

## Corporate Sustainability Report

MCB Bank is one of the leading Banks with a legacy of more than 70 years. As one of the largest Banks in Pakistan, MCB Bank continuously strives to adopt best practices at work place and encourage a culture of discipline, principles and values for its stakeholders. 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 provides 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 that acts as a guideline for employees while performing their duties.

### Corporate Social Responsibility

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 holds an approved Corporate Social Responsibility (CSR) Policy to cover the core areas of focus on CSR. During 2017, the Bank continued to make contributions towards education, health, environment, sports and awareness.

### Youth Education and Training

MCB Bank is one of the largest employers in Pakistan and provides employment opportunities to thousands of deserving candidates. The Bank has a well-established and systematic approach towards identification of talent and has fair policies in place to promote and recognize shining workforce. The Bank also encourages internal and external trainings and President level interactive sessions for field and operational staff in an effort to boost employee morale and future performance.

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 2017, MCB Bank took the initiative as part of Bank's corporate social responsibility to donate renovated computers equipment and systems to one of the country's most reputable NGO, The Citizen Foundation (TCF). The Bank aimed to help TCF in enhancing over 1,202 units of schools nationwide by a technology push through this contribution. The Bank also made monetary donation in order to directly help the less privileged to access education.

During 2017, the Bank conducted employee satisfaction survey for select staff with the purpose of identifying areas for further improvement on the employee engagement front. The Bank also sponsored numerous seminars on Housing Finance and SME Financing across Pakistan.

MCB Bank also made donation to Foundation for Rehabilitation & Education of Special Children (FRESH) during the year for purchase of vehicle for under privileged child students' pick and drop. The Bank also sponsored Old Ravians Association Lahore for annual dinner and Institute of Chartered Accountants of Pakistan [ICAP] for the CFO Conference 2017.

During 2017, the Bank has paid PKR 29.1 million as education allowance to clerical and non-clerical staff for education of their children. In addition, MCB Bank has also spent PKR 60.1 million on staff capacity building and trainings.

### 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 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.

MCB Bank feels proud to have made donations to Shaukat Khanum Memorial Cancer Hospital & Research Centre for construction of a new hospital for poor cancer patients in Karachi, to Saleem Memorial Trust Hospital for construction of their hospital in Lahore, and to Pink Ribbon Pakistan for the construction of Pakistan's first dedicated breast cancer hospital in Lahore. The Bank also made donations to Diabetic Association of Pakistan, Murshid Hospital & Charity Hospital Care Center for better medical services to the under privileged and needy patients.

In its effort to help the disabled community in the country, the Bank also contributed to Pakistan Association of the Blind and to Rising Sun Education & Welfare Society for support to special children through quality education in purpose built specialized setup.

The Bank also understands its responsibility towards the minorities of Pakistan and donated to St. Patrick's Cathedral Church during 2017.

Besides direct financial support, the Bank has arrangements for online donation mediums for its customers. The Bank celebrated "Pinktober 2017 – Breast Cancer Awareness" in collaboration with Pink Ribbon Pakistan and Shaukat Khanum Memorial Cancer Hospital & Research Centre through 3D mapping projection, dispatch of special flyers to MCB Customers, and free awareness display at digital platforms and dissemination through internal campaign.

### Sports

The Bank realizes the importance of outdoor sports for the nation and during 2017 sponsored Multan Golf Club for the 8th Major General Shahid Hamid Khan Memorial All Pakistan Multan Open Golf Championship 2017 and Shehreyar Khan League for the 2nd SKL Night Tournament 2017. MCB Bank also sponsored the National Hockey Stadium through Pakistan Navy (Pakistan's Naval Defence) for procurement of mini Astro turf of international standards to increase interest of youth in sports.

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

In view of the Country's continuous energy shortfalls, during 2017, the Bank successfully completed the mega project to convert its vast network of more than 1,200 branches and its ATM signage to the most efficient and energy saving LED medium which is expected to reap long term benefits for the stakeholders.

In line with National Policy on Energy Conservation, MCB Bank gives utmost priority to save Energy and have regular controls over day to day checks through regular reporting.

The Bank is currently in the test stage for the solar system installation at MCB Premier Branches. MCB Bank has also installed UPS Invertors at their selected ATMs in Lahore city in the initial phase.

MCB Bank prioritizes the usage of latest technology to conserve energy such as BMS Operation systems which are currently installed at its two main head offices in Lahore and Karachi. The BMS system is controlled centrally to monitor and has best possible controls to save energy, smartly and economically. Moreover, a system of waste heat cogeneration is also being used at MCB Center Lahore. MCB Bank emphasizes the use of glass panels in outer walls of buildings so as to utilize maximum sun light from morning till evening.

### Environmental Protection Measures

The provision of excellent work environment is the Bank's goal. The major buildings have a professional third party arrangement to maintain external / internal plantation with a regular check by Bank senior staff. The Bank believes in giving employees a congenial working environment, therefore, not only the external plantation but the plants placed indoor in major Bank buildings are changed and replaced on regular basis which keeps the environment fresh.

