

Sustainability and Corporate Social Responsibility

MCB Bank, as one of the largest Banks in Pakistan, has a rich legacy of service and innovation spanning over 71 years. The Bank continuously strives to adopt the best practices and encourages a culture of discipline and values for its stakeholders. By initiating projects and services that function in a socially responsible way, MCB Bank ensures environmental sustainability and the social well-being of its employees and the society at large.

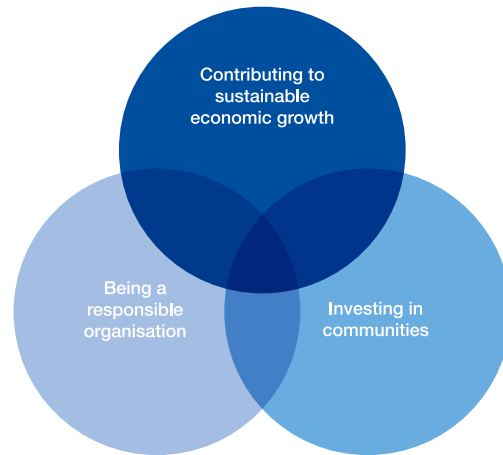
Our policy

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 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 adheres to several key principles as an institution and is committed to creating a better work place and cleaner environment through its multifaceted 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. MCB Bank has a well-defined Code of Ethics and Conduct policy that acts as a guideline for employees.



Contributing to sustainable economic growth:

We use our core business of banking to promote sustainable development in our markets.

Contribution to Economy & National Exchequer:

MCB Bank has the highest market capitalization in the banking industry. In 2018 the Bank paid approx. PKR 3.299 billion in lieu of income taxes to Government Treasury and contributed over PKR 11 billion to the national exchequer as withholding tax agent under different provisions of Income Tax Ordinance 2001.

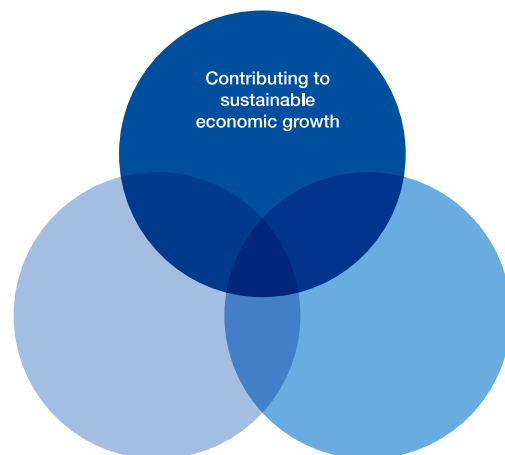
The contribution by the Bank to the national economy by way of value addition was PKR 49.044 billion, out of which around PKR 14.053 Billion were, distributed to employees and PKR 18.961 billion to shareholders.

The Bank is making a 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 organisation

We manage the Bank responsibly by promoting the right values and behaviors, investing in people, managing our environmental impact and supporting the fight against anticorruption measures.

Following steps have been taken by the Bank:

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



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. Like previous years, MCB Bank also celebrated "Women's Day" in 2018. As part of our desire to spread awareness on women harassment, 'the Protection against women harassment bill' implemented in April 2018 was prominently displayed on notice boards.

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.

Enhanced compliance and adherence to ethical standards are at the heart of how we work as a team. MCB Bank has a robust compliance policy to ensure that as an organization it is not

exposed to operational and reputational risks while ensuring that the rights and interests of our customers are not compromised upon.

Occupational Safety and Health

As per the Bank's Policy, health and safety aspects are being given top priority. At the recommendation of a leading consultant firm (Health & Safety) at MCB Building, all possible measures have been incorporated to circulate fresh air inside the building as well as adding a variety of fire extinguishers on trollies and manual carriage. Requisite safety equipment such as gas masks and other tools have also been arranged for all 10 floors of its principal building in Lahore. The fire alarm system installed has been upgraded and regular staff evacuation drills are held under the Security Department. First Aid Kit Boxes filled with emergency medicines and burn kits are maintained on each floor of major MCB Buildings countrywide and Bank branches to counter any emergencies.

MCB Bank has always provided congenial Health & Safety working environment to its employees. All permanent employees are provided coverage under a comprehensive staff group life & medical insurance policy. The Bank's buildings including branches are equipped with alarm systems and CCTV cameras. Trained security personnel are deployed to ensure the safety of our employees, customers, record and equipment. The Bank has developed a comprehensive "Health, Safety & Environment Policy" which is periodically reviewed and updated by Bank Management.

