

Corporate Sustainability Report

It requires the Bank to get involved in social, economic, environmental, cultural and innovational conduct besides the financial deliverables. A better future of convenience for the stakeholders of MCB Bank; by convenience we mean all aspects from service to personal care. Technology is one front via which we aim to work on centricity lags.

Our aim is to float the products and services that could help improve the life of customers, masses and communities in which we operate.

In the past the Bank has developed a strong product portfolio that has brought innovative solutions, innovative front-end services and improvement in customer dependency.

Bank for Life

MCB Bank truly adheres to its philosophy i.e. "Bank for Life". It is our commitment to empower all our stakeholders with best corporate practices and constructive projects that help them in pursuing their goals and achievements.

The Bank maintains highly professional working culture in its organization that includes mandatory compliance towards the betterment of its stakeholders at every level. Hence various capacity building and welfare projects have been initiated in the current years to promote the living standard of the communities as whole to ensure their high performance and instill a sense of satisfaction amongst them.

Corporate Social Responsibility

MCB Bank being one of the market leaders in banking sector understands its pivotal role in the national economy and it continues to operate with strict adherence to regulations and principles of good governance.

The Bank is always active in carrying out community services under its different programs aimed at nurturing the various facets of life and to foster the growth of communities in which it operates. It has so far accomplished numerous projects and services in the areas of education, health, environment, sports, social awareness, promotion of culture and welfare of charitable organizations keeping in view the greater interest of its employees, customers and beloved country as a whole.

The Bank holds an approved "Corporate Social Responsibility Policy" by the Board that shows Bank's commitment to serve the community.

CSR at MCB Bank has continuously geared up its capabilities in order to act as an adequate point of convergence for the design and implementation of specific initiatives intended to further its engagement with the society and its people. These initiatives have also been recognized by entities such as Pakistan Centre of Philanthropy.

Education for All: MCB Bank places special emphasis on education and extends maximum financial support to individuals and schools for the promotion of this noble cause. The Bank has been engaged with CARE Foundation to support its extensive network of schools. It aims to develop personality and character of Pakistan's future generations by perpetrating qualities of inner discipline and control. In this regard, the bank has signed an agreement with LUMS for the purpose of providing soft loans to undergraduate students. MCB

also did a virtual classroom project with CISCO to promote a good standard of education for the less privileged children. MCB CSR has allocated funds especially for the activities brought in by various educational institutes. Some of these activities include sponsorship for Forman Christian College Model United Nations, 5th Inter School Debate Competition and The LUMS Model United Nations Society on 10th Annual LUMS UN Conference. On the same lines, MCB Bank has provided sponsorship to Roots International School Education Next: Future School and also took part in the cultural engagement events organized by Civil Services Academy - Sindh.

Human Rights: At MCB Bank, our mission is to ensure the political, educational, social and economic quality of rights of communities that we operate in and to help advocate the elimination of social biases and hatred. The Bank pays special attention to human rights and ensures that its policies reflect the interest of all of its members and customers without any discrimination. Environment at MCB is maintained with utmost professionalism, instilling a feeling of mutual respect, aiding in upholding the basic rights of the people coming in at the bank. We have supported various nonprofit initiatives that serve for the rights of humanity.

Sports: MCB Bank's CSR has always been at the forefront for promoting various sports at all levels. In such an endeavor, the Bank facilitated the Ixex Golf Club – Sargodha, Pakistan Club and the Interact Club of Karachi Continental. Further, it has also assisted the All Pakistan Multan Open Golf Championship – 2013, Jashan-e-Baharan Festival by Pakistan Expatriates Coop Housing along with the Ramzan Sports Gala-2013 held by CDA. Further, the Bank has been able to sponsor Punjab Youth Festival 2013-2014.

Energy conservation

MCB Bank carries a very conscious approach towards the current energy crisis. Keeping this concern in mind; the Bank financed few 'Bagasse Based Generation Power Projects'. These Projects are being setup under the Framework for Power Co-generation 2013 for Bagasse / Bio Mass to include bagasse/ biomass under the ambit of the 'Renewable Energy Policy, 2006'. This Alternative Energy Development Policy incentivizes the sugar companies to expand and upgrade their power generation businesses.

