

HBL

Enriching Lives

Impact & Sustainability Report 2023





HBL

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International Footprint
Branch Network
Bahrain, Bangladesh, Belgium,
China, Lebanon, Maldives,
Oman, Mauritius, Singapore,
Sri Lanka, Turkiye, UAE.
Subsidiary - HBL Bank UK

Affiliates
1. Diamond Trust Bank -
Kenya/ Tanzania/ Uganda/
Burundi
2. Kyrgyz Investment and
Credit Bank - Kyrgyz Republic

*As per 2023 financial results



Enriching Lives

Impact & Sustainability Report 2023

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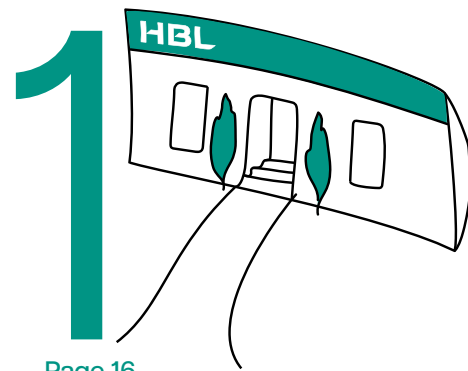
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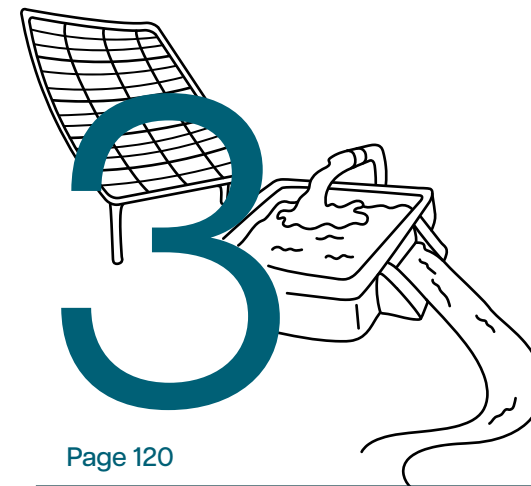


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To the Imamah the meaning of “quality of life” extends to the entire ethical and social context in which people live, and not only to their material well-being measured over generation after generation. Consequently, the Imamah’s is a holistic vision of development, as is prescribed by the faith of Islam. It is about investing in people, in their pluralism, in their intellectual pursuit, and search for new and useful knowledge, just as much as in material resources. But it is also about investing with a social conscience inspired by the ethics of Islam. It is work that benefits all, regardless of gender, ethnicity, religion, nationality or background.

His Highness the Aga Khan,
Athi River, Kenya · 19 December 2003

Chairman's Letter of Intent



As HBL commemorates its 20th anniversary working alongside the Aga Khan Fund for Economic Development (AKFED), we reflect upon our journey of becoming More than Just a Bank. For two decades, we have consistently seized opportunities to promote sustainable development and foster prosperity in the country. Inspired by the ethos of AKFED, we seek to enrich the lives of those we serve.

As financial literacy and inclusion remain our directional vectors, we are cognizant of the need to constantly innovate and leverage technology. Our focused approach and interventions through HBL's SME, Agri and Microfinance arms have ensured banking coverage to over 36 million+ people throughout the country, most of whom we considered un-bankable.

In 2023, the HBL Board supported the enhancement of the Bank's contribution to the HBL Foundation (HBLF) from 1% profit after tax to 1.5% profit after tax. With this enhanced capacity, the HBL Foundation has been able to widen its program spread across key areas of need, making robust contributions to healthcare, education, and community

development. Supporting the most underserved communities in Pakistan, HBLF has now crossed Rs 3 billion in giving, directly benefiting nearly 10 million people.

We are committed to leaving a better and a cleaner world for our future generations. Impacts of climate change are now clearly visible. To this end, in alignment with Pakistan's strategic priorities and inspired by the visionary scope of the Aga Khan Development Network (AKDN), we have been directing resources towards building sustainable capacity in the agricultural sector and continuing our investments in renewable energy.

HBL Zarai Services

We are launching HBL Zarai Services Limited (HBL Zarai), a subsidiary of HBL and the first of its kind Agri Extension Services Company in Pakistan. After 5 years of pilot projects, studied and assessed by international experts, HBL Zarai is the next step towards our longstanding goal of revolutionizing the agricultural value chain in the country. By enabling access to essential resources and expertise, HBL Zarai Services aims to empower small and medium sized farmers to enhance productivity, efficiency and profitability throughout the agriculture value chain, resolving market inefficiencies, and improving the farmer's income.

Farmers will be serviced through HBL Zarai Deras – dedicated distribution and service hubs located across key rural areas. The HBL Zarai Dera is a one-stop solution offering crop inputs, modern agricultural machinery and agronomy services. In the first phase, 55 HBL Zarai Deras will be established across the country over the next 5 years, with the first Dera in Burewala in early 2024 and the second in Sahiwal by mid 2024.

HBL Zarai will integrate HBL's product offerings into the farmers' ecosystem, allowing us to bring services to their doorstep in the heart of the agricultural hinterland. This will greatly enhance HBL's outreach capacity which currently covers 360,000 farmers and supports a loan book of Rs 110 billion, thereby making HBL by far the single largest player in the country's Agri-lending sector. HBL has been designated as the champion bank for Regional Agricultural Coordination Committee (RACC) Baluchistan, while HBL Microfinance Bank is the designated RACC Champion for Gilgit-Baltistan.

HBL's agricultural initiatives are designed to ensure improved productivity and to bring efficiency in the supply chain. While initial impacts of HBL's initiatives are being assessed, it is worth noting that three independent studies conducted by Princeton University on Triple Bottom Line Impact suggest a 195% Farm Profitability and 46% Farm Productivity increase for farmers in the mainstay food supply chain. It is our conviction that, Insha'Allah, through our efforts, we will bring about a sea change in farming processes and deliver on our promise of being More than Just a Bank.

Embracing the ethos of the Aga Khan Development Network, HBL's work in rural areas extends beyond financial services for agricultural communities: it includes building a Sustainable Village Model, promoting women's empowerment, up-skilling rural communities through vocational training, setting up medical camps and veterinary clinics.

Advancing Financial Inclusion

Access to banking services is a fundamental right and not a privilege. HBL is poised to continue its inclusion agenda and aims to achieve a target of serving over 50 million in the next 5 years. In order to sustain our growth momentum, we will be required to invest in technology as well as in building human resources. Our steadfast commitment was recognized when HBL received the 2023 'Access to Finance Champion Award' by the Financial Alliance for Women.

HBL is home to over 5 million women customers. To serve the diverse financial needs of a cross-section of women, we offer an ever-growing range of products especially designed for them. More than 1 million women clients use HBL Nisa, a multifaceted initiative offering solutions specifically tailored for women. Women clients comprise 23% of HBL Konnect App users, a number that is fast growing. Easy access for Konnect customers has been made possible through a network of over 40,000 agents across the country. This year, the Bank facilitated nearly 10 million women beneficiaries through BISP disbursements; HBL also collaborated with BISP on the Waseela-e-Taleem Program to promote education and literacy.

The participation of women in the formal economy is crucial for both economic and social development. To this end, HBL has been working actively to support women in business. The Bank disbursed over Rs 1.5 billion to 600 women entrepreneurs in 2023. HBL also partnered with VISA as their regional collaborator to launch She's Next in Pakistan, to award 5 women entrepreneurs a grant of \$10,000 and a year-long mentorship to help build their businesses. At the HBL Microfinance Bank, women comprise 33% of all clients.

Small and Medium Enterprises form a key area for our financial inclusion strategy, with a growing focus on "Small" – whether it be farmers, women entrepreneurs or freelancers. SME businesses are crucial drivers of the economy and require enhanced access to formal finance. HBL has undertaken a number of initiatives to help transform the SME landscape, fostering growth and creating opportunities for small businesses: we are the first bank in the industry to cross Rs 100 billion in SME lending.

Innovation, Our Cornerstone

A new strategic direction for the Bank is developing products and financial services for freelancers, a growing segment of Pakistan's economy, largely comprised of youth. We have set up accounts for self-employed individuals, entrepreneurs and freelancers,

and are launching foreign currency cards to enable international transactions for this sector. We are also supporting the creation of co-working spaces to encourage young freelancers.

Fostering a Skilled Pakistan, whether it is through our giving or our financial services, has always been a priority for the HBL Group. In pursuance of this goal, we have always remained focused on supporting initiatives that provide opportunities for youth. This year, our giving has included substantial investment in IT and school infrastructure, as well as Rs 16.8 million for vocational training, and Rs 82.93 million in scholarships for youth from needy families.

Renewable Energy

Pakistan is facing a dual challenge of escalating energy costs and climate change. We have been ravaged by devastating floods, droughts, and heat waves. The simultaneous increase in energy costs is severely impacting the growth of industries and the welfare of people in general. As Pakistan's leading bank, HBL is uniquely positioned to drive societal change through responsible and innovative practices. In addition to establishing effective systems to respond swiftly to climate-related disasters, we are also actively promoting the production and use of renewable energy within our own organization and in the businesses we support.

Looking Ahead

Looking ahead, our focus remains on innovation and service enhancement to support growth and improve quality of life for all Pakistanis. This strategic vision propels us forward, ready to meet tomorrow's challenges and ensure lasting prosperity for those we serve.

HBL prides itself on investing in people, and with each investment, we build a bridge of aspiration and achievement between the Bank and its 36 million+ customers.

Sultan Ali Allana

Chairman

President & CEO's Message



At HBL, sustainability is a core principle. From daily operations to comprehensive supply chain management and inclusive financial services, we have integrated sustainable practices throughout our organization. We are proud to have established a cross-functional Sustainability Forum at the Bank that is charting a course toward a sustainable future for everyone involved with and affected by the activities of the HBL Group.

Within the organization, the Bank's unwavering commitment to sustainability is evident in our efforts to achieve the AKDN's Net Zero target by 2030. HBL has solarized 235 of its premises, reducing over 500 MTCO_{2e} emissions in 2023. Additionally, the HBL Microfinance Bank has generated 120,000 kWh of renewable energy this year. The Bank has also invested Rs 204 million in climate-resilient infrastructure.

As we strive to reduce the Bank's own emissions and climate impact, we are also diligently working to expand our Green Banking portfolio. This year, HBL invested Rs 36 billion in renewable energy projects, with a particular focus on rural areas – these projects include the installation of community-owned solar and biogas plants at the village level. Furthermore, the Bank is committed to providing holistic support to the

vital agriculture sector to enhance national food security addressing the healthcare and education needs. This year, the HBL Foundation also played a pivotal role in addressing the financial needs of underserved rural communities in Pakistan.

A key goal for the HBL Group is to expand financial inclusion in Pakistan from 21% to the global average of 69%. We are dedicated to improving the convenience and efficiency of our services through digital innovations, connecting with over 36 million+ people whose aspirations and achievements are linked to our banking services. Our particular focus is on products for women, freelance workers, and the agricultural and small-to-medium enterprise (SME) sectors – we believe these areas are crucial for a robust financial ecosystem, supporting the backbone of Pakistan's economy.

Diversity, Equity, and Inclusion (DEI) are integral to our corporate fabric. Recognized as 'The Most Inclusive Organization,' HBL consistently strives to promote greater diversity within its workforce and among the people we serve. Among several multipronged initiatives, the Bank recently launched a new accessibility feature on its digital banking app, HBL Mobile. This feature offers talkback audio assistance for visually impaired users, making HBL Mobile the first banking app in the country to enable this capability.

HBL is proud to be a signatory to the United Nations Women's Empowerment Principles (WEPs), a set of seven principles developed by UN Women and the UN Global Compact. The WEPs framework offers guidance to businesses on advancing gender equality and women's empowerment in the workplace, marketplace, and community. This initiative aligns with HBL's longstanding vision of creating a more diverse and equitable workforce and client base.

At HBL, we are more than a financial institution: we remain dedicated to improving lives, promoting sustainable development, and ensuring the enduring prosperity of Pakistan's future. This mission drives us to innovate, improve and expand our services, ensuring that we meet today's needs while preparing for tomorrow's challenges. We are committed to enhancing our contributions to community development through support for healthcare, education, the arts, and other social initiatives. Our strategic pillars – Growing Pakistan's Economy, Shaping the Financial Industry, and Achieving Regional Relevance – embody HBL's abiding ethos of 'Enriching Lives,' a principle that has guided our strategic operations over the past two decades.

These outstanding accomplishments on Diversity, Equity and Inclusion would not be possible without the active engagement of HBL employees, customers and stakeholders. I am personally grateful to them especially the HBL family for their enthusiasm, innovation and sustained efforts.

Muhammad Nassir Salim, President & CEO

Glossary



| Indigenous Wakhi women collecting wheat grain after thrashing in Misgar valley, Gojal Hunza.

ABC Guidelines	Anti-Bribery and Corruption Guidelines
Agri	Agriculture
AI	Artificial Intelligence
AKBL	Askari Bank Limited
AKDN	Aga Khan Development Network
AKFED	Aga Khan Fund for Economic Development S.A.
AKU	Aga Khan University
ALCO	Asset-Liability Committee
AMA	Asaan Mobile Account
AML	Anti-Money Laundering
APMC	All Pakistan Music Conference
ATMs	Automated Teller Machines
BAC	Board Audit Committee
BCNCC	Board Compliance and Conduct Committee
BCP	Business Continuity Plans
BDFC	Board Development Finance Committee
BFISC	Board Financial Inclusion and Sustainability Committee
BHRRC	Board Human Resource & Remuneration Committee
BHRC	Board Human Resources Committee
BII	British International Investment
BISP	Benazir Income Support Programme
BITC	Board Information Technology Committee
BMS	Building Management System
BNRC	Board Nomination and Remuneration Committee
BoD	Board of Directors
BoE	Banking on Equality
BRC	Board Remuneration Committee
BRCC	Board Risk and Compliance Committee
BRMC	Board Risk Management Committee
BSIMC	Board Strategy Input & Monitoring Committee
CAR	Capital Adequacy Ratio
C-ARM Machine	A type of medical imaging device that is based on X-ray technology and is used primarily for fluoroscopy.
CASA	Current Account Savings Account
CASI	Capacity building of Alliance of Sustainable Investment
CBA	Collective Bargaining Agent
CDB	China Development Bank
CEO	Chief Executive Officer
CERB	Center for Responsible Business
CFT	Combating Financing of Terrorism
CHEF	Comprehensive Health and Education Forum

CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CMS	Complaint Management System
CMU	Complaint Management Unit
CoC	Code of Conduct
COP28	United Nations Climate Change Conference
CPR	Cardiopulmonary Resuscitation
CSR	Corporate Social Responsibility
CX	Customer Experience
DAPs	Differently Abled Persons
DB Gratuity	Defined Benefit Gratuity
DEI	Diversity, Equity, and Inclusion
DR	Disaster Recovery
DSDC	Dow Skills Development Centre
E&S	Environmental and Social
EFU Group	Eastern Federal Union Group
eLearning	Electronic Learning
EMDEs	Emerging Markets and Developing Economies
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESG	Environmental, Social, and Governance
ESRM	Environmental and Social Risk Management
E-Wallet	Electronic Wallet
EWRF	Electronic Warehouse Receipt Financing
FBR	Federal Board of Revenue
FESF	Family Educational Services Foundation
FFSAP	Financing Facility for Storage of Agricultural Produce
FHS	Fire, Health and Safety
FPT	Fit and Proper Test
FTW	Full-Time Equivalent
FY	Fiscal Year
GB	Gilgit Baltistan
GBVH	Gender Based Violence and Harassment
GDEIB	Global Diversity, Equity, and Inclusion Benchmark
GDP	Gross Domestic Product
GHG	Green House Gas
GIP	Green Investment Principles
GMC	Gilgit Medical Centre
GRI	Global Reporting Initiative
GWP	Global Warming Potential

