## Compensation Policy



## Statement of Intent

MCB-AH pursues a compensation philosophy of establishing and maintaining consistency and equity within the organization as well as aligning its overall remuneration policies with the market practice and the applicable laws. It believes in attracting and retaining talent through a combination of monetary and non-monetary rewards and incentives. Accordingly, MCB-AH places itself amongst the better paymasters within the industry and continuously endeavors to improve the level of job satisfaction of its employees through learning, development and making MCB-AH the best place to work.

## Compensation

In order to formulate and establish a competitive compensation structure, MCB-AH evaluates its remuneration package viz. a viz. competitors and aligns compensation to the market on regular basis. The market survey findings represent average remuneration offered by major players in the market for various jobs and are interpreted in terms of MCB-AH's size and structure.

## Salary Payment Day

Salary is paid monthly in arrears on the 25th of each month. If the 25th falls on a weekend or holiday, salary payment day is on the next working day.

## Salary Transfer

It is the policy of the Company to disburse the salary in the designated salary account. In this regard, each employee will be required to open an account in any nearest MCB Bank branch and provide his/her account details to the HR Department for salary transfer.

## Late Sitting – Dinner/Lunch (Reimbursement)

All the MCB-AH employees (excluding kitchen and janitorial staff) will be entitled to reimburse bills paid for dinner/lunch for late sitting(s) if they are required to work beyond office hours. The Head of Department will have to verify in writing that an employee was required to stay beyond office hours.

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| --- | --- |
| **Days** | **Reimbursement Amount** |
| Monday to Friday | Dinner- Rs.800/-will be due beyond 9:00 pm |
| Saturday /Holidays | Lunch - Rs.800/- will be due beyond 1:00 pm  Dinner - Rs.800/- will be due beyond 8:00 pm |

\*Rs.800/- current maximum reimbursement limit per person per meal. This maximum reimbursement limit can be changed from time to time with the approval of CEO.

## Advance Salary

As per Company policy, salary advances are not granted. Exceptions would be in situations where an employee is expected to be out of station on annual leave when salaries are normally credited, and does not anticipate returning before the first of the following month. Other unusual situations would also be given due consideration, purely on CEO’s discretion.

## Deduction(s) from Salary

The salary payable is subject to statutory deductions (e.g. EOBI, Income Tax and Provident Fund/VPS deductions). In addition, the following deductions may be made from the salary:

* For repayment of loans, salary advances etc.
* For adjustment of any over payment.
* For an employee's unauthorized absence from duty or leave without pay.
* Upon termination of employment where annual leave taken exceeds the pro-rate entitlement.
* Any losses, deductions or damages due to employee.
* Any other legitimate deductions.

## Promotions& Salary Reviews

Salaries are normally reviewed each year with effect from July first, following the performance appraisal process. All increases are awarded on the basis of merit and are entirely at the discretion of the Company. MCB-AH reserves the right to amend the review date in future if required.

Promotions are done once a year after the completion of annual evaluation exercise and are effective from the time they are announced. In order to be eligible for the promotion to the next grade, employees must have performed well in their current grade for at least two years, should not have any disciplinary action initiated against them in the last two years and should not have a "C" or below grade in the last two evaluations. The management can relax these rules under exceptional circumstances.

For promotions up to SVP grade, the CEO along with Departmental Head or / EVP/SEVP if any will be authorized to approve the promotions. For promotions above SVP grade, on the recommendations of CEO, HR Committee will approve the promotion.

All MCB-AH employees have an equal opportunity for promotion based upon their performance; qualifications and demonstrable merit. However, it is imperative to recognize that promotion is not a function of seniority and/or qualifications alone.

All promotions are in the entire discretion of the senior management and there is no guarantee of any promotion to any employee. The decisions of the management will be final and cannot be questioned by anyone**. (Annexure F)**

## Year-End Evaluations

In order to assess the contribution of each employee towards the organization and to help employees assess their development needs and strengths, MCB-AH has a policy to conduct a thorough year end evaluation. This is an important exercise with ramifications on promotions, salary revisions, bonus payments and personal development and hence is required to be treated very seriously.