The Bank also believes that energy conservation is a dire need of time. It should be rooted in the behavior of every human being to get more effect towards the plan of energy conservation. The Bank has constructed a new building near Lahore Airport that truly reflects the concept of "Going Green". Also, MCB Karachi Tower is considered as an "Efficient Building" wherein the 'Air-Conditioning' is solely run through "waste-heat".

The Bank is currently involved in a project that aims to generate energy with the help of windmills. It also supports the idea of solar energy panels and plans to transform its branches to alternate energy generation portfolios. In 2013, the bank has improved the energy efficiency of its offices and branches wherein electricity expenses have been decreased by 7.73%.

Environmental protection measures

MCB Bank recognizes the importance of safe environment that is closely linked to the welfare of our community at large. The bank has taken initiatives to promote a paperless environment in order to control operating expenses resulting from photocopy and printed papers.

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In 2013, MCB Product shop developed another important product offering “Fun Club” which focuses on the banking needs of the children. Besides serving the banking needs, this product maintains balance between personal, corporate, social and environmental responsibilities. MCB has entered into an agreement with WWF for sowing a plant in the name of the kid who subscribes for this product. The progress of the plant growth can be observed through Google earth.

MCB offices are very particular about plantation; special staff is hired that looks after the greenery and plantation within and in the surroundings of our buildings. In 2013, the bank has spent an overall 13.4 million on plantation expenses which is an evidence of its profound interest towards healthy environment measures.

Community investment & welfare schemes

MCB Bank’s initiatives have been aimed at supporting the deprived and underprivileged. To cater the needs of these, aided by advances in information and communication technology, The Bank has partnered with various NGOs that have helped to focus attention on the social and capacity building issues of the communities e.g. ‘Our Lady of Fatima Church’, ‘Pakistan Foundation Fighting Blindness’, ‘The Lahore Businessmen Association for Rehabilitation of the Disabled (LABARD)’ and ‘Rehman Kayani Memorial Society’ are few such names. Moreover, The Bank also supported ‘Al-Khidmat Orphan Care Program’ by providing them financial assistance so that they can also excel and move on in the mainstream life cycle. The Bank has also been supporting “Breast Cancer Awareness” across the country with “Pink Ribbon”.

The Bank in collaboration with ‘Sundas Foundation’ has organized a blood donating camp at MCB House Lahore and MCB Tower Karachi. The turnarounds at these camps were tremendous and Sundas Foundation managed to collect around 400 blood bottles for the treatment of its patients.

Realizing the needs of our minority groups, The Bank has sponsored various activities for minorities during the year e.g. Fund Raising events for St. Anthony’s Church Lahore and St. Patrick’s Cathedral Karachi.

Besides direct financial support, MCB Bank has helped various charities through alternative and innovative mediums e.g. fund-raising via electronic banking, distribution of flyers with bills & statements and free media space to charities so that they can conveniently advocate for their cause over mass mediums. Edhi, The Citizens Foundation, LABARD, Al-Shifa, and SOS, to name a few.

Consumer protection measures

MCB Bank is committed to provide world-class quality products and services to its customers and is very much concerned about the safety of its consumers. It maintains a privacy statement for the usage of its products i.e. Credit Cards, ATM pins etc. Staff at customer care department is trained to specially ensure the customer privacy and protection policy while dealing with sensitive information.

To ensure a culture of “Quality Customer Service” within the Bank, we have a dedicated Service Quality Division. The objective of this Division is to strengthen the Bank’s service culture, competitiveness and infrastructure by working closely with other divisions. The emphasis is on achieving an enhanced overall “Customer

Satisfaction” level. Moreover, the Division also initiates process improvements in order to achieve the fundamental business objectives of ‘growing’, ‘deepening’ and ‘retaining’ customer relationships.

Regular training sessions were conducted in all circles, call centers and other front-end staff on “Service Excellence” & “Customer Satisfaction”.

Customer Satisfaction: is the core element of any business. We truly believe in pampering our customers. Their satisfaction is the key to our success. Our help desks are always there to resolve queries. A total of 48,249 complaints were resolved and an overall 99.2% complaint resolution rate has been recorded during 2013.