HASWA	Healthcare & Social Welfare Association
HBL	Habib Bank Limited
HBL MfB	HBL Microfinance Bank
HBL Zarai	HBL Zarai Services
HBLF	HBL Foundation
HBLPSL	HBL Pakistan Super League
HHRD	Helping Hand for Relief and Development
HHWAB	Helping Hands Welfare Association Baltistan
HoDs	Heads of Departments
HSE	Health, Safety & Environment
IFC	International Finance Corporation
IGI Insurance	International General Insurance
ILO	International Labour Organization's
iOS	iPhone Operating System
IoT	Internet of Things
IRA	Industrial Relations Act
ISO	International Organization for Standardization
JGI	Jubilee General Insurance
JLI	Jubilee Life Insurance Limited
JPMC	Jinnah Postgraduate Medical Centre
K Electric	Karachi Electric
KDSP	Karachi Down Syndrome Program
KIBOR	Karachi Interbank Offered Rate
KLF	Karachi Literature Festival
KPI	Key Performance Indicator
KPK	Khyber Pakhtunkhwa
KVTC	Karachi Vocational Training Institute
kWh	kilowatt-hour
KYC	Know Your Customer
L&D	Learning & Development
LMS	Learning Management System
MEL	Micro Enterprise Lending
MPMG	Mera Pakistan Mera Ghar
mPOS	Mobile Point of Sale
MRAF	Materiality Risk Assessment Framework
MT	Metric Ton
MTCO _{2e}	Metric Tons of Carbon Dioxide Equivalent
MW	Megawatt
NBS	Nature-Based Solutions
NDRMF	National Disaster Risk Management Fund

NED University	Nadirshaw Edulji Dinshaw University
NEPRA	National Electric Power Regulatory Authority
NFLP	National Financial Literacy Program
NFPA	National Fire Protection Association
NIBAF	National Institute of Banking and Finance
NIRC	National Industrial Relations Commission
NOWPDP	Network of Organizations Working for Persons with Disabilities
NPLs	Non-Performing Loans
NRPs	Non-resident Pakistanis
NUST	National University of Sciences & Technology
NZBA	Net Zero Banking Alliance
OEMs	Original Equipment Manufacturers
OHSAS	Occupational Health and Safety Assessment Series
OS	Out-Source
P&L	Profit and Loss
P.O.S	Point of Sale
PAB	Pakistan Association of The Blind
PAN	Power Analysis Network.
PBA	Pakistan Banks' Association
PBC	Pakistan Business Council
PCBs	Polychlorinated biphenyls
PCOS	Polycystic Ovary Syndrome
PICG	Pakistan Institute of Corporate Governance
PIMS	Pakistan Institute of Medical Sciences
PQA	Port Qasim Authority
PRB	Principles of Responsible Banking
PRs	Prudential Regulations
PWD	Persons with Disabilities
RACC	Regional Agricultural Coordination Committee
RDA	Roshan Digital Account
RLNG	Re-gasified Liquefied Natural Gas
RPA	Robotics Process Automation
SA	Social Accountability
SAS	Statistical Analysis System
SB	Shariah Board
SBP	State Bank of Pakistan
SCB	Standard Chartered Bank
SCOM	Special Communications Organization
SDGs	Sustainable Development Goals
SECP	Securities and Exchange Commission of Pakistan

SEMS	Social, Environmental Management Systems
SME	Small and Medium Enterprise
SOP	Standard Operating Procedure
SROs	Statutory Regulatory Orders
SSWA	Sultanabad Social Welfare Association
STEP	Special Talent Exchange Program
SWIFT	Society for Worldwide Interbank Financial Telecommunications
TATs	Turnaround Times
TFCs	Term Finance Certificates
TKC-PGTI	The Kidney Centre Post Graduate Training Institute
UAP	University Alliances Program
UN Global Compact	United Nations Global Compact
UN SDGs	United Nations Sustainable Development Goals
UN Women	United Nations
UNEP FI	United Nations Environment Program Finance Initiative
UNHCR	United Nations High Commissioner for Refugees
UPI	Unified Payment Interface
USSD	Unstructured Supplementary Service Data
VCF	Value Chain Financing
WAPDA	Water and Power Development Authority
WEPs	Women Empowerment Principles
WHO	World Health Organization
WWF	World Wide Fund

HBL Creating an Impact

Impact and Sustainability Report 2023

A Roundup of our Initiatives and
Milestones in line with the Global SDGS

| Farmland in Shigar Valley, Gilgit Baltistan.



Impact and Sustainability Report 2023 | Creating an Impact

SDG 1 No Poverty



| Ration Disbursements in flood affected areas of Sindh and Baluchistan by HBL Foundation.

Rs 333.5 billion

disbursed to 9 million beneficiaries from underserved communities in 2023 as partner of Benazir Income Support Program

1.57 million

meals delivered to 2500 families via food rations

Rs 36.8 million

disbursed to WHO social support program beneficiaries

Rs 6.3 billion

disbursed to Afghan Refugees in partnership with UNHCR

Impact and Sustainability Report 2023 | Creating an Impact

SDG 3 Good Health and Well-Being



I MALC Camp in Thar, Sindh, funded by HBL Foundation.



13,200
employees signed up for
Sehat Kahani

HBLF granted

**Rs 393.5
million**

for advanced cancer treatment facilities,
emergency pediatric care unit, mobile
healthcare units among several other
programs.

I Farmland in Shigar Valley, Gilgit Baltistan.

Impact and Sustainability Report 2023 | Creating an Impact

SDG 4 Quality Education



Rs 82 million

invested in educational infrastructure programs, benefitting nearly 18,000 students

Rs 16.8 million

granted for skill development – high impact programs

STEM scholarships

for girls from underserved areas through HBLF

HBLF funding benefitted

11,500

children in government schools of Punjab, managed by TCF

| Bahria Model school, Jiwani, Baluchistan run by Saahil Welfare, an organization supported by HBLF.

Impact and Sustainability Report 2023 | Creating an Impact

SDG 5 Gender Equality



| Human Resource team at HBL Sky Towers, Karachi.

HBL now has over

5 million

total women customers

Women Employees
ratio at HBL reached

22%

HBL Nisa – our women's
market program – crossed

1 million

customers

1.2 million

women customers at HBL MfB

125,000

Over
women borrowers at HBL MfB

Rs 1.5 billion

disbursed to 600
women entrepreneurs

SDG 7
**Affordable and
Clean Energy**



204 HBL branches
and 31 offsite ATMs
solarized

Setting up
“Green Branches”

Establishment of
IT experience center
by HBL MfB in partnership with SCO

60 HBL
MfB branches
solarized

To date, HBL MfB invested
Rs 819 million
(cumulative) in solar financing

Rs 2 billion
financing given for 833 solar-powered tubewells

| Atlas Solar, HBL funded solar power plant in Layyah, Punjab.

| Farmland in Shigar Valley, Gilgit Baltistan.

SDG 8 Decent Work and Economic Growth



Domestic deposit book
Rs 3.5 trillion

37 million
customers worldwide

Spend volume on debit and
credit cards increased by
48% to
Rs 181 billion

Rs 5.5
trillion
Asset base

Rs 4.1
trillion
Deposit base

Rs 113.6
billion
profit before taxation

800,000
new customers

12.3 million
unique beneficiaries of Social Support Programs
implemented by Konnect in partnership with
BISP and international donor agencies

| HBL Tower, Karachi.

| Farmland in Shigar Valley, Gilgit Baltistan.

Impact and Sustainability Report 2023 | Creating an Impact

SDG 9 Industry, Innovation & Infrastructure



| HBL Konnect team working at Innovation & Financial Inclusion center, Karachi.

142,264

Touchpoints

2,327

ATMS

1,758

Branches

85,000

new credit cards issued

46,000

POS Terminals

49,796

Konnect Agents

42,383

QR Code Locations

In-house

Customer Management Solution

developed by HBL MfB

HBL MfB invested

Rs 678 million

in technological advancements in 2023

Impact and Sustainability Report 2023 | Creating an Impact

SDG 10 Reduced Inequalities



Supported
female athletes
to participate in Special Olympics

**National Financial
Literacy Program**
for all

| Mukhtar Begum, started her home-based food business with HBL MfB loan.

HBL SME crossed

Rs 100 billion

in lending

4,400
new SME customers

Rs 16 billion

given to SME lending under subsidized SBP schemes

New

145,000

accounts opened by women

HBL MfB provided

assistive devices

to differently abled individuals

SDG 11
Sustainable
Cities &
Communities



**Rs 204
million**

invested in Climate resilient infrastructure

Agri tech loans

given through HBL Agri Lending

HBL MfB maintaining
two public parks
in Islamabad

| Ghazi Barotha Canal, Khyber Pakhtunkhwa.

| Farmland in Shigar Valley, Gilgit Baltistan.

SDG 12 Responsible Consumption & Production



Collectively disbursing over
Rs 100 billion
to farmers

345,136 farmers
supported by HBL & HBL MfB

Setup
HBL Zarai Services (Ltd)
to support Agri ecosystem

Reducing our own emissions

| HBL Zarai Agronomist advising a beneficiary farmer in Okara, Punjab.

| Farmland in Shigar Valley, Gilgit Baltistan.

Impact and Sustainability Report 2023 | Creating an Impact

SDG 13 Climate Action



| A melting glacier in Shimshal Valley Hunza, Gilgit Baltistan.

Development of
**Green
Taxonomy**
to identify green financing
opportunities

889 Employees
trained on Environmental and Social Risk Management

**No New
Coal Policy**

**HBL's own emissions
reduced by 8% in 2023**
against the baseline.

No Deforestation

**Promotion
of renewable
energy**
to lending clients

| Farmland in Shigar Valley, Gilgit Baltistan.

Impact and Sustainability Report 2023 | Creating an Impact

SDG 15 Life on Land



| Farmland supported by HBL Zarai pilot in Okara, Punjab.

Country wide
tree plantation
drives

Habitats protected on a total area of
52.95 hectares

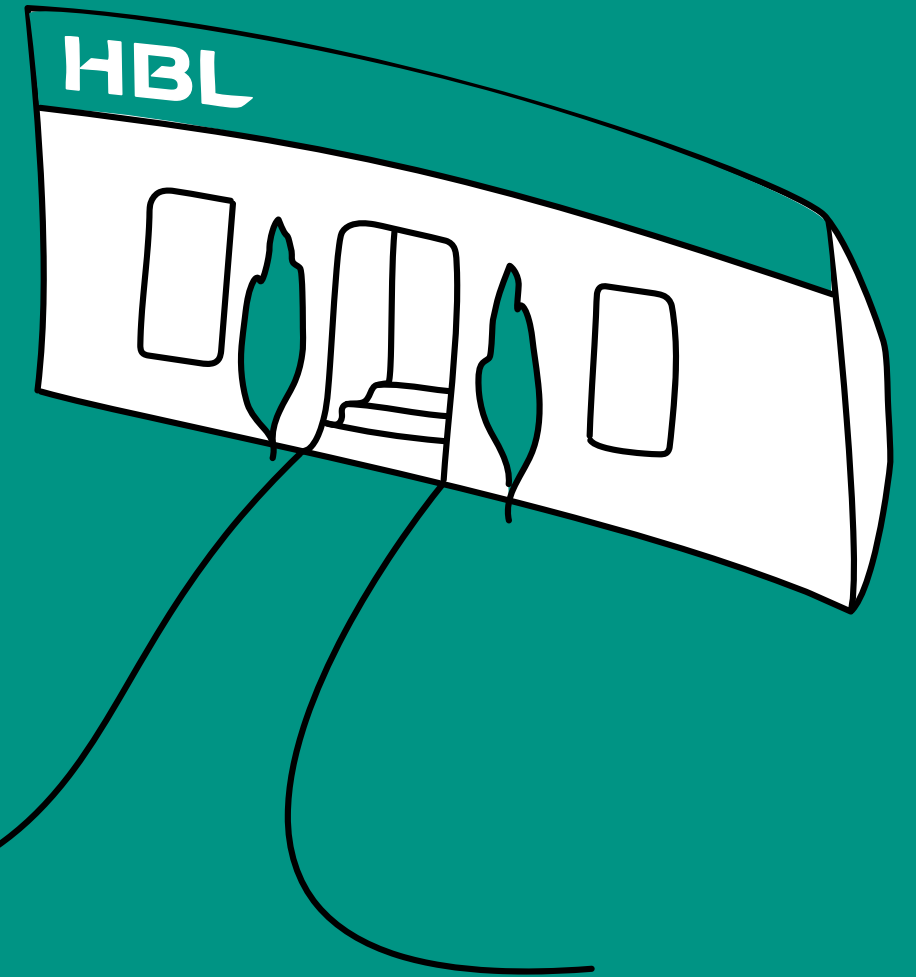
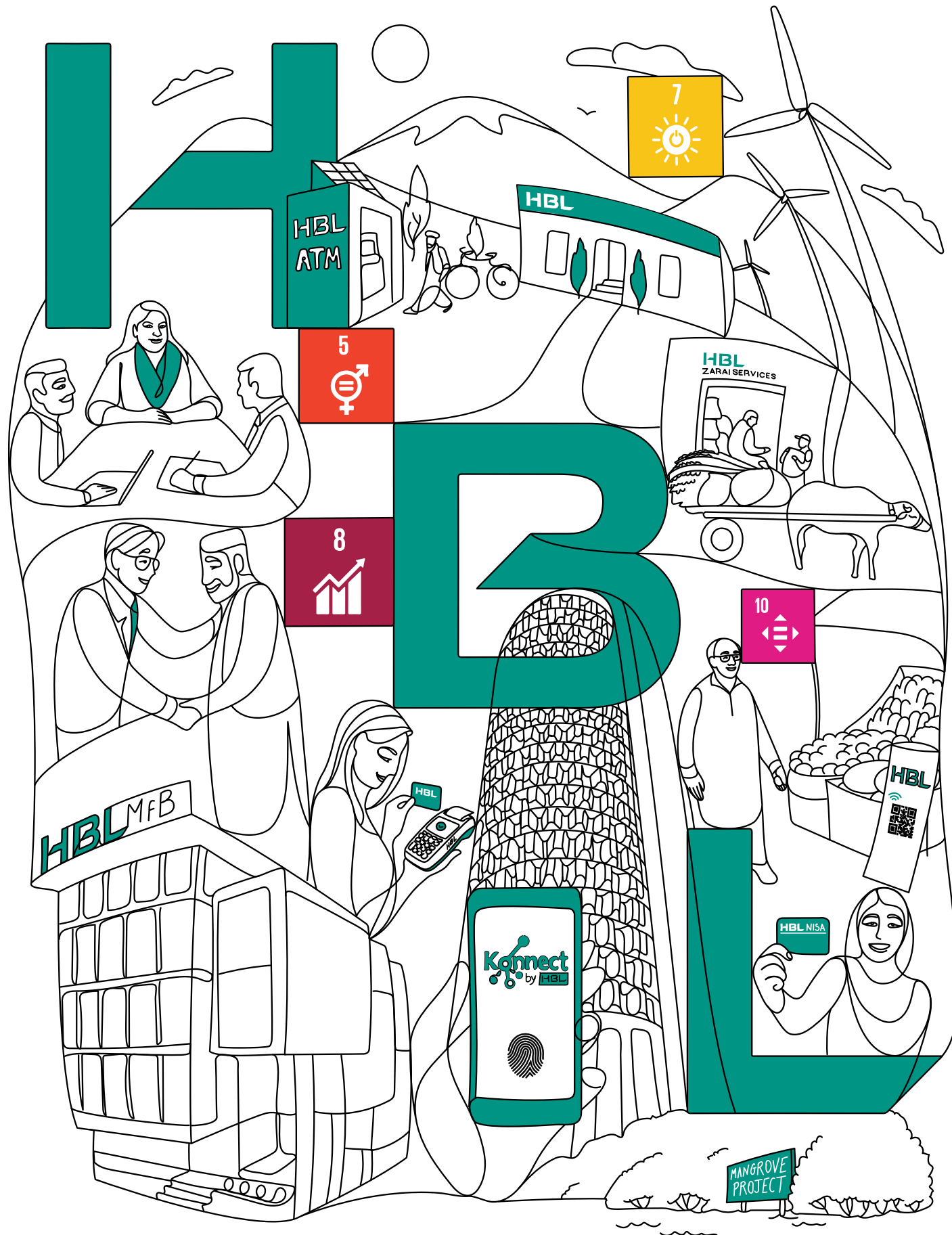
Olives planted in Babri Banda,
Kohat covering
6.07 hectares

Indigenous sapling planted in Gilgit
Baltistan covering
6.88 hectares

**Mangroves
conservation**
in Miani Horr and Port Qasim

Part of the Impact and Sustainability Report 2023
Scan to see our larger impact!