This exercise entails a thorough screening approach where each employee will be assessed by his sub-ordinates and supervisors. Employees can choose to conduct a self-evaluation for discussion purposes but it will not have any weight in the grading exercise. The Evaluations will start in June every year and will progress as under:

* Each permanent employee who has completed six months of service will be evaluated.
* Each employee will have an appraisal manager who will choose his/her appraisers – one of whom must be his/her immediate supervisor.
* The names of appraisers will not be disclosed at any level and to anyone. However, it is the duty of the appraisal manager to maintain a record of all evaluation forms and share all the grades with the employee if he/she asks for details.
* The appraisal manager will summarize the evaluations for each employee and conduct an appraisal interview. The employee and his/her immediate supervisor must be present in that interview.
* The employee shall also determine his/her goals and development needs for the next year in consultation with the supervisor during this exercise.
* Bonus will be given to all employees who have completed at least ninety days of service as on last day of the financial year. Bonus will be paid within three months of closing of the financial year. The amount of Bonus will be minimum one month's salaries of the eligible employees, provided that the Company will not be required to pay more than 30% of the profit as bonus. If 30% of the profit is less than one month's salaries of eligible employees, then the bonus is paid ratably.

## Club Membership

Executive Vice President (EVP) and above employees can avail privilege of Club Membership once in his/her service with MCB-AH.

The executive can obtain a club membership at his/her own choice with prior approval from the CEO.

The payment will be made to the relevant Club on behalf of the executive or directly to employee up to Rs. 2,000,000/- (Rupees Two Million Only) or actual whichever is lower.

The cost incurred for the provision of Club Membership to the executive will be booked as notional advance to the employee and be amortized over the period of 60 months. An employee availing this benefit will have to reimburse the unamortized amount upon his/her resignation or termination from the employment of the Company.

Monthly subscription and other charges of the relevant Club will be borne by the executive.

## Bike Maintenance

* Riders who own personal motorcycle and using it for official assignments shall be entitled for bike maintenance allowance of Rs. 2,000/- per month.
* The allowance will be paid with monthly salary and subject to the income tax laws of Pakistan.
* Employees who are entitled to this allowance shall not be eligible for any other bike maintenance reimbursements.
* The allowance is subject to revision/modification at the Company's discretion.

## Parking Fees

* Riders who are required to use their own bikes for official duties shall be entitled to Parking Fees incurred in respect of any parking incidental to his traveling on official duties.
* Parking Fees of Rs. 1,200/- per month.
* The amount will be paid with monthly salary and subject to the income tax laws of Pakistan.
* The allowance is subject to revision/modification at the Company's discretion

## Overtime

* Employees on non-grade/non-management shall be entitled for overtime.
* The gross salary payable to such employee in respect of such overtime work will be calculated at double the ordinary rate of his/her gross salary payable.
* The amount will be paid with monthly salary and subject to the income tax laws of Pakistan.
* The employee who works on gazette holidays and other than working days, the worked hours will be counted in overtime hours and treatment will be the same as normal overtime.
* The formula for overtime calculation:

**Overtime =** gross monthly salary **X 2 X** number of overtime hours\_\_\_\_ **26** (working days in a month) **X 8** (working hours in a day)

## Compensation of Key Executives

Compensation for key executives of the Company shall not be directly linked to the profitability of the Company and its funds under management. Tying executive's compensation to sustained value creation will not happen simply by linking compensation to profitability and returns. Compensation of key executive shall be linked to the combination of strategy execution, deliverables, ethics and enhancement of stakeholders values.

Compensation for research analysts shall not be directly linked to success of their calls. Rather a qualitative review of the rigorousness and soundness shall be continually evaluated to evaluate the adequacy of compensation and reward through annual bonus. The KPI shall be accordingly weighted and aligned with the overall company personnel.