	2013	2012
Total Complaints Received	48,621	41,828
Average complaints per 1,000 customers	9.18	8.48
Total Complaints Resolved	48,249	40,852
% Complaints Resolved	99%	98%
Average complaints per 1,000 customers	9.10	8.28
Complaints Resolved (Avg TAT)	8.19	6.00

Turn Around Time (TAT) Monitoring: Monitoring and Evaluation of Service Indicators is a part of the belief in increasing and retaining our customer base by improving the turnaround time and process improvements. In order to keep a strong hold on processes within the bank, that can cause customer satisfaction or dissatisfaction, SQ evolved several controllable measures based on the market practice. Against each measure, a tolerance level along with the timelines is set. Similar to the Branch Banking, Indicators for Consumer Assets, Credit Cards, Bancassurance, Call Centre, Mobile Banking and ATM Uptime are monitored monthly by SQ. The TAT for day-to-day activity and their performance against it is then presented to the management to ensure excellent service through fast delivery process.

Service Management Program (SMP): Service Quality has ensured that all Service Related activities and (TAT) Turn Around Times for Branch Banking are documented. This SMP has been launched in MCB Branches to ensure that a program is always available to reference regarding the service related issues.

Service Council: Service Council has been formulated to bring 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 roadmap supported by facts and data. A meeting is held periodically which is convened by SQD Head and chaired by the President himself along with all the Group Heads and relevant Business Heads.

Service Protocols, Complaint Logging and Suggestion Forms: SQ introduced Service Protocols Booklet in all the branches for the Standardization Service Standards. Also Complaint Management Posters are made available in all branches for “Customers” to log their complaints as and when required. A new, improved complaint and suggestions forms “Your Priority, Our Concerns!” has been introduced in the branches for customer convenience in order to get their feedback recorded.

Quality Checks and Mystery Shopping: During the year, around 400 branches were ‘Mystery Shopped’ by independent external agency and results of this activity were shared with management

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for further improvement. The average scores remained between 73 percent to 78 percent of all the regions including far-flung troubled areas.

Further, during the year, around 550 branches were internally gauged on defined parameters by SQ. Considerate support has been provided to all branches for betterment and improvement of Service Health. The overall 'Health and Quality Check' score remained between 80 percent to 85 percent for these branches.

Industrial relations:

MCB Bank being a collectivist and pluralist in its outlook is fully responsible for maintaining a healthy relationship between individual workers, employees and plays a critical role in facilitating the staff coming in from all walks of life. It gives special heed towards the agreement and satisfaction of its staff as a whole. The bank has been taking various interventions to match with the pace of its labor union. An agreement has been signed with the Staff Union of clerical and non-clerical staff at MCB Bank's head office so that it works on the same pace as does the other teams working at the bank. The Bank has allocated a dedicated staff who is there to ensure fair labor practices, grievance handling and to ensure just businesses amongst the labor union.

MCB Bank has introduced a special staff finance facility along with Voluntary Separation Scheme (VSS). It has been introduced for the purpose of facilitating the clerical and non-clerical staff. Further, scholarships are being offered to enhance the educational needs of the children that are being supported by all the clerical and non-clerical staff working with the Bank.

The management has always been very cordial and receptive towards staff issues and it staunchly believes in the power of one when it comes to leading a group of people coming in from various walks of life.

Employment of special persons

MCB Bank is an equal opportunity provider. It has never discriminated on the basis of race, gender, age or disability. The bank has recruited a sufficient number of special persons at various branches all over Pakistan. At MCB Bank, special persons are not discriminated on the basis of their handicaps. We believe in skills more than the conditions that have been bestowed on us from Mother Nature. The Bank is a staunch believer of the fact that diversity comes with variety only and that talent can never be discouraged merely because of natural hindrances.

Occupational safety & health

The safety and health of personnel are of paramount importance to the Bank. The Bank ensures that maximum safety standards are met at all businesses, offices and branches and encourages all employees to promote the safety of their fellow employees and customers. A special "Safety and Health Policy" has been developed for this purpose. This Policy aims at providing a safe and healthy working environment to the people working and visiting the Bank.

Emergency Lights, Fire Proof Cabinets, Fire Detection, Alarm System, Portable Fire Extinguishers, Safety-Anti Shatter Films, Conducive Working Environment, First Aid Kits, Evacuation Drills, Arrangement for Disables, Emergency Exit Doors, Fire Sprinkler

System and Medical Health Insurance are some of the measures that the Bank assures for the safety and security of its stakeholders.