During 2017 the Bank undertook a landscaping project on a major road in coordination with Cantonment Board Lahore. The project was handled by a professional third party Horticulture specialist to plan proper Landscaping with plantation. MCB Bank is spending millions of rupees on plantation to keep the environment fresh. MCB Bank also sponsored the renovation of Yadgar e Shuhada in Jhelum.

As a responsible bank, MCB Bank is always concerned for the people and overall wellbeing of the society, including the environment. We have been endeavouring to go paperless by introducing an array of Digital Banking services which will help to reduce our dependence on paper. MCB Bank has adopted green practices such as - paperless services which include eco-friendly digital initiatives like the Internet Banking, Mobile Banking and Digital Branch Noticeboards. All these initiatives encourage the use of digital banking instead of branch banking and help to reduce the overall carbon footprint. MCB bank also discourages the usage of resources such as paper, stationery, vouchers, cheque leaves thereby aiding in environmental conservation.

The term "Green Banking" is comparatively a new development in the financial world of Pakistan, but MCB Bank realized the importance of it long time ago and has taken several steps towards the same. Apart from the digitization of normal banking functions, we have been providing financial assistance for Renewable Energy projects as part of local and federal Government's several different Renewable Energy Initiatives.

### Mitigating the adverse impact of industrial effluents

MCB Bank seeks to reduce the direct impact of its operations on the environment by creating awareness on the issues of water pollution and water preservation so as to deliver benefits to the community. We encourage our clients to avoid the release of effluent, as Energy Conservation and Energy saving measures.

### 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.

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".

### 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 and ensures that it exceeds the expectation of its customers. The Bank has Call Centers and website to help address customer queries/complaints. During 2017, a total of 69,518 complaints were resolved at a success rate of 95.2%.

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<b>Total Login – Statement of Complaints</b>	<b>73,056</b>		
Closed	69,518	95.2%	
Open	3,538	4.8%	
<b>Total Login</b>	<b>Closed</b>	<b>Open</b>	<b>Grand Total</b>
Complaint	69,518	3,538	73,056
Request	10,735	1,441	12,176
Queries	2,777	326	3,103
Reversal	1,622	326	1,948
Grand Total	84,652	5,631	90,283
Percentages	<b>93.8%</b>	<b>6.2%</b>	

### 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 Service Quality 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, Internet Banking and ATM Uptime are monitored on monthly basis.

### 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.

### 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.

### Quality Checks and Mystery Shopping

During the year, all branches were monitored with respect to service parameters and protocols. Moreover, 791 branches were 'Mystery Shopped' by independent external agency and results of this activity was shared with management for further improvement.

### Gender Equality and Employment of Special Persons

The Bank ensures through its approved Code of Conduct that the rights of all staff members are highlighted and each employee abides by the basic ethical standards of the Bank. 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. The Bank has also extended employment opportunities to special persons who are contributing towards the growth of the Bank.

MCB Bank is an equal opportunity employer and as of 2017, the female employee ratio increased to 15% while 276 employees from the non-Muslim sector are currently in employment by the Bank to ensure that it has the best pool of efficient resources without any discrimination.

### Occupational Safety and Health:

The safety and health of its employees is a top priority for the Bank. Pakistan's leading Consultant Firm was hired by MCB Bank during 2017 to examine / survey the existing safety & health measures including equipment installed at MCB Bank head office in Lahore. The firm was also engaged to recommend further improvements required aligning with International standards and the proposals were incorporated in the existing arrangements. MCB Bank also plans to conduct professional surveys in future for other major buildings so that the overall existing safety and health arrangements can be improved further.

MCB Bank has always provided congenial working environment within the acceptable standards of safety and health to its employees. All permanent employees of the Bank are covered under a comprehensive "Staff Group Insurance Policy" (life & medical). MCB Branches are equipped with alarm systems, CCTV cameras and trained security personnel are deployed to ensure the safety of employees and customers. The Bank has developed a comprehensive "Health, Safety & Environment Policy" which is reviewed periodically by the senior 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 and 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 and pandemic etc. to ensure that its staff is well informed about procedures for safeguarding life and 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 ensures safety and security of its employees and customers.

During 2017, the Bank arranged a seminar for its employees on "Chronic Pain Management" as part of a Corporate Social Responsibility (CSR) initiative, to discuss the details revolving chronic pains for professionals involved in long sittings and working hours. The MCB Health, Safety and Environment (HSE Office) also issues internal email for employees all over the country during winters as the Smog entered in Pakistan causing breathing and health issues. As part of MCB Health Awareness Program, MCB Medical Unit issued awareness issues on Hypertension, high blood pressure and Diabetes Mellitus for its employees. The Bank also sponsored a conference on "Psychology of Gender in Perspective: Issues and Challenges" by National Institute of Psychology.