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About the Organization

GRI: 2-1 to 2-5



I HBL Tower, Karachi

Domestic Network			
Name of Region	Number of Branches		
	Conventional	Islamic	Total
Bahawalpur	54	16	70
Faisalabad	79	20	99
Gujranwala	62	13	75
Gujrat	59	16	75
Hyderabad	51	10	61
Islamabad	113	44	157
Jhelum	73	6	79
Karachi (including KEPZ)	109	82	191
Lahore	75	58	133
Mardan	76	37	113
Mirpur A.K.	56	7	63
Multan	89	19	108
Muzaffarabad	39	5	44
Peshawar	95	19	114
Quetta	40	11	51
Sahiwal	71	14	85
Sargodha	63	9	72
Sialkot	71	13	84
Sukkur	46	9	55
	1,321	408	1,729

HBL

HBL’s majority shareholder is the Aga Khan Fund for Economic Development (AKFED). The HBL Board and management team in Pakistan are responsible for securing environmentally and socially safe operations and sustainable growth for our clients, communities and employees.

HBL’s activities encompass a range of financial services and products, offered to corporate and individual clients through HBL Bank, HBL Currency Exchange (Private) Limited, HBL Asset Management Limited, HBL Zarai Services Limited, HBL Microfinance Bank and philanthropic funding given through HBL Foundation.

HBL (hereinafter “the Bank”) is Pakistan’s largest commercial bank with headquarters in Karachi, Pakistan, providing financial services to more than 37 million customers (worldwide) through 142,264 touchpoints and 1,381 million digital transactions. HBL has an employee base of 20,297 employees and in 2023, earned Rs 113.6 billion profit before taxation. As of December 2023, the deposit base of the Bank has reached Rs 4.1 trillion while the total asset footings are Rs 5.5 trillion.

HBL Subsidiaries

Subsidiaries	
HBL Microfinance Bank Limited	
Name of Region	Number of Branches
Azad Kashmir	2
Balochistan	8
Capital Territory	1
Gilgit Baltistan	24
Khyber Pakhtunkhwa	18
Punjab	98
Sindh	52
203	
Habib Bank Financial Services (Private) Limited	
Habib Currency Exchange (Private) Limited	
HBL Asset Management Limited	
HBL Zarai Services Limited	

Locations of HBL MfB Permanent Booths (PBs):

Total number of locations including branches and PBs
225

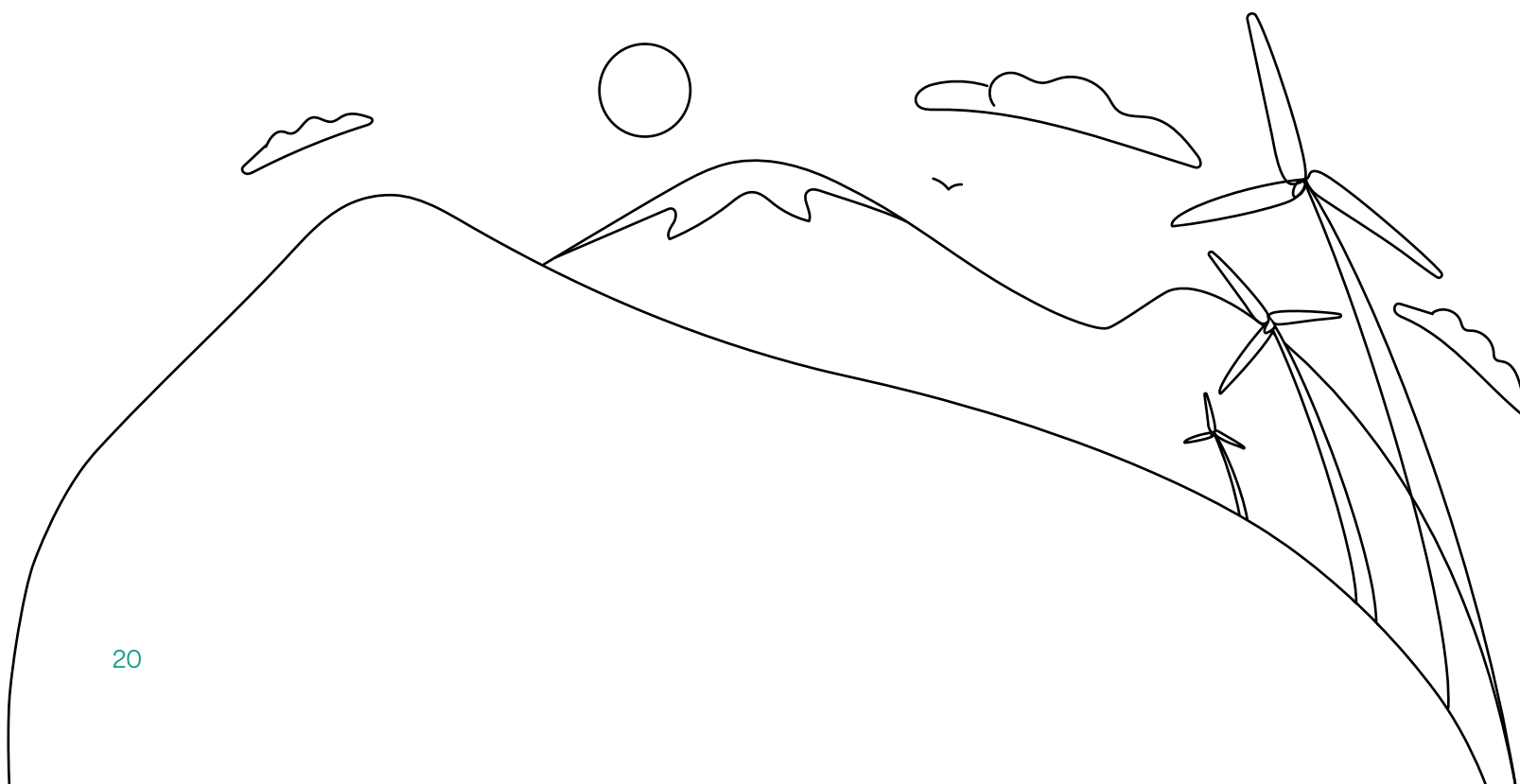
PBs breakdown:

Punjab	Sindh
19	3

HBL Microfinance Bank was incorporated in Pakistan on 5 November 2001 as a public limited company HBL MfB’s principal business is to provide microfinance services to the poor and underserved segments of society, as envisaged under the Microfinance Institutions Ordinance, 2001. HBL MfB was established in 2002 as the first private sector microfinance bank, licensed by the State Bank of Pakistan.

In our sustainability reporting we acknowledge and highlight multifaceted contributions and engagements of:

- **HBL**
- **HBL Microfinance Bank**
- **HBL Zarai Services Limited**
- **HBL Foundation**





GRI Sustainability Reporting Standards

HBL's Impact & Sustainability Report for the period 1 January 2023 to 31 December 2023 has been prepared with reference to GRI Sustainability Reporting Standards and United Nation's Sustainable Development Goals – the global benchmark for sustainability reporting.

Through its activities and business relationships, an organization can have an effect on the economy, environment, and people. The GRI Standards contain disclosures that allow an organization to report information about its impacts consistently, credibly, and with enhanced global comparability. The GRI Standards are based on expectations for responsible business conduct set out in authoritative intergovernmental instruments, such as the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and the United Nations (UN) Guiding Principles on Business and Human Rights.

More and more organizations are discovering the benefits of sustainability reporting. There is now substantive evidence demonstrating that a systematic approach to sustainability reporting helps to improve sustainability performance, risk management, investor communications, philanthropic giving and stakeholder relations; it also strengthens internal data management and reporting systems, enhances sustainability strategy and selection of performance indicators and targets. Systematic sustainability reporting builds the credibility of an organization as a committed and effective corporate citizen, motivates and engages employees, and allows benchmarking sustainability performance of itself, over time, and against others.

Stakeholders, investors, and other information users can use the GRI Standards to understand what organizations are expected to report about. Stakeholders can also use an organization's reported information to assess how they are affected or could be affected by the organization's activities. Investors, in particular, can use the reported information to assess an organization's impacts and how it integrates sustainable development in its business strategy and model. They can also use this information to identify financial risks and opportunities related to the organization's impacts and to assess its long-term success. Users other than the organization's stakeholders, such as academics and analysts, can also use the reported information for purposes such as research or benchmarking.

This year, we have used the GRI Sustainability Reporting Standards to assess the sustainability performance of the HBL Group with respect to international benchmarks, our voluntary initiatives, and to demonstrate our long-term commitment to sustainable development. HBL's Impact & Sustainability Report for 2023 is vetted by external legal counsel.

Activities

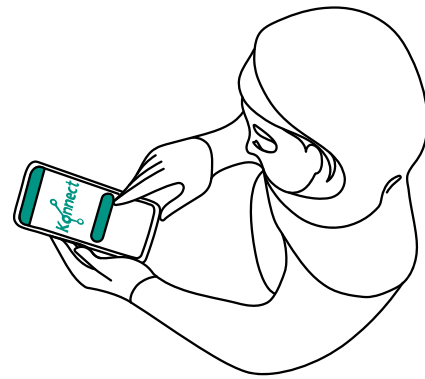
GRI: 2-6, 2-23, 2-24, 2-27, 2-29, 414-1

SDG 8 – Decent Work and Economic Growth

SDG 9 - Industry Innovation and Infrastructure

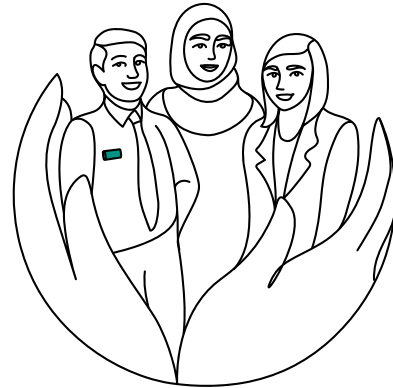


6 Point Business Agenda



Relentless focus on customer experience

- 1 Realign organization from a customer segment lens
- 2 Embed Customer Centricity into the DNA of the organization
- 3 Accelerate the customer experience journey towards 'Delighting our customers'
- 4 Serve customers through 'Technology, with a human touch'
- 5 Provide personalized, user-friendly solutions that cater to evolving expectations



People Agenda to be our top priority

- 1 Leadership Matters – Build enterprise-wide leadership capabilities
- 2 Attract, develop, and retain top-quality talent through robust career planning
- 3 Culture change through using values-based behaviors to drive performance and rewards
- 4 Unlock synergies through cross-functional and agile teamwork
- 5 Continue focus on gender and differently abled diversity



Making Innovation the Driving Force

- 1 Imagine, rethink, and predict evolving customer needs
- 2 Increase speed of delivery by simplifying, digitizing, and enabling straight through processing
- 3 Use AI for routine, repetitive, tasks, allowing our people to unlock their potential
- 4 Think Again - Continuous process improvement as 'good is never good enough'
- 5 Foster a culture of innovation, ownership and engagement to attract top talent



Embedding Risk, Compliance and Control in our Business Principles

- 1 Strengthen resilience in an ever changing and increasingly complex environment
- 2 Embed a compliance & controls culture covering an enterprise-wide risk spectrum
- 3 Implement rigorous self-testing through an Integrated Risk & Controls Repository
- 4 Proactively manage regulatory risks through robust Compliance Risk Management
- 5 Strengthen third-line supervision to provide effective risk management assurance



Giving back to the Country and the Communities that we serve

- 1 Play a key role in nation-building through public-private partnership initiatives
- 2 Be the thought leader on technology-driven financial inclusion
- 3 Provide committed philanthropic funding for social development and emergency relief
- 4 Encourage employee volunteerism



Commitment to deliver on P&L

- 1 Sustainable revenue growth on the back of top league-table positions
- 2 Strict cost discipline including cost initiatives
- 3 Optimize balance sheets and capital deployment, enhance cross-sell
- 4 Maintain high portfolio quality to deliver appropriate risk-adjusted returns

Supply Chain

The Bank maintains a diversified vendor pool – categorized by the portfolios they offer – to procure goods and services, including consulting and other services. These suppliers provide finished goods and services either directly or through Original Equipment Manufacturers (OEMs). Our vendor relationships vary in terms of duration and type, spanning long-term, short-term, contractual, con-contractual, project-based, or event-based arrangements. In 2023, the Bank collaborated with 358 vendors, on supply chain improvements.

Entities downstream from HBL

Individual Customers:

- **Salaried Professionals:** Individuals employed in various professions with a regular salary income.
- **Self-employed Individuals (Entrepreneurs, Freelancers):** Independent workers, including entrepreneurs and freelancers, who require banking services for their business transactions.
- **Families (Minors and Parents):** Catering to the financial needs of families, including minors and parents.
- **Young Professionals:** Addressing the banking requirements of young professionals in the early stages of their careers
- **Students:** Providing banking solutions for students, facilitating their financial transactions and needs.
- **Retirees and Pensioners:** Offering specialized services for retirees and pensioners, focusing on their unique financial needs.
- **Homemakers:** Providing banking solutions for those managing households.

Retailers and Shop Owners:

Local Businesses: Assisting small retail businesses, shops, and stores in managing cash flows, accepting payments, and obtaining loans for business growth.

Non-Resident Pakistanis: Facilitated through the Roshan Digital Accounts, a conventional bank account that can be opened and operated remotely, over the internet.

Investment Services

In partnership with HBL Asset Management Company, HBL offers a wide range of mutual fund products to cater to the varied investment needs and preferences of our valued clients. HBL Investment Services provide comprehensive solutions enabling clients to optimize their returns by aligning them with their risk profiles.

