector in Pakistan. In support of New Town Housing Project in District Gwadar, scholarship funding was provided to students pursuing medical education in Pakistan. Furthermore, the Thardeep Rural Development Programme (TRDP) was also provided support for its educational facilities in Tharparkar, Sindh.

MCB Bank also contributed to events held by Rehman Medical Institute (Peshawar) and Quetta Institute of Medical Sciences for their Open Golf Tournament and Spring Festival & Sports Week Event, respectively.

Sports

The Bank recognizes the important role played by sports in the well-being and health of the Nation. In this regard, it has taken the lead in sponsoring events in this area.

MCB Bank keenly invests in causes related to the Banking Sector by sponsoring the activities of the Bankers Club in Karachi and Quetta, by participating in different State Bank Governor Cricket Cup Interbank Tournaments and the first QBC T-10 Inter-Bank Cricket Tournament. MCB Bank was also happy to contribute to the International Men's & Women's Squash Tournament conducted by the Pakistan Squash Federation in December 2019.

Contribution to the Public Good

MCB Bank is always poised to support any endeavor that creates sustainable preservation of the interests of public. This was done through different initiatives throughout the year. The aim of these projects was to have a positive social impact on the many communities MCB works with in so many varied ways.

As part of its civic responsibility, the Bank was pleased to support the Pakistan Club in its Award Recognition Ceremony. The Bank is cognizant of the importance played by agriculture both in the economy and society. It participated in the Livestock, Fisheries & Agri-Business Expo 2019 held in Swat, KPK and the Farmer Literacy Program.

Water scarcity is an issue of growing magnitude that people of Pakistan are facing and may continue to face in the coming years unless effective remedial steps are undertaken. MCB Bank is proud to serve as a platform to bolster donations channeled towards the Prime Minister and Chief Justice of Pakistan Fund for Diamer Bhasha and Mohmand Dam. The Bank has used extensive communication mediums such as its corporate website, ATM network and internal email communications to highlight the importance of and generate donations for this worthy cause.

Equal Opportunity for All Employees

The Bank provides equal employment opportunities without any discrimination and selects and appoints staff with appropriate qualifications/skills through a methodical merit based non-discriminatory selection process.

The Bank capped off the year with permanent staff strength of 13,480 and 116 Contract Employees. The Bank takes the role of female staff within the larger context of both society and the Bank itself very seriously. The ratio of female staff members stood at 15.80% at the end of the year. The Bank hires employees without any discrimination and places physically challenged persons at an appropriate position/place of posting.

To maintain a harmonious and efficient work environment in which the employees are assured a non-discriminatory, transparent, harassment free and respectful atmosphere regardless of their caste, religion and gender, HRMG has issued a clear and non-discriminatory code of conduct, violation of which may lead to disciplinary action.

The Bank also actively addresses the welfare of the staff through different measures. Hajj on Bank's account is provided to officers & non-management employees of the Bank through balloting conducted every year. Total amount paid during the year was Rs. 13 million; whereas, the balloting is made on a provincial basis. Total amount of Rs. 60 million is invested against staff capacity building and trainings. Staff Welfare Fund in 2019 was Rs. 5 million. Education allowance provided to employees was Rs. 38 million.

Energy Conservation and Eco-Friendly Measures

In line with its duty to the nation, MCB Bank accords great importance to the need for energy conservation. The Bank's management decision-making process focuses on the long-term impact of business planning and is conducted in close harmony with policy focus and vision of the government.

The Bank believes in the need to lead by example. MCB policies are geared towards reducing our environmental footprint and promote the use of energy smartly and economically to cut down on operational expenses. MCB Bank has taken up as a project, the switching over of its bank branches to solar power and in that direction has initially migrated 10 commercial branches to solar solutions. These branches are monitored 24x7 for any issue and rectification.

In the line with the above, MCB Bank has also taken up solar energy as a project for ATM functionality under phases; initially, 3 branch ATMs in Lahore have been switched to solar power.

The Bank believes that the shift to solar power will be essential in the coming years. It aims to provide best-in-class solutions that enable a responsible use of scarce human, natural and financial resources as part of a gradual, incremental process.

As part of its policy to introduce energy saving practices which effectively address business requirements, MCB Bank has planned to switch over from normal lighting sources i.e bulbs/tubes in all major MCB buildings to efficient LED lights which save energy.

Harnessing technological solutions effectively, a BMS operational system has been installed at MCB Principal Office building to maintain centralized and better control over various energy sources. A recent initiative, the first of its kind, was introduced at MCB Centre in Lahore where waste heat is used for cogeneration.

Waste heat of gas engine 3516-C (1555 KW) installed at MCB Tower Karachi Building is also utilized in the boiler and the hot water that is subsequently produced is used in the chiller. Approximately 100 to 150 tonnes of extra cooling is generated through this process. The Bank encourages staff to follow best practices to save energy.

Environmental Protection Measures

MCB Bank is working on environmental protection in multifaceted ways. The Bank believes in preserving the welfare of staff as well as the community at large. The bank management is quite focused in its efforts to promote a paperless culture that is linked towards a clean working environment. Dry waste (paper, cardboard, soft drink bottles) which weighs about 1 to 2 tonnes per month from two principal MCB Bank buildings in Lahore is removed from buildings for ethical recycling by Amal, a reputed civil society organization. This helps it to achieve resource optimization in pursuit of the goal of zero waste in its corporate offices.

MCB Bank almost eliminated 3 to 4 tonnes in 'dry waste' during the last quarter of 2019. This trash was prevented from going to landfills and helped reduce the burden on environment of 1,600 kilograms of CO₂ emissions. In 2020, MCB is looking to achieve the target of reducing 10,000 kilograms of CO₂ by recycling all the dry waste generated from MCB corporate offices in Lahore.