Compensation for Fund Management staff shall not be directly linked to a specific return or specific position among peers. Delivery of consistent, disciplined and ethical performance shall be the key variables in evaluation. Focus shall remain on qualitative review, rigorousness and soundness exhibited in investment decision making and discipline in following highest professional standards of practice. Performance shall be continually evaluated to evaluate the adequacy of compensation and reward through annual bonus. The KPI shall be accordingly weighted and aligned with the overall company personnel.

## Vehicle Policy

## Statement of Intent

To provide greater flexibility to the permanent employees, the Company has monetized the grade specific car entitlement provided for personal and business use.

The car monetization policy provides a fixed monthly conveyance allowance. The allowance could be used to pay the rentals of a car leased for personal and business use.

## Salient Features

* Employee will be able to purchase a car of their choice.
* In case an employee wishes to replace/change the vehicle he/she will be able to do so whenever he/she desires.

## Eligibility

All permanent employees at SAVP and above are eligible for a monthly Car Related Allowance equivalent the lease rental of the allowed vehicle. Employees can buy any car of their choice with the conveyance allowance. However, employees entitled to conveyance allowance are expected to have a car available to them for office use at all times.

## Entitlement and Process

The entitlement for vehicles and related monthly allowances are outlined in the following table:

|  |  |  |  |
| --- | --- | --- | --- |
| **Grade** | **Vehicle Entitlement** | **Fuel Limit** | **Maintenance Limit** |
| Chief Executive Officer (CEO) | As per employment contract/Board Resolution | 640 Liters | To be maintained by the Company |
| Senior Executive Vice President (SEVP) | Honda Civic – Top of the line Model and Suzuki Swift | 550 Liters | Rs. 5,417/- p.m  (Rs. 65,000/- p.a) |
| Executive Vice President (EVP) | Honda Civic - Top of the line Model | 480 Liters | Rs. 4,583/- p.m  (Rs. 55,000/- p.a) |
| Senior Vice President (SVP) | Honda Civic - Basic Model | 340 Liters | Rs. 3,875/- p.m  (Rs. 46,500/- p.a) |
| Vice President (VP) | Toyota Corolla GLI – Manual | 290 Liters | Rs. 3,208/- p.m  (Rs. 38,500/- p.a) |
| Senior Assistant Vice President (SAVP) | Suzuki Cultus – VXL | 240 Liters | Rs. 2,542/- p.m  (Rs. 30,500/- p.a) |
| Assistant Vice President (AVP) | - | 200 Liters | - |
| Corporate Sales | - | 110 Liters | - |
| Riders | - | As per CEO discretion | - |

**Fuel Allowance for Retail Sales Department**

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| --- | --- |
| **Grade** | **Fuel Allowance** |
| Sr. / Area Manager | 6,500 |
| Group Sales Manager | 6,500 |
| Wealth Manager | 4,500 |
| Wealth Officer | 3,500 |

## Monthly Conveyance Allowance

Monthly conveyance allowance will be paid as follows:

* The monthly conveyance allowance amount includes the market value of the entitled car, markup at prevailing rate, initial registration cost of the vehicle, Insurance and the incremental tax impact. For the purpose of calculating allowance, the control/factory price of the relevant car prevailing when the employee's entitlement is established shall be taken as market value.
* Conveyance allowance is determined and fixed at the date of appointment (for new employees) or the policy effective date. This conveyance allowance is fixed for 5 years or until the next promotion whichever occurs first. After completion of 5 years car allowance amount will be recalculated on the entitled car market value.

The booking advance (lease down payment) will be given as interest free loan and will be recovered over a period of five years from the employee. The booking advance loan will be payable in full immediately if the employee leaves the Company - whether through resignation or termination. The company reserves the right to adjust the outstanding loan amount from any payment due to the employee. The booking advance will only be given to the employee who chooses to purchase the vehicle and will be given once during the entire length of service.

**Basis of calculation:**

* The market value of the entitled car at the time of appointment, promotion or completion of five year.
* One year KIBOR + 3% rate to be considered for calculation. This percent will be evaluated every year on market basis.
* KIBOR& Insurance rate to be changed on annual basis effective 1st July.
* Insurance factor will be used which is offered to the Company on corporate basis Incremental tax impact (including all allowances).
* Registration of new vehicle to be paid separately (one time) in five years’ time.