Retail Partnerships

Bancassurance

Partnering with premier insurance providers, HBL Bancassurance Business delivers tailored insurance solutions across diverse client segments, addressing their needs at every stage of life, enhancing accessibility & efficacy in financial services. Our commitment to excellence is evidenced by our increased market share and continued leadership position. Notable partners that underscore the Bank's unwavering dedication to fostering sustainable growth and deliver unparalleled value to our clientele include:

- Jubilee Life Insurance
- State Life Insurance Corporation of Pakistan
- IGI Insurance
- EFU Group



| HBL Sourcing Team engaged in a conversation at HBL Plaza, Karachi.

Code of Ethics and Business Conduct

To HBL, preserving and nurturing Bank’s reputation and commitment towards its core values is of utmost importance.

The Bank expects all employees to conduct themselves in accordance with Code of Ethics and Business Conduct that provides guidelines to employees and Board of Directors in their actions and serve as a declaration of highest standards of ethics and integrity.

The Code lays down the principles and sets the tone for proper conduct and ethical behavior in conducting business at HBL.

This Code applies to the Board and all employees of HBL in their decisions and activities within the scope of employment, or when representing the Bank in any capacity.

The Board, the Chairman and the President have ultimate responsibility for ensuring the legality and integrity of the Bank’s operations while day-to-day responsibility lies with line management and each employee.



We Expect In Our People

- Integrity, honesty, candor and moral principles that guide their daily actions.
- Honest and ethical conduct, including ethical handling of actual or apparent conflicts of interests between personal and professional relationships
- Due diligence and proficiency in all business activities
- Compliance to all legal and regulatory requirements, applicable governmental laws, rules and regulations
- Conformity with all rules & regulations of the bank and observance of all orders / directives issued by management.
- Avoid any conflict between your personal, social, financial, or political interests and the advancement of HBL’s business interests or the interests of its customers.
- The Bank prohibits employees from soliciting or accepting anything of value including gift, entertainment, or other favors from anyone in connection with the business of the Bank unless otherwise such acceptance is disclosed or is excluded from such disclosure.
- Refrain from bringing in outside pressure or influence to attain personal gains within the organization.

We are a Customer Focused Organisation

- Provide highest standard of services to customers and maintain a helpful and cooperative attitude towards them.
- Respect and protect privacy and confidentiality of our customers.
- Not disclose any information about the Bank or customer unless such disclosure is compelled by law or regulatory authorities.
- Be vigilant for character and actions of customers, vendors, and counter parties.

We Promote Transparency and Expect Employees to Manage Conflicts of Interests

- Ensure that your personal interests do not conflict with the duties which you owe to the Bank or which the Bank owes to its customers.
- Bank’s books, records, documents, accounts, expense sheets, reports and statements must be factual to promote highest degree of integrity.
- Publicly representing self or submitting work for publication must be done after obtaining necessary approvals from Management. Ensure that public comments made in private capacity are not attributed as official comments of the Bank.
- Maintain confidentiality and secrecy at all times even after leaving the employment of the bank as a commitment towards acceptance of a corporate code.
- You should not accept any employment, consultancy, directorship, or partnership outside the Group without the prior written approval of the President.

We Progress through Trust & Integrity

- It is essential for HBL’s success to comply with laws, regulations and ethical standards that is an important element of our obligation towards customers, stakeholders, general public and employees.
- As an employee of the Bank, you are prohibited to engage in insider trading of securities and observe Bank’s rules on personal trading in securities.
- Any suspicious activities such as, suspected insider trading, fraud, misappropriation of funds and money laundering must be reported to Compliance Officer of the Bank.
- We are accountable for all compliance related activities and are cooperative with our regulators and auditors in performing their tasks with Integrity.

We Want Employees To Protect & Manage Bank’s Assets

- Employees are responsible for safeguarding Bank’s and the customers’ tangible and intangible assets including cash, securities, business plans, customer information, physical property and services and Bank’s reputation.
- Unauthorized copying of copyrighted material, selling, using and distributing information, software and other forms of bank’s proprietary information is strictly prohibited.
- The Bank’s property and assets be strictly used for business purposes only. Misuse of official stationery is not allowed.
- Be alert and vigilant with respect to frauds, thefts or significant illegal activities committed within the office and report such activity immediately.
- Failure to report any such activity will be subject to disciplinary action.

We Are Equal Opportunity Employer and Promote Equality & Meritocracy

- We treat all our employees, customers, suppliers and others with respect and dignity and value their individual differences. Bank shall not tolerate any act of discrimination against any person based on race, religion, color, gender, age, marital status, national/ethnic origin, sexual orientation, citizenship or disability. No employee shall be subjected to any discrimination or harassment by another employee of the Bank.
- We do not prohibit employment of close relatives; however, integrity of the human resource process must be maintained. Employee shall not be part of any decision affecting a close relative to avoid conflict of interest.

We Are Committed Towards Creating & Maintaining A Safe Workplace

- HBL has zero tolerance for violence against any member of the workforce or its property and prohibits employees from committing violent acts or threatens to commit such acts.
- You should be responsible to maintain office decorum and observe office timings, dress code and fulfill work commitments.
- HBL fosters well-being and health of its employees and discourages illegal use of drugs or alcohol on the job or work in presence of such substances in the body.
- HBL prohibits smoking in undesignated areas
- HBL strictly forbids the violation of safety or health rules

Observance of Code

It is the duty and responsibility of each employee and Board of Directors to understand and adhere to the principles provided in the Code.

Any known or suspected violation of the Code must immediately be reported to the Human Resources. Violations of the Code may result in disciplinary action including, in severe situations, immediate termination of employment. We encourage employees to direct concerns or complaints, arising in the ordinary course of business, which cannot be resolved by the supervisor, to respective Functional Head(s) / Human Resources. If further information, explanation or guidance is required regarding a particular provision or applicability of the code, the “Code of Ethics & Business Conduct for HBL Staff” should be referred to, or you may contact your immediate Manager or Human Resources.

Outside Pressure (Safarish)

You must refrain from bringing in outside pressure or influence (Safarish) to attain personal gains that includes but not limited to hiring, promotion, transfer, placement or any other material gain within the organization; any such attempt will be subject to strict Disciplinary Action/ Corrective Guidance.

Media/ Public Speaking

You must obtain the recommendation of your Functional Head and approval of the President before submitting work for publication or making a public speech or appearing in a public interview.

Generally, approval will be granted if the writing or speech furthers HBL’s business interests and does not involve the disclosure of the Bank’s confidential information. It should be ensured that the public comments (either verbal or written) made in a private capacity are not attributed as official comments of the Bank.



Values

Our values are the fundamental principles that define our culture and are brought to life in our attitudes and behavior. It is our values that make us unique.

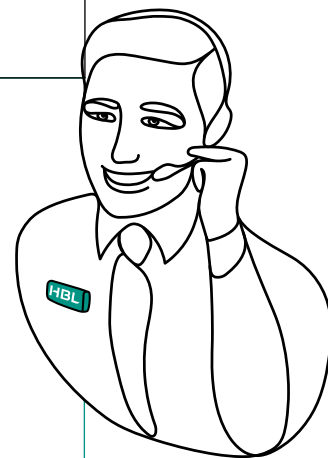


Integrity - Be Ethical and Fair

- We honor our commitments and do what is right
- We are fair, respectful and honest at all times
- We are ethical in our decisions and interactions
- We take responsibility for our actions
- We are prudent and responsible with the assets entrusted to HBL

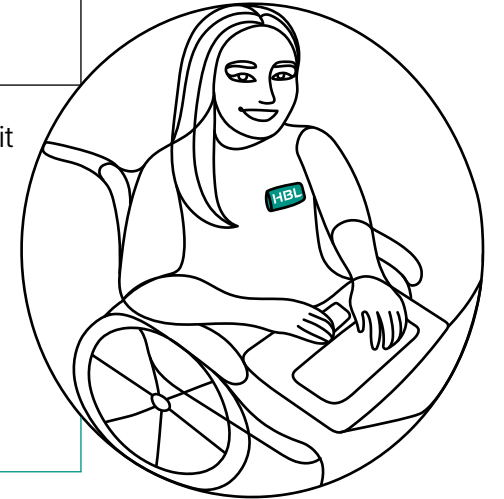
Customer Centric - Deliver Great Experiences

- We value our clients and develop products and services around their needs
- We provide exceptional service to all we serve
- We understand and respect our customers
- We deliver solutions that add value to our customers' lives
- We consider the impact of our policies and decisions on our customers
- We are fully transparent with our customers



Value People - Respect, Empower Appreciate

- We treat our people equitably and make decisions on merit
- We invest in people and provide opportunities for learning and growth
- We empower people to do what is needed for success
- We provide a positive and collaborative work environment
- We celebrate our successes and recognize people for their contributions
- We encourage and embrace diversity



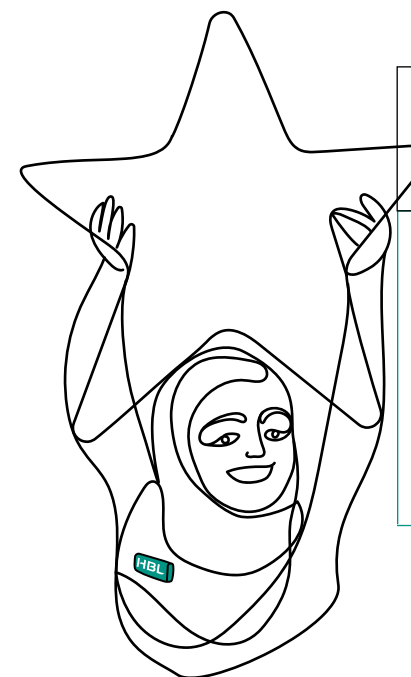
Progressive – Innovate And Challenge

- We challenge our thinking to raise the bar
- We encourage our team members to question the status quo
- We innovate and adapt to change
- We positively impact and serve the communities in which we live



Excellence - Be Your Best

- We lead in our industry
- We take ownership of what we do
- We relentlessly pursue quality without compromise
- We consistently adhere to measurable standards and look for ways to exceed them
- We benchmark against the best





HBL Microfinance Bank

HBL MfB was established with the mission to respond to poverty and contribute to the social and economic well-being of society by providing opportunities to hundreds of thousands of under-privileged households. Through targeted financial and multi-sectoral products, including deposits, lending and mobile wallets, the Bank enables its clients to strengthen their entrepreneurial base and build financial, physical, and human capital to secure their future.

HBL MfB solidified its mantle as the largest microfinance bank in Pakistan in 2023. HBL MfB delivered a 14% growth in its loan portfolio, while deposits rose by 10% to Rs 128 billion. 33% of its 3.7 million clients are women, underlining the bank's commitment to expanding financial access to women of all backgrounds. The MfB is the largest provider of housing finance to microfinance clients with a portfolio of Rs 34 billion; it is also the leading lender to agriculture – its portfolio of Rs 54 billion is second only to HBL Bank. The SBP has nominated HBL MfB as the Agriculture Champion Bank for Gilgit-Baltistan. Under this mandate, HBL MfB has been playing a leading role in steering the overall agri-banking strategy in the region, including engaging with a host of stakeholders to find solutions to region-specific issues.



| HBL MfB Loan Officer visiting a client at home with her CMS.

Supply Chain

HBL MfB's supply chain consists of different stakeholders, mainly business alliance partners, procurement vendors, and service providers. HBL MfB is careful to enter into business relationships only with legal entities present in the market and following international practices. In case of reported malpractices, the MfB takes appropriate action on a case-to-case basis.

Loan Products:	Deposit Products:
Nano Loan	Current Plus Account
Different Able Person Enterprise Finance	Savings Account
Solar Finance	Amdani Term Deposit Account
Maveshi Sarmaya	Pension Account
Home Loan	Asaan Account
Roshanzar	Umeed Bunyadi Bachat Account
Micro Pensioner Loan	Current Account
Mashal Enterprise Finance	Daily Profit Account
Kissan Sarmaya	Mashal Saving Account
Karobar Sarmaya	
Roshanzar Premium	
Roshanzar Plus	
Roshan Mustaqbil Sarmaya	
Private Institution Finance	
Salary Loan	
Student Finance	

HBL MfB engages with over 300 vendors and service providers; more than 150 suppliers have had sustained partnerships with us, exceeding ten years. These suppliers include manufacturers, importers, direct distributors, and brokers. The organization disburses significant monetary value to its suppliers, commensurate with the scale of its procurement activities. Suppliers are geographically diverse, spanning local, regional, national, and international locations, in alignment with the organization's operational scope and global presence.

Governance

GRI: 2-9 to 2-20

SDG 16 – Peace, Justice and Strong Institutions

HBL

Being the highest governance body of HBL (“the Bank”), the Board of Directors of HBL (“the Board”) is responsible for overall governance, review of strategic decisions and oversight and supervision of the business of the Bank. The Board plays a lead role in establishing corporate culture and values, overseeing control functions, and ensuring transparent disclosure of information to relevant stakeholders. The Board approves and periodically monitors the objectives, strategies, and overall business plans of the Bank, within the framework of existing laws, rules & regulations, and sound business ethics. However, the Board does not play any role in the day-to-day operations of the Bank.

As of December 31, 2023 the Board comprises of seven (7) directors with four (4) being non-executive and three (3) independent directors.

Independent Director means a non-executive director who meets the criteria for Independent Director as prescribed by the SBP regulations..

Composition of the Board (As of December 31, 2023)

Category	Name of Director
Non-Executive Directors	Mr. Sultan Ali Allana
	Mr. Shaffiq Dharamshi
	Mr. Moez Ahamed Jamal
	Dr. Najeeb Samie
Executive Director (Deemed Director)	Mr. Muhammad Aurangzeb (President & Chief Executive Officer)
Independent Directors	Mr. Salim Raza
	Ms. Saba Kamal
	Mr. Khaleel Ahmed
Men	6
Women	1

The Board has an excellent understanding of local, regional, and global economic/market forces and the local legal/regulatory environment. The Board is cognizant of all relevant laws, rules and regulations regarding their powers, duties, and responsibilities. The Board also has adequate knowledge, expertise, and a skill-mix commensurate with the business model, size, complexity and risk profile of the Bank. Further, various Directors have relevant qualifications and experience in the field of audit, accounting, finance, and IT.

The Aga Khan Fund for Economic Development (AKFED) is the majority shareholder of the Bank with a shareholding of 56.58% and accordingly has representation via its nominee directors on the Board.

Directors are elected by the shareholders in the general meeting of the Bank, as per the applicable laws and regulations. Any casual vacancies arising on the Board are filled by the Board of Directors in line with the Bank's Articles of Association and in compliance with applicable laws and regulations. Board members are nominated by the Board Nomination and Remuneration Committee (BNRC). Once a potential candidate is identified, the BNRC, having undertaken due diligence, submits a recommendation for the approval of the Board.

All directors are required to seek prior clearance from the SBP in line with its Fit and Proper Test (FPT) criteria, including the additional requirements for Independent Directors, where applicable.

The Chairman of the Board is a non-executive director and does not have any role in the day-to-day operations/ business of the Bank. The Board focuses on policymaking, direction, oversight, and supervision of the Bank. The Board approves the vision, mission, values and policies of the Bank.

The management, led by the President/ CEO, looks after the day-to-day operations/ business and implements the strategies/ policies approved by the Board.