Developing a comprehensive health and safety culture within the Bank is everyone's responsibility. To further this, MCB Bank has always taken initiatives such as on-site health checkups, seminars on health & safety aspects and practical drills imparting emergency preparedness to ensure that its staff is up to date on procedures for safeguarding life and the 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, Sprinkler System and Medical Health Insurance are some of the measures through which Bank assures safety and security of its Employees and Assets.

During 2018, the Bank also organized a Health Awareness Seminar on Hepatitis to create knowledge and understanding about Hepatitis B & C. The Seminar was conducted by experts from Pakistan Kidney and Liver Institute and Research Center (PKLI&RC).

Quality Checks and Mystery Shopping:

During 2018, 98% of total branches were monitored with respect to service parameters and protocols. The remaining branches were not visited owing to security concerns/remote locations. Moreover, 940 branches were 'Mystery Shopped' by independent external agencies and results of this activity were shared with management for further improvement.

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'.

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.

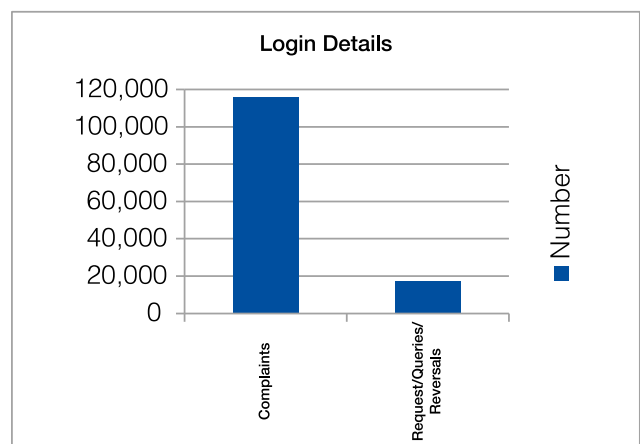
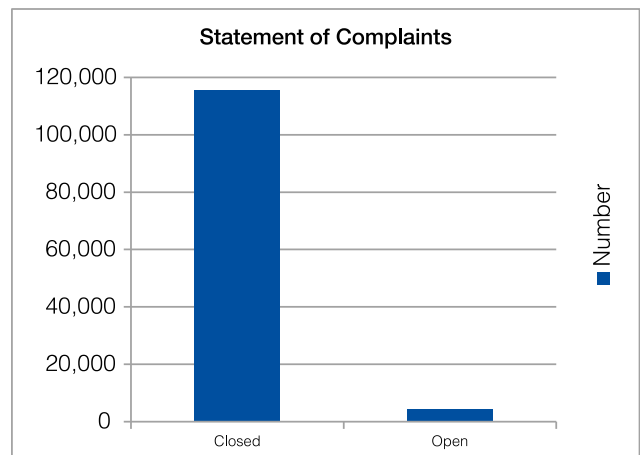
Customer Satisfaction

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 expectations of its customers. The Bank has 24/7 Call Centers and a website to help address customer queries/complaints.

During 2018, a total of 116,136 complaints were logged in the system out of which 115,673 complaints were resolved. Resolution percentage stands at 99.60 %.

There was a 59% increase in logged complaints in 2018 compared to the previous year. Total complaints received during 2017 were 73,056.

Descriptions	Number	Percentage
Closed	115,673	99.60 %
Open	463	0.40 %
Total Login – Statement of Complaints	116,136	100 %
Complaints	116,136	87 %
Request/Queries/Reversals	17,116	13 %
Total Login Details	132,014	100 %

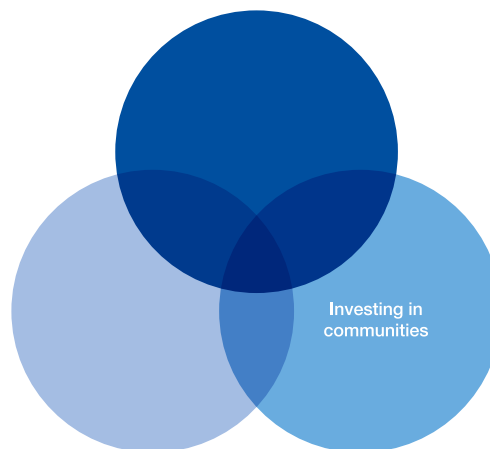


Investing in communities

We seek to promote sustainable economic and social development in our communities.

Following steps have been taken by the Bank:

- Community Investment & Contribution to National Causes
- Equal Opportunity for All Employees
- Environmental Protection Measures
- Energy Conservation and Energy saving measures
- Youth Education and Training
- Sports
- Women's Economic Empowerment
- Industrial relations
- Employee Engagement through Celebration of National Events
- Green banking activities and initiatives



Community Investment & Contribution to National Causes

MCB Bank seeks to demonstrate firm commitment towards the community by actively promoting the uplift of the society. The primary focus of the Bank remains extending support towards meeting the needs of communities and underprivileged in any way possible especially in the field of health and education.