## Taxes

MCB-AH is responsible for payment of all taxes on Car Allowance during the employment. However, the employee also has an obligation to ensure that these requirements are met and payment deadlines are adhered to.

## Vehicle Maintenance Allowance

Tyre change will be allowed after every 30,000 kms for all vehicles, provided that its employee's responsibility to ensure recording of mileage in the register maintained by the Administration Department for this purpose at the time of purchasing new car as well as at each tyre change.

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## Cell Phone Policy

## Policy Summary

|  |  |  |  |
| --- | --- | --- | --- |
| **GRADE** | **DESCRIPTION OF BENEFIT** | | |
| **Smart Phone Cost** | **Monthly Bill Limit** | **Entitlement** |
| Chief Executive Officer (CEO) | Rs. 200,000/- | Company Responsibility | Entitled by Virtue of appointment |
| Senior Executive Vice President (SEVP) | Rs. 250,000/- | Rs.8500/= or actual whichever lower |
| Executive Vice President (EVP) | Rs. 170,000/- | Rs.5500/= or actual whichever lower |
| Senior Vice President (SVP) | Rs. 115,000/- | Rs.4500/= or actual whichever lower |
| Vice President (VP) | Rs. 60,000/- | Rs.3500/= or actual whichever lower |
| Senior Assistant Vice President (SAVP) | Rs. 50,000/- | Entitled based on the justification of business need, recommendation of concerned HOD and approval of CEO. | |
| Assistant Vice President (AVP) | Rs. 30,000/- |
| OG-I, OG-II,OG-III (Officer Grade) | Rs. 20,000/- |

**Mobile Allowance for Retail Department**

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| --- | --- |
| **Designation** | **Mobile Allowance** |
| Wealth Officer | 1,000 |
| Wealth Manager | 1,000 |
| Group Sales Manager | 1,200 |
| Senior Area Manager | 3,800 |
| Area Manager | 3,800 |
| Regional Sales Manager | 4,500 |
| Regional Head | 5,500 |
| National Sales Manager | 7,500 |
| Head of Sales – Islamic Division | 7,500 |

## Statement of Intent

It is the aspiration of the Management to promote the use of modern communication tools and develop a culture amongst the executives to remain accessible via e-mails through the use of Smartphone (SP) devices. The SP is a useful tool for enhancing efficiency and performance of personnel by providing the facility of working within and outside the office. In view of this, Smartphone allowance will be sanctioned to employees to support their job roles in an efficient and effective manner for the advantage of MCB-AH.

CEO will be authorized to revise the SP allowance after every two years due to fluctuation in dollar rates and resulting change in smart phone prices.

The purpose of this Policy is:

1. To layout and define the criteria for justification of issuance of SP allowance to an employee and its usage.
2. To ensure that SP are used in compliance with MCB-AH policies.
3. To prevent misuse of SP and MCB-AH IT services.

## Scope

As a matter of principle, issuance of SP allowance to purchase SP is subject to MCB-AH Business needs.

MCB-AH employees in all grades will be eligible for SP allowance based on their functions and responsibilities. These functions must indicate travel and mobility as a basic need of the job role, or the requirement to be accessible after office hours/24 hour basis.

## Guidelines

**Reimbursement of SP Allowance:**

The SP allowance will be reimbursed to the employee on submission of SP purchased receipt. SP will be used for official purpose and the allowance would be amortized over 2 years. After completion of 2 years, new SP allowance will be issued. The SP allowance will be issued based on the following conditions:

* Where the employee is required to respond to official emails and calls after office hours, off days, off-line, at remote sites or at his residence.

**SP Allowance Reimbursement Form:**

For reimbursement of SP allowance, the concerned employee will be required to submit SP allowance reimbursement form with SP purchase receipt to HR Department. **(Annexure A)**

NOTE: For SP services a postpaid number with data services will be required for which user must scan CNIC and send to IT following approval of request.