To share its load of activities, the Board has formed eight (8) specialized committees with well-defined objectives and Terms of Reference. These committees are listed below:

- i. **Board Audit Committee (BAC)**
- ii. **Board Compliance and Conduct Committee (BCNCC)**
- iii. **Board Development Finance Committee (BDFC)**
- iv. **Board Human Resource & Remuneration Committee (BHRRRC)**
- v. **Board IT Committee (BITC)**
- vi. **Board Risk Management Committee (BRMC)**
- vii. **Board Nomination and Remuneration Committee (BNRC)**
- viii. **Board Strategy Input & Monitoring Committee (BSIMC)**

A brief description of the functions of each committee is as follows:

Board Audit Committee (BAC): The BAC facilitates the Board in fostering a strong control environment, supported by an effective system of internal controls, robust

policies and procedures. The BAC reviews the adequacy and effectiveness of the Bank's internal control environment along with reporting structures, and accounting systems. The Committee provides oversight of the Bank's Internal Audit function; approves and monitors the progress of the risk-based annual audit plan; and ensures that the Internal Audit Function has adequate resources and is appropriately placed within the organization structure to maintain its independence.

The BAC reviews the consolidated & unconsolidated financial statements and associated matters, before recommending them to the Board for approval. As part of this process, the BAC also recommends the appointment, both of the statutory auditors, as well as the auditors of overseas branches, to the Board, while ensuring their independence and effectiveness.

In addition, the BAC is responsible for monitoring the implementation of new accounting standards; in particular, the Board has designated the BAC as the committee responsible for oversight of the implementation of IFRS 9. For areas that are under its purview, the BAC recommends policies to the Board for approval.

Further, the BAC oversees the compliance of corrective actions determined by the Shariah Board on the reports of Internal and External Shariah audits.

Board Compliance & Conduct Committee (BCNCC): The BCNCC supports the Board in overseeing the implementation of a compliance and conduct framework and provides governance over the implementation of a bank-wide compliance program. It also monitors the Compliance & Conduct function's mandate and ensures its capabilities to effectively manage the Bank's compliance, regulatory and conduct risks. BCNCC also reviews inspection reports from domestic and international regulatory authorities, including time-bound management action plans to address identified issues.

Board Development Finance Committee (BDFC): BDFC has been constituted with the vision of transforming HBL into being more than just a bank by creating a positive environmental and social impact. BDFC monitors progress on various projects under the Development Finance Charter that further the Bank's agenda of sustainable development and also link the disparate parts of the undocumented and priority sectors into value chains with emphasis on creating a circular ecosystem. BDFC also provides strategic input on initiatives for improving financial inclusion, especially through the use of affordable technology; access to financial services; and awareness creation in priority sectors and the communities that the Bank serves.

Board Human Resource and Remuneration Committee (BHRRRC): The BHRRRC reviews and recommends key human resources and remuneration policies, including major terms of employment and benefits, performance management and compensation plans for all

employees of the Bank, including the key executives. It also reviews and recommends the people strategy, policies for staff training, career development, talent management and succession planning in line with relevant regulatory requirements and best practices.

Board Information Technology Committee (BITC): The BITC reviews, evaluates and makes recommendations to the Board regarding the Bank's major technology investment plans and strategies. The Committee also reviews the benefits and returns derived from technology spend. Additionally, the BITC focuses on digital initiatives that can help customer centricity, reduce costs and enhance revenues, and provides guidelines on engaging with FinTechs and using Cloud services. The BITC also provides oversight to the Information Security function of the Bank and that the Information Security posture is aligned with the Bank's risk appetite

Board Risk Management Committee (BRMC): The BRMC assists the Board in overseeing credit, operational and market risk-related matters impacting the Bank and the maintenance of an independent, supportive and proactive Risk culture. The BRMC also provides advice on risk governance, and internal control systems designed to monitor, evaluate & manage risks. It ensures the implementation of a robust risk management framework and reviews exposures to ensure that they are in line with the risk profile and risk appetite of the Bank.

Board Nomination & Remuneration Committee (BNRC): The BNRC assists the Board in identifying an appropriate structure, size and balance of skills on the Board as deemed necessary to support the strategic objectives and values of the Bank for sustainable growth. BNRC also deliberates on and recommends the Board Remuneration Policy, in line with regulatory requirements, for approval of the Board/shareholders.

Board Strategy Input and Monitoring Committee (BSIMC): The BSIMC is responsible for reviewing the Bank's strategy and monitoring its implementation. It provides strategic advice and integrated insights, in light of evolving trends, competition and market developments such that the Bank is positioned appropriately to harness opportunities emerging in the short to long run. BSIMC also monitors the Bank's progress against its strategic plan along with other initiatives that enable the Bank to gain regional relevance, in its strategically important locations.

As per the applicable regulatory requirements, all directors are obligated to disclose their concern or interest, directly or indirectly, in any contract or arrangement entered, or to be entered into, by or on behalf of the Bank, and disclose the nature of their concern or interest at a meeting of the Board.

Further, the interested director cannot take part in the discussion or vote on any such contract or arrangement. In case of any material personal interest in a matter, the director

concerned cannot be present while that matter is being considered.

Moreover, it is mandatory for all directors to abide by the Bank's "Related Party and Conflict of Interest" policy. The details of related parties, their relationships, transactions, and outstanding balances are disclosed in the Quarterly/Annual Reports of the Bank.

The details of shareholders are disclosed in the Bank's Annual Report under the title heading of 'Categories of Shareholders.'

HBL Microfinance Bank

The governance structure of the Microfinance Bank is designed to ensure transparency, accountability, and adherence to the highest standards of corporate governance. The Board of Directors (the "Board") collectively oversees the activities of the organization, represents stakeholders' interests, and safeguards the organization's reputation.

As the primary governing body, the Board is entrusted with the responsibility of ensuring that the institution operates with integrity, complies with legal requirements, and upholds best standards of corporate governance and business ethics. The Board is committed to maintaining the organization's values and goals while enhancing its image, prestige, and credibility.

The Board plays a pivotal role in shaping the strategic direction of the organization. It approves strategies aimed at achieving institutional objectives, taking into account the organization's social mission, the competitive landscape, and inherent business risks.

To facilitate efficient governance and oversight, the Board has established six committees:

- i. **Board Human Resource Committee (BHRC)**
- ii. **Board Remuneration Committee (BRC)**
- iii. **Board Risk and Compliance Committee (BRCC)**
- iv. **Board Information Technology Committee (BITC)**
- v. **Board Financial Inclusion and Sustainability Committee (BFISC)**
- vi. **Board Audit Committee (BAC)**

By leveraging the collective expertise of these committees and the oversight of the Board, HBL MfB upholds the highest standards of governance, thereby fostering trust among stakeholders and driving sustainable organizational success.

The composition of the Board reflects representation from its various shareholders who

are entitled to nominate a certain number of directorships: HBL 4, Aga Khan Agency for Microfinance 2, Aga Khan Rural Support Program 1, & Japan International Cooperation Agency 1.

Category	Name of Director
Non-Executive Directors	Mr. Rayomond Kotwal
	Ms. Maya Inayat Ismail
	Mr. Abrar Mir
	Mr. Tsuyoshi Hara
	Ms. Sobia Chughtai
Independent Directors	Mr. Zahir Riaz
	Ms. Rashna Minwalla
Executive Director (Deemed Director)	Mr. Amir Khan
Men	4
Women	3

The composition of the Board and its committees reflects a commitment to best practices in diversity and inclusion. Among the 7 members, HBL MfB is proud to have 3 women serving on the Board. Additionally, each committee includes at least one woman among its members.

Despite being an unlisted company, MfB's Board composition surpasses the legal requirement for women representation for listed companies in Pakistan.

The members of the Board are nominated directly by shareholders pursuant to a shareholders' agreement, which specifies the number of directorships each shareholder is entitled to.

The Chairman of HBL MfB Board is a non-executive director and does not have any role in the day-to-day operations/business of the Bank Management, led by the President/CEO, implements the strategies/policies approved by the Board and manages day-to-day operations/business.

At HBL Microfinance Bank, the Chief Executive Officer (CEO) is the most senior executive of the organization.

HBL Microfinance Bank has a strong mandate for sustainability under the directives of the

BoD. The Board's Financial Inclusion & Sustainability Committee (FISC) sets organizational goals in these areas. The Microfinance Bank reports on achievements against set targets every quarter to the BoD and FISC; using Key Performance Indicator (KPI) based metrics, targets on qualitative as well as quantitative sustainable development goals are also reported.

Under a BoD approved environmental policy, HBL MfB is taking measures to calculate direct and indirect Green House Gas (GHG) emissions through its usage of Gensets and own vehicles (Scope 1), purchased electricity (Scope 2), and purchased products and services (Scope 3). The MfB is committed to reducing GHG emissions in line with the AKDN Environment and Climate Commitment statement.

For measurement of impact, the management of HBL MfB reports quarterly updates of impact Key Performance Indicators to the BoD and carries out BoD instructions for appropriate impact management.

The composition of the Board and its committees reflects a diverse array of competencies relevant to the impacts and operations of the organization. Each member brings unique expertise and experience to the table, ensuring robust oversight and strategic guidance.



| HBL MfB client running her dairy business in Dipalpur, Punjab.

Collectively, the competencies and experiences of the Board members enable HBL MfB to navigate complex challenges, seize opportunities for growth and innovation, and uphold its commitment to delivering meaningful impact for its stakeholders and the communities it serves.

HBL MfB reports related parties, their relationships, transactions, and outstanding balances, to the Board Audit Committee (BAC). The BAC oversees all such transactions and ensures they are approved by the Board. The Microfinance Bank has established a comprehensive Related Party policy, which governs this process. This policy covers the identification, documentation, and transparent approval of all related party transactions. HBL MfB maintains strict adherence to conducting these transactions on an arm's length basis.

The Chairman of HBL Microfinance Board is responsible for the performance evaluation of all individual directors and the overall Board. As per regulatory requirements, HBL MfB is required to ensure that a performance evaluation is conducted annually and by an external independent evaluator at least once every three years. However, HBL MfB opts for an annual external evaluation of the Board and its committees, carried out by the Pakistan Institute of Corporate Governance (PICG). The evaluation assesses the performance of the Board as a whole and of individual directors, covering the areas of Board composition, strategic planning, Board & CEO effectiveness, Board information, Board committees, Board procedures, and the control environment.

PICG employs a structured methodology based on regulatory requirements, industry best practices, and insights gleaned from the governance practices of peer companies.

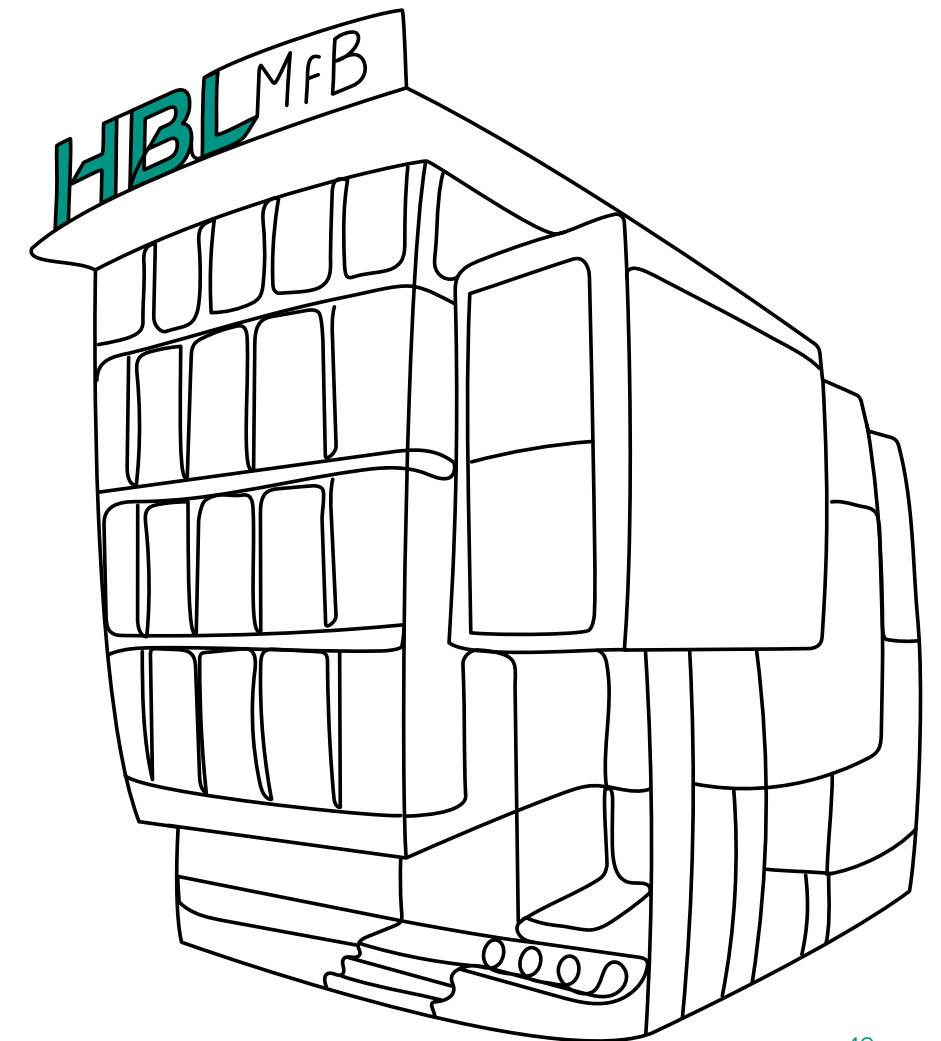
Directors of the Board are provided with individualized links and passwords to access an online assessment tool administered by PICG. Through this tool, directors evaluate their own performance and contribute insights regarding the Board's performance.

The data collected from the online assessments is then analyzed by PICG in collaboration with The Corporate L.I.F.E.™ Centre International Inc., a reputable consulting firm based in North America that facilitates PICG's assessment process. The analysis encompasses various dimensions of governance effectiveness, including strategic decision-making, risk management, stakeholder engagement, and sustainability practices.

Upon completion of the analysis, PICG prepares detailed reports highlighting key findings, areas of strength, and opportunities for improvement. These reports are presented to the Board for review and discussion, fostering a culture of continuous improvement and accountability in governance practices.

Actions taken in response to Board evaluation findings/discussions include the following:

- i. In recognition of the critical role played by independent directors in the governance and decision-making processes, the remuneration of independent directors was enhanced.
- ii. To foster deeper engagement and strategic alignment within the Board, sessions dedicated to strategy were scheduled to provide the Board opportunities for input and monitoring.
- iii. Increase in trainings.



Strategy, Policies, and Practices

GRI: 2-23 to 2-29

SDG 13 – Climate Action

SDG 16 – Peace, Justice & Strong Institutions

SDG 17 – Partnerships for the Goals

HBL

Policy Commitments

Following the Aga Khan Development Network Climate Change Commitment Statement, HBL is committed to achieving its **Net Zero target** in its operations by 2030. The Bank's **Green Operations** teams are dedicated to minimizing our environmental footprint through unceasing efforts. HBL has successfully implemented green operating protocols, and has obtained the Worldwide Fund's (WWF) **Green Office certification** for two of its premises.

HBL's environmental commitment is further demonstrated through its **"No New Coal"** and **"No Deforestation"** policies, reflecting our dedication to reducing greenhouse gas emissions as per Pakistan's climate goals.

HBL is committed to becoming a **Green Financial Institution**, harnessing sustainable development, and leading the way in Environmental, Social, and Governance (ESG) practices in the banking sector.

HBL is a founder member of **Green Investment Principles** and has now become the first and the only bank in Pakistan to be a member of the **Capacity building of Alliance of Sustainable Investment (CASI)**, launched at COP28 in Dubai. CASI is an international cooperation platform that aims to develop high quality and high impact sustainable finance capacity building services to Emerging Markets and Developing Economies (EMDEs).