During 2018, the Bank supported Shaukat Khanum Memorial Cancer Hospital and Research Centre, Pink Ribbon and Edhi Welfare Organization by helping them create awareness through Bank's platforms and providing donation channels through mediums such as MCB Mobile Banking and MCB Internet Banking. Moreover, the Bank organized two blood donation camps in coordination with Shaukat Khanam Memorial Cancer Hospital and Research Centre during the year at its main head offices in Lahore where MCB Staff enthusiastically donated blood.

MCB Bank also engaged keenly with causes related to the banking sector by sponsoring the activities of the Bankers Club in Karachi and holding an awareness session on Housing Finance at the Bankers Club, Bahawalpur.

MCB Bank understands the importance of education in Pakistan and in support of TCF Rahbar, employees volunteered in an 11-week teaching program for underprivileged children without any monetary benefit.

The Bank also acknowledged the sacrifices of military personnel and their role in promoting peace and security by sponsoring the Annual Shuhada Function of Frontier Corps (South), D.I. Khan.

MCB Bank has moved proactively in the field of poverty alleviation in Sri Lanka and providing funding for a Livelihood Development program under the project name Colombo North – Urban program has been a critical aspect to this strategy. The project aims at strengthening the household economy of 100 families by

providing livelihood kits and creating job opportunities through provision of vocational training and financial management. Its Community Welfare program also provided assistance in organizing Iftar programs in 8 different mosques during the month of Ramadan.

Equal Opportunity for All Employees

The Bank ensures through its approved Code of Conduct that the rights of all staff members are highlighted and each employee abides by the 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.

The Bank provides employment to more than 20,000 staff in Pakistan itself. Of this, slightly more than a third is composed of contractual staff. Outside Pakistan, the Bank employs nearly 200 staff.

Environmental Protection Measures

A clean, congenial work environment is a major goal for the Bank. Major buildings have a professional third party arrangement to maintain external/internal plantation replaced on regular basis which maintain a good working environment.

In 2018, the Bank devoted considerable resources to maintain Landscaping alongside the VIP route on Airport Road Lahore in coordination with the Lahore Cantonment Board. The landscape project was conceived and executed by a professional third party horticulture specialist.

The Bank has also sought that protection of the environment be promoted through MCB Bank products.

All MCB Fun Club account holders have the option of planting a tree in their name and watching it grow on Google Earth. This enables them to contribute towards the betterment of society and make the world a greener place to live in.

As a responsible Bank, MCB Bank has endeavored to promote a paperless environment by introducing an array of Digital Banking services which will help to reduce our dependence on paper. The Bank has adopted green practices such as paperless services which include eco-friendly digital initiatives like Internet Banking, Mobile Banking and Digital Branch Noticeboards. All these initiatives are part of a larger shift towards the use of digital banking instead of branch banking aimed to help reduce the overall carbon footprint of the Bank.

MCB Bank has also introduced web based dispute claim filing utility for all ADC channels as another step towards paperless environment to facilitate customer convenience and resolution within defined turnaround time as well as increasing workplace automation. Certain regulatory processes have also been revised by digitalizing documents and placement on internal servers to reduce paper usage by MCB Staff.

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

Energy Conservation and Energy saving measures

Promoting energy conservation is a top priority for the Bank. With the energy crisis looming as a grave national concern, MCB Bank wants to lead by example. The management is keen towards reducing energy consumption by promoting practices that aim to use energy smartly and economically.

In line with the National Policy on Energy Conservation, the Bank emphasizes on strict controls to save Energy by exercising regular monitoring and controls. The updates are reported at higher levels on regular basis. In line with these efforts, MCB Bank has deployed solar power systems in selected branches as a pilot project.

To conserve energy, the Bank has already installed Business Management System (BMS) at two principal buildings of MCB Bank which deploy centralized control to optimize energy consumption. The BMS System is currently being upgraded to further enhance power conservation and reduce carbon footprint. A waste heat cogeneration system is also installed at MCB Center in Lahore and MCB Tower Karachi to further promote sustainability. Besides the above measures, MCB Bank emphasizes on the usage of glass panels on outer walls of buildings so as to utilize maximum sunlight during day time.

A team of competent engineers is also a part of MCB Bank to monitor energy resource utilization to:

1. Manage environmental impact
2. Implement technically and financially feasible measures to improve water consumption

Youth Education and Training

As one of the largest employers in Pakistan, the Bank 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 throughout the year and has an in-house dedicated training center where monthly trainings are conducted for the Bank staff. In addition, an annual President level interactive session for the field and operational staff is held to boost employee morale and future performance.