In the next step this year, we aim to complete the loop by promoting the reuse of recycled items such as paper and other materials and generate synergy in our systems through technology-based monitoring of resource usage and waste generation.

Plantation within the commercial business branches is encouraged under the supervision of senior management. For example, in the past, the Bank took on a landscaping project of over two kilometers near Airport road, Lahore with extensive plantation of seasonal plants in Lahore Cantonment Area.

With management's emphasis on a clean working environment, the services of the best available janitorial companies are availed. Additionally, periodical emails are circulated to maintain a high standard of cleanliness inside/outside office buildings premises. For each respective building, administrators and floor coordinators periodically are on hand to maintain high quality hygiene standards.

As part of our migration to a paperless environment, the Bank has procured a Loan Origination System (LOS) which is being implemented in all business segments of the Bank in phases. The LOS will automate the end to end credit approval process replacing the paper-based processing and approval of Credit Proposals of customers, thereby leading to considerable reduction in usage of paper by the Bank Staff.

Women's Empowerment

The Bank's product portfolio has also been deployed to foster this goal by actively promoting the MCB Ladies Account Portfolio to great success. Moreover, free Health Insurance Coverage by Adamjee Insurance Company Limited to all customers complying with the eligibility criteria was also provided accordingly.

Green banking activities and initiatives

Activities and initiatives taken by the Bank under SBP IH&SMEFD Circular # 08 dated October 09, 2017 are discussed in green banking initiative section.

GREEN BANKING

"Green Banking" is a term used where operations of the banks are integrated to ensure environmental sustainability with special focus on the environmental / ecological factors and targeting conservation of natural resources. It aims to create awareness and promotion of environment friendly practices and reduction of overall carbon footprint from both its financing and in-house operations.

MCB Bank is implementing Green Banking Guidelines issued by State Bank of Pakistan in letter and spirit to safeguard against environmental vulnerabilities, and play its due role in transforming country towards a low carbon and climate resilient economy.



Green Banking Office

Green Banking Office (GBO) has been established in order to implement green banking through inculcating environmental consciousness as part of organizational culture.

To implement Green Banking Guidelines, Green Banking Policy and Standard Operating Procedure (SOP) have been developed and approved by the Board of Directors (BOD's), the President & CEO respectively.



Green Products / Services

MCB Bank endeavors to integrate the sustainability into products / services provided by the Bank. Such Products involve the environment friendly features including Renewable energy, Modern Drip / Sprinkler irrigation techniques etc. All MCB Fun Club account holders have the option of planting a tree in their name and watch it grow on Google Earth.

Similarly an array of Digital Banking services has been introduced by the Bank which helps to reduce the dependence on paper. These services include eco-friendly digital initiatives like Internet Banking, Mobile Banking, SMSs and E-statements etc.



Environmental Risk Management System

Environmental Due Diligence (EnvDD) has been made part of the Bank's overall assessment of a borrower, prior to allowing credit exposure whereby the customer is also evaluated on Environmental Risk Rating Model in order to assess the environmental impact of business operations of the customer.



Paperless Operations

MCB Bank is opting ways and mechanisms to eliminate / reduce the consumption of paper in everyday operations. Few initiatives undertaken for eliminating / reducing the paper consumption includes but not limited to suspension of paper based internal circulars dissemination, introduction of web based dispute claim filing utility for all Alternate Delivery Channels and deployment of application based workflows system for gradual migration towards paperless environment.



Renewable Energy Initiative

MCB Bank has installed solar power systems in few Branches / ATMs to avoid Greenhouse gas (GHG) emissions. These solar Installations augmented the clean energy in energy mix and ultimately avoided approximately 11 tons of Carbon dioxide (CO₂) emissions as of December, 2019 to the environment.





Green Office Initiative

MCB Bank has selected one of its iconic building in Lahore for obtaining Green Office Certification. This initiative will enhance the environmental awareness among employees in day to day operations through implementation of building specific Environmental Management Plan (EMP) and eventually reduction of carbon footprint of the Bank.



Dry Waste Management

MCB Bank has initiated the recycling of dry waste generated from its iconic buildings in an environment friendly manner. Through this initiative the waste material is recycled via proper recycling facilities in order to reuse it as raw material for other industry.



Green Awareness Campaign

Green Awareness Campaign regarding Environment related annual days of 2019 such as World Water Day, Mother Earth Day and World Environment Day has been commenced to alert the employees and customers about the significance of environment. The commemoration includes electronic dissemination of artworks to All MCB employees through Emails, Desktop Screens and Standee displays. Moreover, special E-templates on ATMs were displayed for the awareness of the customers as well. Employee's perception has been developed on "Own Impact Reduction Measures" through electronic dissemination of specially designed artworks regarding usage of Electricity, Water, Paper, and Fuel etc. at a regular frequency to instill the practice of resource conservation in their daily life.



Reduction of Business Travel

MCB Bank has significantly reduced the business related travel through effective use of video conferencing / tele presence technology. These virtual meetings saves time, money and other associated resources including the lesser carbon footprint as compare to travel based meetings.



Employees Capacity Building

Regular class room trainings are conducted for capacity building of Bank's staff to sensitize the employees regarding environmental implications and adoption of Green culture. Furthermore, Bank also provides training to employees through E-learning portal which conserves plenty of resources including Paper, Printing, Electricity, Fuel etc. and ultimately lesser carbon emission to environment as compared to class room based trainings.