- Fines for instances of non-compliance with laws and regulations that occurred in the current reporting period: Rs 113,367,000
- Fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods: Year 2022 – Rs 29,035,000
- Fines were incurred for 28 instances
- '0' non-monetary sanctions were incurred for any instances
- There have been instances of delay in implementation of certain regulatory requirements related to technology and/ or external dependencies.
- Regulator-specified turnaround times for resolution of customer complaints could not be met in certain instances.
- Interpretation differences on matters of Fair treatment of Customers and banking charges.
- Other routine operational matters

Materiality Risk Assessment Framework (MRAF), is used to assign risk ratings to regulatory observations to determine the severity & significance of regulatory findings.

Moreover, in some cases regulator itself highlights the significant observations in inspection reports.

Membership Associations

The Bank actively forms partnerships and engages with associations, councils, educational institutions, non-profit organizations, and government bodies to work collectively towards the United Nation's Sustainable Development Goals. Some of the more prominent ones are as follows:

- Pakistan Banks' Association
- Pakistan Business Council
- Institute of Bankers Pakistan
- Chamber of Commerce and Industry
- Principles of Responsible Banking
- Net Zero Banking Alliance
- Capacity Building Alliance of Sustainable Investment
- Green Investment Principles
- Women Empowerment Principles

Stakeholder Management

Considering HBL's regional relevance and multiple stakeholders, the Bank follows a well laid communication protocol. The protocol includes communication for the Bank's stakeholders including, investors, clients, suppliers, media, and the public at large. This protocol articulates the goals, processes, and guiding principles of communication to be adopted by HBL in engaging its stakeholders. The purpose is to pursue a strong corporate reputation through transparency and consistency in messaging.

During crises, a pre-designated team ensures swift communication with critical stakeholders, while routine engagements are handled by relevant business functions, fostering trust and collaboration.

HBL is the leading Bank in the country. It is one of the three banks in Pakistan to be designated **Domestically Systemically Important Banks (D-SIBs)** by the regulator, State Bank of Pakistan (SBP). Our national presence and extensive nationwide operations entail an increased level of public and media attention. Sometimes, this attention can attract negative profiling. However, we proactively build our external narrative through

effective communications and counter any significant inaccurate information.

Communication Tools

A combination of communication tools is used as relevant:

- Holding Statements
- Key Messages
- Frequently Asked Questions & Answers (FAQs) etc.

Communication Platforms

A number of communication platforms are used where relevant. More than one platform is frequently used to reach out to different audiences:

- Press Releases / Public Notices
- Press Conferences
- Media Interviews
- Podcasts
- Thought Leadership pieces
- Industry Forums
- Messages on social media / messaging apps etc.

Employee Engagement

- Crucial in managing any negative fallout.
- We use electronic distribution method for group communications.
- Crisis Management Protocols are followed to ensure that the flow of information is properly channeled during these times.

HBL Microfinance Bank

The policy commitments and exclusion list of HBL MfB includes the following banned activities:

A. Activities which cause Pollution or Environmental Waste

- Financing to tanneries.
- Cross-border trade in waste and waste products, unless compliant with the Basel Convention and underlying regulations.

- Production or trade in, or use of, unbound asbestos fibers.
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals (gasoline, kerosene, other petroleum products, textile dyes, and so on).
- Production or trade in pharmaceuticals, pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls (PCBs) subject to international phase outs or bans.
- Production or trade in or use of non-biodegradable packaging material such as polythene bags and Styrofoam.
- Hazardous Industry waste
- Hospital waste.
- Businesses that harm biodiversity.
- Ecosystem damaging activities.

B. Activities that damage the natural environment.

- Activities that involve poaching/hunting.
- Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species.
- Production or trade in wood or other forestry products obtained illegally in violation of national or international laws.
- Unsustainable fishing practices, such as drift net fishing in the marine environment using nets more than 2.5 km in length, electric shocks, or explosive materials.
- Production or activities that have an adverse impact on people, land, or cultural heritage. This may include forced relocation, or irreversible deterioration of land, natural resources, or critical cultural heritage.
- Activities involving land acquisition resulting in involuntary resettlement or economic displacement.
- Activities involving significant degradation or conversion of natural and/or critical habitats and/or any activities in legally protected areas.

HBL Microfinance Bank provides awareness about grievance mechanisms and remediation processes to customers through its website, contact center helpline, email, mobile app, physical branches, social media, written correspondence, verbal communication, voice of customer surveys, push alert on applications, text messages, and awareness campaigns.

The intended users of grievance mechanisms are given a complete idea of the architectural flow of complaints, respondent functions, regulatory TATs, classification of

grievances and efficient handling of complaints. They are invited to give suggestions that could improve the current systems. HBL MfB emphasizes fair treatment of complainants, timely resolution of complaints, and comprehensive handling of grievances. The organization has also established an accountability mechanism to address delayed responses and instances of misbehavior by staff.

Our Customer Experience department conducts a complaint satisfaction survey, collects feedback, and analyses complaint resolution data to gauge the effectiveness of the mechanisms and the satisfaction of users on a monthly basis. 99% of grievances were addressed and resolved for the reporting period, including those related to loans, account maintenance, debit cards, mobile applications, and branches. Additionally, we have implemented a complaint category creation process in line with new requirements.

HBL MfB also has several other initiatives in place to ensure the minimization of negative customer impacts. By conducting mystery shopping and awareness voice of customer surveys from time to time, involving New to Bank customers, existing customers and Exited customers, MfB demonstrates its commitment to enhancing customer satisfaction, addressing negative impacts, and continuously improving its services and operations.



| HBL MfB client in Shigar Valley, Gilgit Baltistan.

Mechanisms for seeking advice and raising concerns.

MfB maintains a dedicated HR Support email to support employees and resolve their concerns.

HBL Microfinance Bank sets high expectations for all employees to demonstrate integrity in both their personal and professional conduct. This includes following all relevant laws, regulations, corporate policies and procedures, and other guidelines established by the management.

To support employees in meeting these expectations, the Microfinance Bank provides easily accessible resources such as the **Code of Ethics & Business Conduct, HR Policy Manuals**, and an **Anti-harassment Policy**. These documents serve as guidelines for employees to understand and navigate the ethical standards and regulatory requirements relevant to their roles.

Through these resources, employees are provided clear guidance on how to conduct themselves responsibly in all aspects of their work. Whether they are interacting with colleagues, clients, or other relevant stakeholders, the principles outlined in these documents help ensure that the Microfinance Bank's business is conducted ethically and in compliance with regulations.

HBL MfB reinforces these policies through regular training sessions, orientation programs for new hires, and communication campaigns. These initiatives are designed to raise awareness among employees about the organization's expectations regarding responsible business conduct and to ensure that everyone is equipped with the knowledge needed to uphold these standards effectively.

By emphasizing the importance of integrity and ethical behavior through accessible resources and training initiatives, HBL MfB seeks to cultivate a culture where responsible conduct is not only expected but also valued and embraced by all employees. This helps foster trust among stakeholders and contributes to the Microfinance Bank's reputation as a responsible and ethical institution.

A Whistle Blowing Policy & Program is in place which is independently supervised by Board Audit Committee. All whistles are reported directly to the Board Audit committee and are handled by a Whistleblowing Committee which comprises of Head Internal Audit and Head HR ensuring confidentiality. This program plays a crucial role in encouraging employees to report incidents of misconduct confidentially and without fear of retaliation. The policy outlines the process for reporting concerns, including options for anonymous reporting. When concerns of harassment or misconduct are raised, the organization ensures a fair and impartial inquiry, appointing individuals or committees with the necessary expertise to investigate thoroughly. The inquiry process adheres to principles

of natural justice, providing all parties involved with the opportunity to present their side of the story and respond to allegations. Additionally, mechanisms are in place to protect the confidentiality of those involved and to prevent potential conflicts of interest. The process is designed to reinforce our dedication to fostering a safe and respectful work environment.

Compliance

HBL Microfinance Bank is regulated by the State Bank of Pakistan. The SBP Inspection Department conducts visits to the branches to review compliance with local regulations. The SBP also reviews the operational procedures adopted by the bank to assess if they are compliant with the regulator's instructions.

A penalty of Rs 2.5 million was paid in 2023 for 2 instances of non-compliance.



| HBL MfB employee in the branch at the Women Financial Services help desk.

Transparency

GRI: 2-7, 2-29, GRI 3, 415, 416, 417, 418

SDG 16 – Peace, Justice & Strong Institutions

HBL

HBL is developing a systematic process of engaging its stakeholders to determine Environmental, Social and Governance issues and understand their relative importance.

HBL operates within a complex ecosystem that is continuously influenced by internal and external factors. To begin a successful sustainability and sustainability reporting journey, the Bank is conducting a Double Materiality Assessment to assess both the internal and external materiality factors to gain a holistic understanding of the risks we face.

The Bank engages with a wide range of stakeholders with unique interests, concerns, and expectations regarding the Bank's operations and impact.

Double materiality assessment will allow HBL to engage with stakeholders proactively, understand their perspectives, and address their priorities to foster trust, transparency, and collaboration, in order to maintain strong relationships and uphold our reputation.

HBL is an apolitical organization, therefore no monetary or in-kind contributions are made directly or indirectly by the Bank to any political parties/ individuals/ beneficiaries.

HBL Foundation routes more than 50% of its yearly funds into healthcare programs, slowly increasing its contributions in the remote areas of the country and making healthcare services available to the community at large.

Customer Health and Safety

- i. HBL supports diverse healthcare projects across the country, even in the areas where there is no branch presence.
- ii. Infrastructure projects funded by HBL are rigorously reviewed for negative health and safety impacts and appropriate mitigation measures are taken to address any concerns.
- iii. HBL provides healthcare services to its customers in the form of tailored health insurance plans, including specially crafted plans supporting women's health.

In terms of healthcare services for HBL customers, the Bank provided 37,000 individuals health insurance in 2023 through its comprehensive offerings: a customized insurance plan to meet each person's unique requirements.

Through HBL Nisa, the Bank has partnered with Pakistan's leading health and life insurance provider, Jubilee Life Insurance Limited (JLI), to offer women-centric insurance plans that have been especially chosen to add value to our growing customer base of women:

Breast Cancer - Hospitalization for One Year: Rs 500,000

Insurance coverage includes Permanent Disability and Breast Cancer Hospitalization is free for the first year. However, for the second year onwards, customer will be eligible for free insurance coverage, subject to maintenance of a monthly balance depending on the account type.

Accidental Death (for Spouse) for One Year: Rs 50,000

Permanent Total Disability - Accidental (for Self) for One Year: Rs 120,000

Investment policies, procedures, and responsibilities:

HBL is integrating social and environmental considerations into its core business strategy to reduce the financial vulnerability of its customers and offer better services and products in a timely manner.

Safeguard policies, procedures, and responsibilities:

HBL's Social, Environmental Management Systems (SEMS)/ Environmental and Social Risk Management (ESRM) requires borrowers (clients) to identify and assess the risk to, and potential impacts on, the safety of affected communities during the design, construction, operation, and decommissioning of a project, and to establish preventive measures and plans that address risks in a manner commensurate with the identified risks and impacts. These measures favor avoidance and timely mitigation of risks and negative impact. Consideration is given to potential exposure to both accidental and natural hazards, especially those associated with the structural elements of a project. Affected communities are informed of significant potential hazards in a culturally appropriate manner. For structural elements, including dams, in high-risk locations, or where failure or malfunction may threaten the safety of communities, qualified and experienced experts (separate from those responsible for design and construction) must conduct a review.

HBL has been screening and categorizing its corporate investment portfolio for environmental and social risk safeguards since 2014, including consideration of community health and safety impacts. For approved projects with actual occupational and community health & safety impacts or risks, management measures will be developed and integrated by HBL SEMS and disclosed in the future.

Operational Risk

The Bank has put in place a robust control framework for derivatives transactions. Front office staff dealing in derivatives have the requisite training and experience to conduct this business; responsibilities have been divided amongst the Structuring Desk (tasked with the overall ownership of derivatives and structured products), Treasury Sales (who are involved in marketing and executing transactions with the Bank's client base) and Trading (which proactively manages the risk from a business perspective).

- 0 cases of non-compliance with regulations and voluntary codes
- 0 cases of non-compliance with regulations or voluntary codes regarding marketing communications, including advertising, promotions, and sponsorships

Communication of critical concerns

The Bank employs a comprehensive monitoring mechanism to track mentions, real and/or fake news of the institution across conventional media (TV/ Newspapers) as well as social media platforms. Any news item that attains 'virality,' and, hence, displays a potential for damaging the Bank's reputation, is addressed through an agreed rebuttal protocol that includes, but is not limited to, a media statement delivered by the Chief Marketing & Communications Officer, after consultation with, and approval from, key internal stakeholders.

Customer Privacy

HBL's priority is to protect its customers and their data from cyber-attacks and data breaches. The Bank's Information Security function plays a pivotal role in protecting HBL's data assets from both internal and external threats through the effective management of cyber security risk. The Bank's 24x7 Security Operations Centre continues to contribute to a robust security posture through regular monitoring, supported by several detection and prevention mechanisms.

Information security awareness campaigns are held throughout the year to provide training and guidance on information security related matters to employees. These are supplemented by targeted awareness campaigns for customers using multiple delivery channels. The Bank remains compliant with the SWIFT Customer Security Program as well as ISO 27001. The Bank is committed to strengthening its cyber-defenses using automation and advanced technologies, while proactively mitigating against advanced security threats. These security measures allow HBL to continue offering innovative digital solutions to its clients while ensuring them protection and peace of mind.

No cases of customer privacy breaches were reported in 2023.

Complaint handling process

At HBL, a comprehensive grievance redressal/ complaint handling process is in place to encourage customers to provide valuable feedback and share any complaints to enhance the services and products.

Complaints are lodged through Call Center/ Email/ Website/ Social media channels, in person at any branch, and Mailing Address. The Bank commits to resolving customer grievances promptly and fairly, recognizing the importance of customer satisfaction in its operational ethos.

Regular sensitization sessions and training are conducted for HBL's customer facing employees and grievance officers, on handling complaints, understanding customer needs, and the importance of grievance redressal.

Implementing a structured grievance redressal mechanism not only enhances customer trust and satisfaction but also helps the Bank identify areas for improvement in its products and services, thereby supporting overall institutional growth and compliance.

HBL Microfinance Bank

Being a responsible corporate entity, HBL MfB is committed to understanding, monitoring, and managing the Economic, Social, and Environmental impact of its activities and contributing to a wider goal of sustainable development. This commitment is ingrained in the Bank's Vision, Mission, Code of Ethics and Business Conduct. To deliver on this commitment, this policy statement intends to define financial inclusion and ESG focus areas and adopt international best practices to monitor and measure against set KPIs.

HBL MfB works within an environmental framework that aims to contribute towards AKDN's net zero climate commitment. The MfB has implemented a separate policy on environmental concerns for this purpose. The MfB is also striving to foster employee welfare, gender diversity and community development.

Materiality and Boundary

The Microfinance Bank's growth and the sustainability of its operations can only be assured through uninterrupted business continuity, which is contingent upon maintaining capital adequacy and raising sufficient funds.

HBL MfB has a clearly defined approach for its funding strategy. The investment by HBL underscores its commitment as a sponsor and its faith in the performance and growth of HBL MfB.

Management Approach

HBL MfB's funding strategy for an increased portfolio will continue to be through deposits, while maintaining an appropriate cost of deposit.