The Bank aims to promote and encourage education beyond its walls by sponsoring the efforts of reputable Institutions. MCB Bank collaborated with the Women University for the construction of their Library in Swabi. It also sponsored the Diamond Jubilee Celebration for Burn Hall College, Abbottabad and Art & Culture Festival organized by The City Schools. The Bank also sponsored potable water coolers to Pir Syed Abdul Qadir Shah Jeelani Institute of Medical Sciences, Khairpur.

During 2018, the Bank also fostered education initiatives by sponsoring extra classes for students of underprivileged backgrounds appearing for Ordinary Level (O'Levels) Examinations at T B Jayah Maha Vidyalaya School through its presence in Sri Lanka.

Sports

The Bank is cognizant of the importance of sports in the development of the nation. During 2018, the Bank has sponsored the Corporate Silver League tournament and the Governor SBP Cup. It also provided sponsorship to All Pakistan Multan Open Golf Championship and the Chairman WAPDA Golf Tournament during 2018.

Women's Economic Empowerment

The Bank has also prioritized the empowerment of women through involvement in the economic cycle. In 2018, the Bank sponsored the 14th Women Chamber of Commerce and Industry – 'She in Trade exhibition' and advised women regarding the different financing facilities available for female entrepreneurs and how to effectively utilize these facilities to set up businesses, thus assisting them in integrating and diversifying in the business community in Pakistan. These entrepreneurs were also advised by our team of SME Bankers on managing their financial needs and providing them with the necessary business related services required to run a successful entrepreneurial venture.

The Bank's product portfolio has also been deployed to foster this goal by actively promoting the MCB Ladies Account Portfolio with 16,000 (approx.) relevant customers. Moreover, free Health Insurance Coverage by Adamjee Insurance Company Limited to all customers complying with the eligibility criteria was also provided accordingly.

Industrial relations

MCB Bank is fully responsible for maintaining a healthy relationship between individual workers and the employer. It places special emphasis upon the social contract that exists between staff and the organization as a whole. 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 help meet the educational needs of staff children. During the year the Bank through its platform of "Staff Welfare Fund" spent more than PKR 5 million to assist clerical and non-clerical staff members by providing support to them for purposes such as the marriage of their children or to meet the burial expenses of their departed loved ones. Keeping in view the religious sentiments of our employees, the Bank also sponsored 12 staff to perform Hajj through balloting in 2018.

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. On the auspicious occasion of Independence Day 2018, Marketing Division organized a grand Flag Hoisting ceremony on Pakistan's 71st Anniversary at its Head Office and at its regional office, MCB Tower in Karachi. The events showcased the true sentiment and spirit of this national day as a great number of staff along with families, participated enthusiastically in the events.

The cake cutting ceremony was performed by the President while being surrounded by children of Bank employees. Amongst engaging activities were specially designed Photo Booths with props, Popcorn and Cotton Candy, Face Painting, Goody Bags, Signing Wall and special giveaways. Enthusiastic participation from the children made the event vibrant, colorful and festive. The Head Office of MCB Bank was beautifully illuminated for the celebrations on the nights of Aug 13th and Aug 14th which turned out to be a show stopper.

Green Banking Initiative

MCB Bank is proud of its commitment to promoting environmentally sustainable business practices that help preserve our planet and its precious natural resources. We do this in a multifaceted, holistic manner that simultaneously leverages our strengths and enhances our operational efficiency.



Innovative Product Design

All MCB Fun Club account holders have the option of planting a tree in their name and watch it grow on Google Earth. This enables them to make a direct contribution towards the betterment of society and make the world a greener place to live in.



Paperless Operations

MCB Bank has also introduced web based dispute claim filing utility for all ADC channels as another step towards paperless environment to facilitate customer convenience and resolution within defined turnaround time as well as increasing workplace automation. Certain regulatory processes have also been revised and documents digitalized and stored on internal servers to reduce paper usage by Bank Staff.



Investments in Renewable Energy

As part of a pilot project, MCB Bank has deployed solar power systems in selected branches.



Building Design and Operations

Business Management System:

To conserve energy, the Bank has already installed Business Management System (BMS) at two principal buildings of MCB Bank which deploys centralized control to optimize energy consumption. The BMS System is currently being upgraded to further enhance power conservation and reduce carbon footprint.

Waste Heat Management:

A waste heat cogeneration system is also installed at MCB Center in Lahore and MCB Tower Karachi to further promote sustainability.

Glass Construction:

MCB Bank emphasizes using glass panels on outer walls of buildings so as to utilize maximum sunlight during day time.



Strategic Shift towards Branchless Banking

As a responsible bank, MCB Bank has endeavored to promote a paperless environment 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 Internet Banking, Mobile Banking and Digital Branch Noticeboards at Branches.