### Women Protection and Respect

MCB Bank strives to ensure that it provides a conducive and harassment free environment for all employees. The Policy for protection of women harassment has been revisited and is circulated Bank wide every year. The in-house training sessions to be conducted for awareness and effects of "Protection against Harassment of women at the workplace" law, reiterating the Bank's position of zero tolerance on this matter. Zero tolerance for any form of harassment or

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discrimination is also covered in the Bank's existing code of conduct. The Bank for the first time, also celebrated "Women's Day" internally, whereby it paid tribute to the high achieving women of the Bank. A similar campaign was run on "Mother's Day" to inculcate the value of family and respect for women.

### 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. During the year the Bank through its platform of "Staff Welfare Fund" spent PKR 5 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 PKR 5.2 million in 2017.

### Employee Engagement through Celebration of National Events

MCB Bank has a legacy of giving back to its country through establishment of a patriotic culture within the Bank.

To commemorate the Independence Day, grand arrangements were made for flag hoisting by the Bank and cake cutting ceremony was held which was participated by MCB Employees and their families. This year again, the Head Office Lahore was a traffic-stopper for two nights for its eye-catching LED décor that covered the entire front of the building. MCB Branches and offices also celebrated the day throughout the Country and the event was shared amongst employees to encourage their spirit and patriotism.

The Bank also celebrated the Independence Day and Pakistan Defence Day by showcasing thematic and engaging display at MCB Centre Lahore using its newly installed state of the art 3D mapping projector.

MCB Bank also ran internal campaign throughout the year covering Pakistan Defence Day, Pakistan Resolution Day, Iqbal Day to recall and remember the sacrifices, our national heroes and importance of our beloved country.

### Business Ethics and Anti-Corruption Measures

The Bank has played an active role in identifying and mitigating possible risks and losses through promulgation of policies and procedures to reduce possibility of such incidents.

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 sign off. This document is also available on MCB Intranet Hotel for ready access of MCB Employees.

The Bank continues to maintain a strong compliance culture across the board for all official activities. MCB 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 one another. Our policies focus on the conduct of the employees and providing them guidelines to enable them to ensure compliance with all 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.

Improved compliance and adherence to ethical standards are at the core of the organization. MCB reinvents itself in the public eye, and to set ourselves apart from others by ensuring that the needs of the customers are catered for by introducing new products and services to meet the needs of our diversified client portfolio.

MCB has a robust compliance policy to ensure that the organization it is not exposed to operational and reputational risks and interest of the customer is protected.

The integrity of employees 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 is clearly evidenced from the practices that the Bank follows and the same is critical in setting standards. Learning and Development of the employees plays a vital role in inculcating an ethical corporate culture.

During 2017, the Bank was amongst the sponsors of the launch of Drama Serial "Dhund" by National Accountability Bureau (NAB) which was aimed at creating awareness against corruption. Later during the year, the Bank contributed to observe and support the "Anti Corruption Day 2017" in collaboration with NAB.

### Contribution to National Exchequer

MCB Bank has the highest market capitalization in the banking industry. In 2017 the Bank paid PKR 7.72 billion as income tax to Government Treasury and contributed approx. PKR 13 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 PKR 45.5 billion, out of which around PKR 12.4 Billion was distributed to employees and PKR 18.7 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, being one of the major five banks of the country has seamlessly been aligned with the national objectives pursued

by the Government and SBP and is playing vigorously its role to support Agriculture Sector of Pakistan for continuous progress and development. It has extended financing support to backward and forward linkages in the value chain and a large number of farmers have availed financing facilities for input and non-farm related credit needs. The farm mechanization is highly encouraged by MCB Bank since inception to empower farmers with needed technology to get best output of his land and be instrumental to grow more for bringing about a new phase of green revolution. The special feature is the competitively lower markup rate.

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 260 Agri Lending Branches all over Pakistan. MCB Bank encourages progressive farmers for farm mechanization as well as for their non-farm initiatives involving technology. The machinery and equipment are financed by extending credit on easy installments mainly for tractor and its implements. A special arrangement is made with tractor manufacturers to achieve this objective. Poultry, dairy and fisheries sector are also being extended all types of credit facilities.

MCB Bank is committed to 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. Field officers have conducted around 400 financial literacy programs to enhance awareness of the farming community. Moreover, to augment financial inclusion objective, credit lines are made available to NGOs for facilitating farmers for micro credit need. MCB Bank has 422 rural branches (excluding sub branches) that offer customized product menu to suit and meet the requirements of the locals encompassing all type of banking needs including Agri credit.

Due to advent of emerging technologies, the financing need of farmers is continuously undergoing change of pattern with focus gradually shifting from farm towards non-farm. Accordingly, MCB Bank has revamped its financing infrastructure, reviewed policies and equipped its staff for dedicated focus to meet evolving financing requirements and to strengthen ever green relationship with farmers across the country. The number of Agri lending branches and officers has been significantly increased across Pakistan. Special attention is also being given to areas which remained underserved during the recent past on account of various factors and are identified to be in need of financial inclusion. The Bank will continue to explore possibilities and also partner with NGOs/MFBs and other organizations for ensuring extended outreach of finance to the small farmers and households.