## Loss and Replacement

The liability to take care of asset and insurance lies with the employee. In case of loss or complete damage of SP, employee must notify IT for such incident along with FIR through the concerned HOD. The responsibility for insurance claim and purchasing of replacement phone lies with the Employee.

## Returning of Smartphone / Allowance

At the time of leaving MCB-AH before two years of service/ completion of 2 years from the issuance of allowance for purchase of SP, employees who have been issued SP allowance must return allowance.

The HOD will be responsible to ensure that clearance of the employee is done only after the adjustment of SP allowance.

Employee will be responsible to clear all the outstanding dues of the of the service provider.

As per the SP policy the life of a set is 2 years, so if the employee resigns before 2 years SP allowance would be recovered as per the below calculation.

(SP Allowance / 24 months) x (24 months – months SP used/Service Tenure)

## User Restrictions

SP can easily be stolen or lost, that represent a significant security risk. While loss of physical property can be significant, unauthorized use of the SP could result in devastating liability. Any loss or stealing of a SP or access-compromised SP that contains sensitive MCB-AH data;

* Must be immediately reported to the respective HOD as well as to IT.
* User must change Domain password immediately.
* Must report to Police Station and obtain acknowledgement.

## Data Security

As a matter of policy SP must be locked at all times other than when in use by the user. To reduce risk of unauthorized access to data on the SP, IT will make special arrangements for people frequently carrying important data of high risk. Each HOD must define and inform the security issues related to their domain to IT so that an appropriate action may be suggested. Please note that in the end the users themselves and the departments are responsible to enforce the Data Security.

## Penalty of Non Compliance

Should the User be found to be breaching any of the rules set out in this policy, or if the user is found to be unresponsive, the facility may be revoked and a note will be made in the personal file of the concerned employee which will have a negative evaluation impact in periodical evaluations.

## Payment of bills

As per policy all the monthly mobile charges will be paid by MCB-AH as per entitlement of employee against the issued number and excess amount will be adjusted by HR from their monthly salary. Employee using their own number for Business purpose will be responsible for payment of their monthly bills and same will be reimbursed as per their entitlement subject to approval of CEO.

At the time of return of SP allowance or revoking of services, user had to clear his/her dues otherwise all the charges will be adjusted against their salary.

**No reimbursement of any charges for the purchase of a mobile phone set will be made to SP users.**

## Roles and Responsibilities

**User:**

* In case of theft, employee must immediately report to the respective HOD as well as to IT.
* In case of theft, must change Domain password immediately.
* In case of theft, should claim insurance and fulfill the requirements of the insurance company.
* Should submit the SIM to IT at the time of leaving MCB-AH.

**Information Technology:**

* In case of theft, immediately lock the set and wipe all the MCB-AH sensitive data (if possible).
* In case of theft, ensure that the user had changed the domain password after the loss/theft is reported; if not change then the Active Directory account should be blocked temporarily.
* Ensure that all SPs must be locked at all times other than when in use by the user through system security policy.
* Staff leaving the company will provide the cleared dues statement to IT. After all other dues are cleared and IT assets of MCB-AH returned, IT will sign off the clearance which will be taken as final settlement on this account.

**Human Resources:**

* HR department at the time of clearance will verify the IT signoff.
* In case of death or leaving without clearance, HR will request IT to get the recoverable dues statement from the service provider. HR will deduct the same amount from their final legal dues and submit the cheque to IT in the name of service provider for onward submission and clearance of company account.

## Implementation of Policy

This policy will be applicable for the reimbursement of SP allowance with immediate effect. All concerned Heads of Departments are requested to please examine all the existing users keeping in view above criteria and all the SPs not conforming to above criteria may be returned or services must be revoked.

## Enforcement

Any employee found to have violated this policy may be subject to disciplinary action based upon the extent of the violation:

* Formal warning letter may be issued and be placed in the employee personnel file.
* Suspended or restricted access to Information Systems.
* Termination of employment as per this Handbook.

## Exception

Any exception to this policy must be presented to CEO for approval.