Deposit growth will be generated by a deposit mobilization strategy, focusing on a deposit mix with an emphasis on CASA. It has also aligned its network expansion strategy to generate deposits and convert Permanent Booths into full-fledged branches to offer depository services to the community as well as meet the funding needs of the Bank.

The Bank has deployed liability relationship staff at potential business locations and shall

further strengthen the liability sales force in potential branches and capitalize branch network and relationships developed over a period.

Cost of deposits will be managed through current and savings account mobilization; however, medium to long term deposit acquisition will be from market competitive pricing.

Growth in the liability portfolio will be driven by technology-supported initiatives, i.e. e-Wallets, along with other alternate delivery channels that create client convenience. The deposit client base is envisaged to increase through digital/mobile accounts that facilitate disbursements as well as recoveries of loan amounts.

Investments are made in marketing and promotion activities and specialized campaigns for deposit mobilization.

Tailored product features for specific market segments, along with value-added services and loyalty programs, will be launched. Additionally, new market opportunities, including deposit accounts for small businesses, salary accounts, pension accounts, and more, are actively being implemented to drive growth and customer engagement.

HBL MfB product pricing policy aims to remain competitive in the market. The pricing of products considers different variables like policy rates, cost of operations, and risk premium, etc.

Commitments

The bank must meet regulatory requirements to maintain CAR at minimum of 15%. As of December 2023, HBL MFB reported CAR of 15.28% and gross ADR was 79%.

Goals and Targets

HBL MfB is a financial institution that serves the country's economy by providing financial assistance to micro entrepreneurs in the areas of agriculture, livestock, and enterprise. Therefore, the baseline for targets and goals is set for number of disbursements (outreach), amount of disbursements, financial inclusion of micro farmers and micro entrepreneurs, with special focus on women entrepreneurs.

The MfB has also setup mandatory goals for sustainability. Under this mandate, the bank reports to a Board committee every quarter. Under this mandate, the bank reports to Financial Inclusion & Sustainability committee every quarter.

These goals and targets are allocated to branches across the network. The MfB has a network of 225 branches across the country. Follow up is maintained by a regular performance review of branches.

During 2023, the bank disbursed **Rs 63 billion to more than 305,000 customers**, against a target of Rs 68 billion to 369,000 customers. The Non-Performing Loans (NPLs) stood at 2.7% against a target of 3.9%. The bank had a **deposit of Rs 128 billion** against the target of Rs 125 billion.

In terms of financial inclusion and sustainability targets, the bank achieved different targets set for providing access to clients in underserved areas, providing multiple access channels to increase outreach, contributing to the SDGs.

Financial and Risk Management Policies, Procedures, and Responsibilities

The HBL Microfinance Bank publishes information that is publicly available through its annual report every year. It covers all the necessary information pertaining to risk management, profitability, liquidity, and sustainability.

Liquidity and Capital Management Policies, Procedures and Responsibilities

As a strategy to support growth, HBL Bank, as the parent company of HBL MfB, has invested Rs 4 billion in the MfB over the last 3 years. This is in addition to the unsecured, subordinated debt amounting to Rs 2 billion received from HBL in 2020 for 8 years at 6 Months KIBOR + 2%. The investments by HBL demonstrate its commitment as a sponsor and its faith in the performance and growth of HBL MfB.



| A vendor running a pottery stall at Empress Market, Karachi.

During the last quarter of 2023, the MfB initiated the process of raising **Tier 2 Term Finance Certificates (TFCs) of up to Rs 1.5 billion**. This TFC will not only contribute towards the Bank's supplementary/Tier 2 capital for CAR, but will also support the liquidity profile. The tenure of this TFC is 10 years from the date of issuance.

HBL MfB will explore avenues such as fresh issuance of share capital, TFC under additional Tier 1 capital & Tier 2 capital, and issuance of rights shares to existing shareholders to maintain an adequate CAR, which will support the growth objectives of the bank.

Given the growth targets of the MfB, it will manage its liquidity, asset-liability gaps, and interest rate risks, while the ALCO continuously monitors as well as manages associated risks. Available liquidity will be invested in line with the bank's Investment Policy and Prudential Regulations; however, the bank will continue to explore allowed alternative avenues, including commercial and microfinance banks for better investment yields.

Business Continuity, Policies, Procedures, and Responsibilities

Adapting to a changing risk environment is the most essential skill to be prioritized in the coming years as the MfB gears towards more agile governance processes and approaches to risk mitigation and controls.

Substantial investments in information security, to make the core businesses more resilient, helped withstand the serious threat of cyber security in these changing times. The MfB has significantly enhanced monitoring of cyber security risk, including risk and control measures with respect to remote working. Independent testing of off-site backups of critical applications has been carried out, testing various scenarios of ransomware attack. These measures ensure that the bank's information assets are protected from emerging cyber threats and comply with regulatory protocols required under the circumstances.

CFT/AML remained a key focus area throughout the year. The CFT desk vigorously caters to AML/CFT risk, while the Fraud Monitoring Unit (FMU) ensures 24/7 Fraud Monitoring. To assure that teams on the ground remain updated, extensive training was provided through e-learning, particularly on KYC, AML, & CFT.

The Risk Management function regularly conducts assessments of the portfolio to identify segments most likely to be affected by changes in the business and economic environment. A comprehensive risk reporting and analytics architecture was developed by covering portfolio level dashboards, as well as automation of entire portfolio level reports to review the data from multiple angles for efficient analysis. The Risk Management function has also developed an 'Early Warning Model' for the timely prediction of risks in branches, based on internal and external factors.

Business Continuity Plans (BCP) are in accordance with regulatory guidelines and best practices of Business Continuity Management. The BCP for respective areas has been extensively utilized and successfully executed by all departments/functions during the floods, reflecting the effectiveness and sustainability of the BCP structure of the bank. The resilience of all critical applications is ensured by Disaster Recovery (DR) testing.

Grievances

The grievances mechanism in HBL MfB is of two types:

- a) For customers
- b) For employees

Grievance handling for customers

The Complaint Management Unit (CMU) of HBL MfB serves as a centralized platform for customers and aggrieved parties. HBL MfB is committed to building the capacity of employees to always serve customers in the best possible manner. The bank has various channels for customers to lodge their complaints including the website, call center, email, letter, mobile application, fax, social media, written/verbal complaints, and branch/ATM complaint boxes.

The operational-level grievance mechanisms at HBL MfB are administered centrally by the Complaint Management Unit (CMU). Complaints are received through various channels and logged into the Complaint Management System (CMS). The CMU assesses and assigns complaints to relevant units for resolution. While some grievances may arise at lower levels, all information is centralized through the CMS, ensuring efficient oversight and coordination across the organization:

- The operational-level grievance mechanisms at HBL MfB are designed to ensure fairness, transparency, timeliness, and accessibility in resolving complaints as per SBP CGHM guidelines.
- Grievances at HBL MfB are investigated through a structured process: as soon as complaints are received, they are logged into the Complaint Management System.

The CMU assesses and assigns complaints to relevant stakeholders/departments for investigation and resolution. The assigned department conducts a thorough investigation, takes appropriate actions for resolution, and provides timely follow-up until closure.

Grievance handling for employees

HBL MfB has established formal procedures documented in policies such as the whistle-blowing policy, harassment policies, and complaint mechanisms. These procedures offer clear guidelines for employees on how to raise concerns or report incidents related to

business conduct. We ensure and emphasize that these channels are easily accessible and well-publicized within the organization, ensuring that employees know where to turn if they encounter issues.

When concerns of harassment or misconduct are raised, the organization ensures a fair and impartial inquiry process. This involves appointing impartial individuals or committees with the necessary expertise to investigate the complaint thoroughly. The inquiry process adheres to principles of natural justice, providing all parties involved with the opportunity to present their side of the story and respond to allegations. Additionally, mechanisms are in place to protect the confidentiality of those involved and to prevent potential conflicts of interest.

HBL MfB's whistle-blowing policy plays a crucial role in encouraging employees to report incidents of misconduct confidentially and without fear of retaliation. The policy outlines the process for reporting concerns, including options for anonymous reporting if desired. Moreover, the policy emphasizes the organization's commitment to protecting whistleblowers from any adverse consequences and ensuring confidentiality throughout the investigation process.

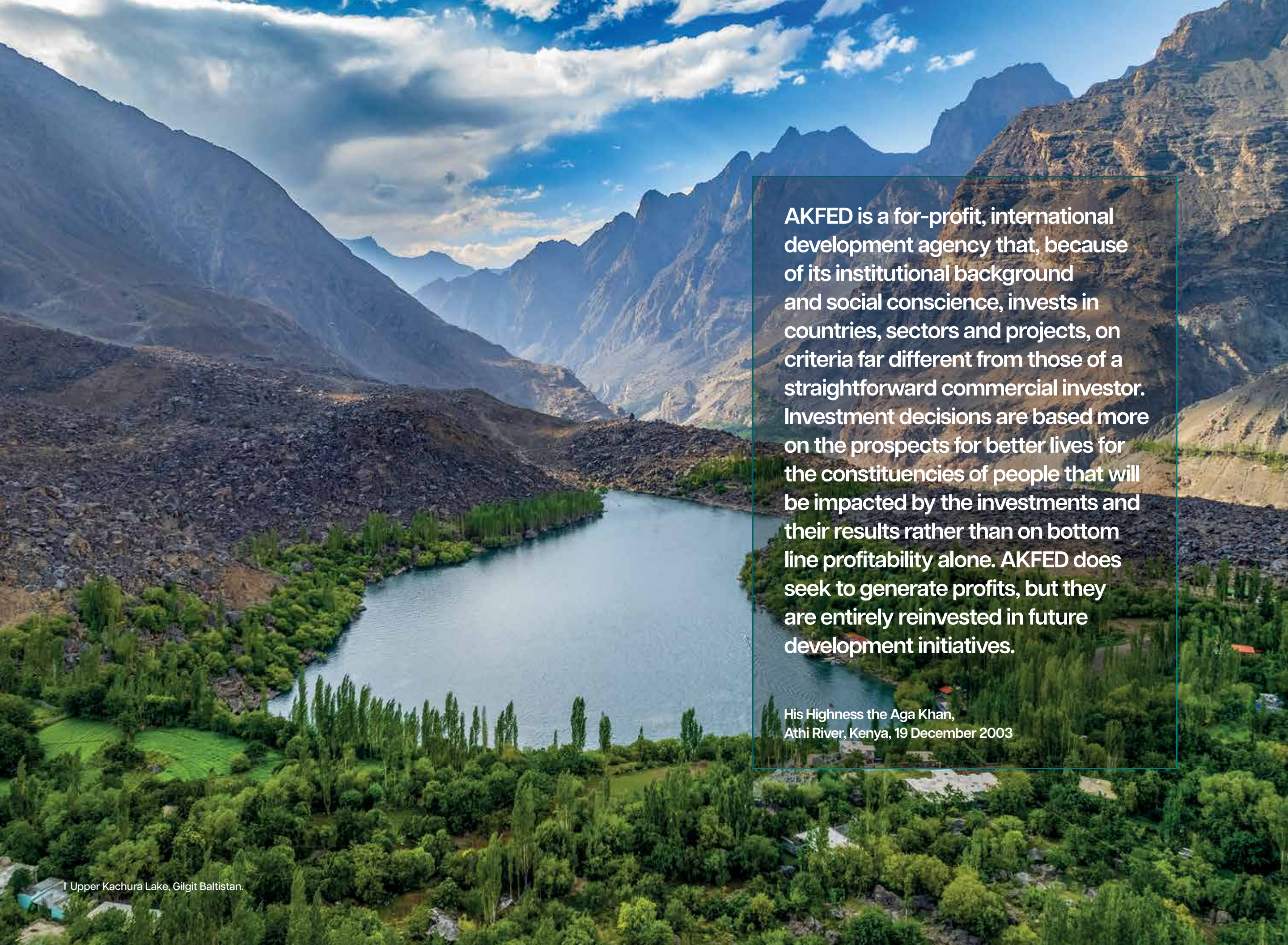
HBL Microfinance Bank's management deliberates on the inquiry findings and takes appropriate decisions, which are then implemented. The process helps in reinforcing our dedication to fostering a safe and respectful work environment.

Economy

Leading Purpose-Driven
Financial Ecosystems



- Direct Economic Impact 72
- Beyond Investing 84
- Procurement Practices 114
- Anticorruption 118
- Tax 119



AKFED is a for-profit, international development agency that, because of its institutional background and social conscience, invests in countries, sectors and projects, on criteria far different from those of a straightforward commercial investor. Investment decisions are based more on the prospects for better lives for the constituencies of people that will be impacted by the investments and their results rather than on bottom line profitability alone. AKFED does seek to generate profits, but they are entirely reinvested in future development initiatives.

His Highness the Aga Khan,
Athi River, Kenya, 19 December 2003

Direct Economic Impact

GRI: 201

SDG 2 – Zero Hunger

SDG 5 – Gender Equality

SDG 7 – Affordable and Clean Energy

SDG 8 – Decent Work and Economic Growth

SDG 9 – Industry, Innovation and Infrastructure

SDG 10 – Reduced Inequalities

SDG 13 – Climate Action

SDG 17 – Partnerships for the Goals

Growth at a Glance 2018 –2023

Consolidated

	2018	2019	2020	2021	2022	2023
Balance Sheet (Rs M)						
Investments	1,390,052	1,379,607	1,948,577	1,948,956	1,948,801	2,562,299
Advances	1,080,440	1,166,957	1,223,510	1,507,047	1,782,498	1,861,345
Total Assets	3,025,853	3,227,132	3,849,063	4,317,468	4,638,806	5,534,348
Total Deposits	2,137,293	2,437,597	2,830,371	3,381,998	3,469,342	4,142,352
Borrowings	523,319	382,206	544,108	436,258	583,771	665,043
Total Equity	199,252	224,752	265,495	283,686	285,022	366,021
Operating Results (Rs M)						
Net Interest Income	81,676	101,323	130,104	131,419	165,563	242,133
Non Fund Income	19,895	24,162	30,595	36,311	46,732	57,451
Total Revenue	101,571	125,485	160,699	167,730	212,294	299,584
Total Expenditure	74,978	93,290	95,449	97,615	126,783	172,767
Operating Profit	26,593	32,195	65,250	70,115	85,512	126,817
Provisions	5,009	3,314	12,220	8,087	8,482	13,266
Profit before taxation	21,585	28,881	53,031	62,028	77,030	113,551
Profit after taxation	12,441	15,500	30,913	35,507	34,398	57,757
Profitability ratios						
Return on average assets (RoA)	0.4%	0.5%	0.9%	0.9%	0.8%	1.1%
Return on average equity (RoE)	7.1%	8.1%	14.4%	14.7%	12.7%	18.5%
Cost : Income ratio	76.2%	73.5%	58.5%	57.1%	58.8%	56.8%
NFI : Gross revenue	19.6%	19.3%	19.0%	21.6%	22.0%	19.2%
Asset Quality & Liquidity ratios						
Advances to deposits ratio	50.6%	47.9%	43.2%	44.6%	51.4%	44.9%
Investment to deposits ratio	65.0%	56.6%	68.8%	57.6%	56.2%	61.9%
Gross NPLs to Gross Advances	7.0%	6.6%	6.3%	5.1%	4.8%	5.2%
Net NPLs to Net Advances	1.1%	0.8%	0.9%	0.5%	0.7%	0.9%
Coverage - Specific	84.7%	88.7%	86.3%	90.1%	86.1%	83.3%
Coverage - Total	89.1%	93.2%	99.7%	103.7%	101.4%	101.4%
Share information						
Earnings per share	8.2	10.5	21.1	23.9	23.2	39.3
Cash dividend per share	4.25	5.00	4.25	7.50	6.75	9.75
Dividend yield	2.5%	3.8%	3.3%	6.0%	7.2%	11.4%
Dividend payout ratio	51.7%	47.8%	20.2%	31.4%	29.1%	24.8%
Breakup value per share	135.8	153.2	181.0	193.4	194.3	249.5
Market value per share - as at 31 Dec.	120.5	157.4	132.3	116.6	63.7	110.8
High during the year	229.7	168.4	176.5	143.2	124.7	129.5
Low during the year	117.3	102.0	93.0	107.8	59.9	61.4
Market Capitalisation (Rs Bn)	176.7	230.9	194.0	171.1	93.5	162.6
Price to book value ratio (times)	0.9	1.0	0.7	0.6	0.3	0.4
Price to earnings ratio (times)	20.7	12.5	6.1	5.2	4.1	2.2
Industry Share						
Deposits	13.9%	13.9%	14.0%	14.1%	13.0%	12.4%
Advances	12.2%	12.4%	12.5%	12.4%	12.6%	12.1%