At ATMs and other Alternative Delivery Channels (ADC), special safety measures have been taken to protect customers by implementing Installation of locks and cameras in all ATM Rooms with 24/7 recording, Anti-Skimming devices have been installed on all ATMs, ATM-safe-usage-guidelines are displayed on all ATM screens before the customer undertakes a transaction, all customer calls to Call Centre are recorded, IVR Transactions are secured via a separate Telephone Banking, PIN (T-PIN), SMS alerts service keeps the customers constantly updated of any activity (Debit or Credit) in their account.

Developing a positive health and safety culture, where safe and healthy working becomes second nature to everyone is what MCB Bank aims to achieve and for that, all possible efforts are being continuously utilized to touch an optimum level.

Business ethics & anti-corruption measures

"Fraudulent Market and Credit Risk" cannot be eliminated however the 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. To achieve this, the "Compliance & Control Group" of the Bank devised tests to encourage awareness on areas specifically related to "Know-Your-Customers". This exercise is aimed to educate the Bank's employees to better understand the terminologies of "Know-Your-Customer" and "Anti Money Laundering", its requirements and hence minimize the chances of error or frauds and help the Bank to remain fully compliant of regulatory instructions.

The "Human Resources Management Group" of the Bank provides "Code of Conduct and Standard of Ethics"; a comprehensive document is in place as a part of the Human Resource Policy & Procedure Manual which is available to all staff members on the Bank's Intranet. The document is approved by the Board's Human Resource and Remuneration Committee. 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. Appeals of the staff against whom DAC has already taken disciplinary action is reviewed by an independent Disciplinary Action Review Committee (DARC) which is formed with a view to ensure a fresh review of each appeal filed against the DAC decision. Details of the Standard of Ethics, Business Practices & Code of Conduct are available in this Annual Report.

The Bank wants to deliver long-term value for its shareholders and society. This means having the right culture, structures and processes in place to ensure that we practice strong governance, serve our clients and customers well and provide a great workplace for our people. Doing what we can to combat financial crime and protect the environment is one of the utmost components that have taken the Bank ahead till now.

National Cause Donations

Supporting national cause for the betterment of community at large is the utmost philosophy that MCB Bank is proud of. The bank very generously takes part in charitable activities. In 2013, rupees five million were donated by Islamic Banking Group for the effected Christian Community owing to riots in Joseph Colony, Badami Bagh, Lahore. Also, rupees thirty million (including Rs. 5 million

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charity by IBG) were donated to the Prime Minister's Earth Quake Relief Fund for Baluchistan 2013.

MCB Bank's contribution towards the community has also been recognized by various local and international organizations. We have received "CSR Business Excellence Award" and have recently been ranked 8th because of the volume of donation among 490 top Pakistani companies which is definitely a source of motivation for us to continue towards such gallant initiatives.

Contribution to national exchequer

The number one bank in highest market capitalisation and one of the most profitable bank, MCB Bank always one of the leaders in contribution to the national exchequer. The Bank paid Rs. 10.36 billion as income tax to Government treasury during 2013. Furthermore, the Bank contributed over Rs. 5 billion to the National Exchequer as withholding tax agent under different provisions of Income Tax Ordinance 2001.

The Bank's contribution to the national economy by way of value addition was Rs. 43.35 Billion, out of which Rs. 10.29 Billion was distributed to employees and Rs. 15.18 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 country's development and growth.

Rural development programmes

MCB Bank realizes the pivotal role agriculture plays in driving the growth of our economy. Pakistan is an agrarian society and majority of its population is dependent on the agriculture sector for their livelihood. Keeping this fact in mind, MCB deliberately took part in the 5th Farmers Festival (HARI MELO) & National Conference in order to further enhance the agriculture sector of the country.

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. Also, the bank has initiated a Kisan Dost Help Desk campaign at its selected branches from where farmers can confidently consult professionals for any relevant assistance.

MCB has 430 rural branches where we offer customized product menu to suit and meet the requirements of these people. MCB is committed in enhancing knowledge and understanding of banking business vis-a-vis spreading and exploring neglected regions of the country.