	2018	2019	2020	2021	2022	2023
Trade (\$ M)						
Import volume	3,882	3,823	4,388	7,401	9,700	5,964
Export volume	2,858	3,259	3,149	4,816	7,191	6,554
Capital Adequacy						
CET1 to RWA	12.0%	11.5%	12.6%	11.5%	10.8%	11.6%
Tier-1 to RWA	12.0%	12.5%	13.5%	12.3%	11.8%	12.4%
Total capital to RWA	16.2%	15.4%	17.2%	15.6%	14.8%	16.0%
RWA to Total Assets	39.0%	39.4%	35.8%	38.7%	40.6%	38.7%
Touchpoints						
No. of Branches	1,743	1,712	1,697	1,685	1,746	1,758
No. of ATMs	2,139	2,136	2,157	2,180	2,268	2,327
No. of Konnect agents	37,503	52,579	48,038	66,800	61,618	49,796
No. of POS terminals	21,024	25,340	30,459	39,272	46,151	46,000
No. of QR code locations	-	31,055	35,320	55,287	52,830	42,383
Customer base						
No. of customers (In million)	15.4	19.6	22.3	26.9	33.4	37.0
Women customers (% of total)	32%	34%	37%	40%	48%	47%
No. of Mobile & Internet Banking subscribers ('000)	773	1,154	1,782	2,490	3,234	3,935
No. of debit cards ('000)	5,168	5,516	5,860	6,223	6,573	7,126
No. of credit cards ('000)	162	193	224	229	268	309
Headcount						
No. of permanent employees	20,093	21,005	20,795	21,703	21,632	20,301
Gender Diversity	15.7%	16.7%	18.2%	19.2%	20.7%	21.3%

HBL

Financial Implications, Risks and Opportunities

Environmental & Social Risk Management (ESRM) Framework and Policy:

The HBL Board approved SEMS Policy aims to limit credit, liability, and reputational risks caused by climate change, environmental and social issues on a portfolio and transaction level by anchoring ESRM in the credit policy of the bank. HBL is now able to identify, assess and manage the potential impact of environmental and social issues on financing provided across the bank’s product spectrum. Within the ambit of climate-related Financial Risks, both “Physical” and “Transition” category of risks shall be covered as part of the above initiative.

Climate Change Initiative and Commitment:

In line with AKDN Environment and Climate Change Commitment Statement, in 2023 HBL became the first bank in Pakistan to sign the Principles of Responsible Banking (PRB) set out by the United Nations Environment Program Finance Initiative (UNEP FI) and its climate accelerator, Net Zero Banking Alliance (NZBA). PRB is the world’s premier sustainable banking framework: it will enable us to align our core strategy, decision-making, lending, and investment with the UN Sustainable Development Goals and other relevant international agreements, especially the Paris Climate Agreement.



- HBL’s ongoing “No New Coal” Policy and “No Deforestation” policies represent a very significant commitment by the Bank towards the reduction of greenhouse gas emissions in line with the Government of Pakistan’s climate commitments.
- HBL signed the Capacity Building Alliance of Sustainable Investment (CASI) in September 2023, thus becoming the first CASI member in Pakistan. CASI is an international cooperation platform aiming to deliver high-quality and higher-impact sustainable finance capacity building services for developing countries, via developing a “global aggregator and distributor of sustainable finance knowledge”.
- HBL is the only Pakistani commercial bank that is a signatory to the Green Investment Principles. The GIP signatories are expected to incorporate the principles into their corporate strategy and decision-

making processes and are invited to report regularly on their performance to GIP Secretariat.

HBL created its green finance framework in line with its Green Taxonomy, a tool that will use green financing to support various environmental objectives, such as climate change mitigation and adaption, pollution prevention & control, resource efficiency, and ecosystem conservation. The framework will help identify Green Lending Activities, and, in doing so, facilitate the direction of capital flow towards environmentally sustainable initiatives.

25 people at HBL participated in 7 trainings on climate and sustainable finance. These trainings included: Webinar on Opportunities for Financial Institutions to drive nature-resilience by NIBAF and WWF, Towards Greater Resilience; Understanding Physical Climate Risk by GIP; Leveraging Carbon Markets to enable Private Investment by NDRMF; and internal resource training of the SEMS team on Green Taxonomy Implementation. 889 employees were trained on Environmental and Social Risk Management (ESRM) through both internal and external resources.

A total of Rs 36 billion have been invested in renewable energy projects.

Total renewable energy investment	Rs 36 billion
Number of projects financed	82
Total generation capacity	3,727 MW

Includes:

Biogas	150 MW
Hydro Power	3,129 MW
Solar Power	162.9 MW
Wind	285.9 MW

HBL's Positive Impact on the Energy Sector

Project	Description	Funding Partner	Location	Impact
Atlas Solar	100 MW Solar Power Plant	British International Investment (BII)	Layyah, Punjab	Clean energy for 50,000 households through national grid, resulting in reduction of 106,000 tons of annual GHG emissions
Punjab Thermal Power (Pvt.) Ltd.	Combined cycle RLNG power plant	Various local banks	Jhang, Punjab	Can generate 10.5 billion units of electricity annually to fulfill the energy requirements of Pakistan
K Electric	Construction of 900 MW RLNG based power plant	SCB, CDB, Deutsche, various other foreign and local banks	Bin Qasim, Karachi	Increased employment, one of the top 6 efficient power generation units in the country
Indus & Liberty Wind Projects	2x50MW Wind Project	BII, Soneri & AKBL	Jhimpir, Sindh	Reduction of coal and fossil fuel import, 2100 indirect jobs created over the lifetime of this project, meeting electricity needs of 110,000 households.
WAPDA Dasu	Partial funding for Dasu Hydropower project	Various local banks	Dasu, Kohistan, KPK	Clean and green energy, employment generation, improved livelihoods, water resource utilization, creation of jobs through reservoir fisheries

*HBL's performance against the constituent indicators and targets is reported in the annual report under 'Notes to the Consolidated Financial Statements for the year ended 31 December 2023'.



Financial Assistance Received from Government

The Green Banking initiatives of the State Bank of Pakistan and HBL are designed to inculcate environmental considerations in banking products, services and operations. By providing subsidized financing, the SBP aims to create a supportive environment for businesses to adopt sustainable practices, driving positive environmental and social impact, while promoting long-term economic viability. Sustainability and subsidized financing are crucial concepts in the context of Sustainable Business Practices.

The goals of subsidized financing for sustainability include:

- Reducing greenhouse gas emissions and climate change impacts
- Promoting eco-friendly technologies and practices
- Supporting sustainable development and economic growth
- Encouraging innovation and entrepreneurship in sustainability
- Enhancing environmental and social responsibility



As part of this initiative, the State Bank has issued the **SBP Financing Scheme for Renewable Energy** with a view to promoting renewable energy projects in the country. Pakistan's economy is facing a dual challenge of escalating energy costs and climate change. The increase in energy costs has severely impacted the growth of industries/businesses and the welfare of the public in general. The effects of climate change have been observed in the form of devastating floods, droughts, heat waves and changing weather patterns, hindering our ability to develop sustainably.

To help overcome these challenges, the SBP decided to promote green banking i.e. use of indigenous resources, especially renewable energy, to ensure sustainable banking and development. The scheme provides concessionary financing for large renewable energy power projects as well as for small scale renewable energy solutions. The Scheme also facilitates installation of renewable energy-based solutions/ projects under net metering system introduced by National Electric Power Regulatory Authority (NEPRA). As of 31 December 2023, HBL had approved SBP allocated subsidized limits of Rs 7.94 billion, out of which **the Bank had disbursed funds up to Rs 7.5 billion**. Repayments under the scheme are disbursed for new projects to maximize utilization under the facility.

Furthermore, to develop agricultural produce marketing and enhance storage capacity in the country, the SBP has also floated a scheme for **“Financing Facility for Storage of Agricultural Produce” (FFSAP)** to encourage the private sector to establish Silos, Warehouses and Cold Storages. As of 31 December 2023, HBL had approved SBP allocated subsidized limits of Rs 1.375 billion, out of which the bank had disbursed funds up to Rs 718 million.

HBL Microfinance Bank

HBL MfB is a microfinance bank and is the largest subsidiary. Its operations are governed by the Prudential Regulations (PRs) for MFBs in Pakistan. Under the PRs, the MfB offers loans to farmers under two loan categories: a general category and a Micro Enterprise Lending (MEL) category. Under the general category, the bank gives loans up to Rs 350,000 to farmers; under the MEL category, the micro bank offers loans up to Rs 3 million. HBL MfB's Agri customers include **300,000 small farmers** cultivating 3 to 7 acres of land and possessing a small number of livestock.

The GDP contribution of the agriculture sector is very high in Pakistan's economy. Therefore, the bank's overall approach towards asset portfolio management is to maintain 50% concentration in the agriculture and livestock sector. The MfB is also making efforts to widen its outreach to as many farmers as possible through different products, interventions, and digital access channels. The MfB is also conducting SBP mandated farmers literacy programs, targeting at least 8,500 farmers across the country.

The modality of the loans is generally as under:

- Loans are linked to cash flow of the agriculture/livestock enterprise.
- Loan tenors are linked to seasonal cycles.
- Loans are given against different collateral options. However, the majority of these loans are given against personal guarantee or third person guarantee.

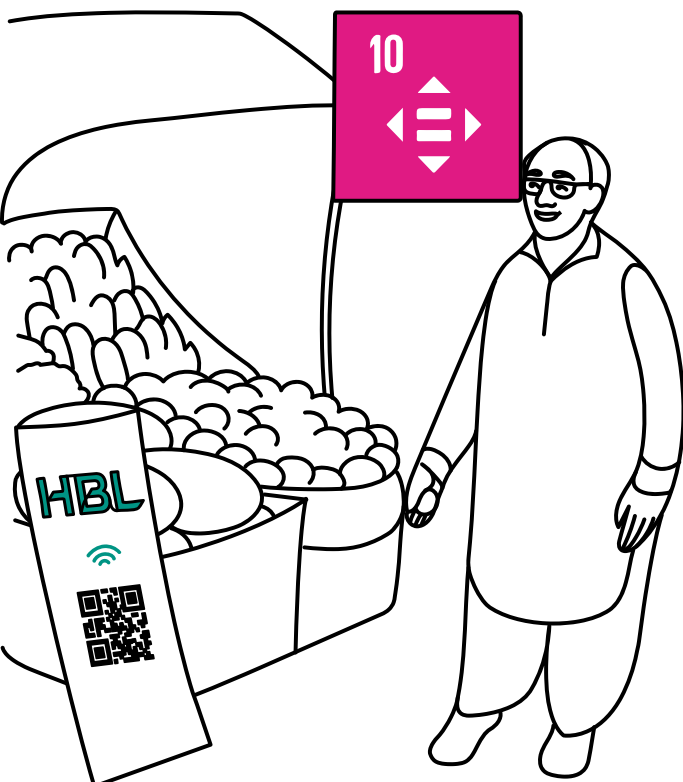
Small farmers are generally short of funds. They require loans for Agri inputs like seed, fertilizer, land development, Agri tools and implements, solar tube wells, tractors, etc. with the help of HBL MfB's loans, these farmers can grow their overall activities, and increase their income levels. By helping to grow income levels, the Microfinance bank contributes towards enhancing the

quality of life for beneficiary farmers. HBL MfB is also investing in climate resilient infrastructure by providing solar powered tubewells to small farmers.

Food Security is one of the major challenges faced today. By providing loans for Agriculture and Livestock, HBL Microfinance Bank contributes towards the greater goal of food security **(SDG 2)**.

Key Performance Indicators – HBL MfB

Number of farmers supported in the reporting year	293,566
Amount of loans disbursed to farmers in the reporting year	Rs 54 billion
% of loan applications approved	99.49%
Number of unbanked farmers served (New to Bank)	28,702
Contribution of HBL MfB Agri loans to overall rural economy	0.071%
Rate at which Agriculture loans are repaid	97%
Proportion of Agricultural loans defaulted	3.16%
Mark-up/return/interest earned in 2023	Rs 33.228 billion
Salaries, wages and benefits reported	Rs 4.791 billion
Other operating expenses	Rs 5.034 billion
Cash flow from investing activities	Rs 10.682 billion
Cash flow from financing activities	Rs 269 million
Net cash generated/ (used in) from operating activities	Rs 164 million



HBL MfB has a defined benefit gratuity scheme and undertakes actuarial valuation to ensure that the fund's assets cover the fund's liabilities.



| HBL MfB Loan Officer digitally processing a loan application of a farmer in Punjab.

Financial Assistance Received from Government

As per audited financials FY-2023 of HBL MfB, the outstanding portfolio against SBP government markup subsidy schemes for housing finance under **Mera Pakistan Mera Ghar (MPMG)** and financing schemes for farmers in rain/flood affected areas under Kissan Package was **Rs 6.213 billion**.

Beyond Investing

- GRI: 203
- SDG 1 – No Poverty
- SDG 3 – Good Health and Well-being
- SDG 4 – Quality Education
- SDG 5 – Gender Equality
- SDG 8 – Decent Work and Economic Growth
- SDG 9 – Industry, Innovation and Infrastructure
- SDG 10 – Reduced Inequalities
- SDG 12 – Responsible Consumption and Production
- SDG 17 – Partnerships for the Goals



| BISP disbursements through HBL Konnect, Faisalabad.

HBL

Beyond HBL's immediate operations and direct impact on the economy of Pakistan, the downstream consequences from products, services, investments, and activities have manifested in the form of entrepreneurship support, agricultural services, financial literacy, financial inclusion of women, and custom designed banking products for different segments of society.

Digital Infrastructure contributing to Key SDGs

HBL's staunch commitment to expanding access to financial services for unbanked and underbanked communities in Pakistan stands out as our most prominent contribution to SDGs this year. To this end, we continually invest in developing our digital infrastructure.

Our sustained effort towards financial inclusion through innovative technologies has led to an accelerated engagement with a wider customer base. The Bank has experienced an impressive **89% year-on-year increase in transactions**. **Financial transaction volumes through HBL Mobile and Internet Banking doubled to Rs 4.7 trillion in 2023. The Bank's customer base now stands at over 37 million**, the largest in the industry, and triple our own numbers from just five years ago.

HBL's digital transformation journey – led by Konnect, HBL Mobile, and Robotics Process Automation (RPA) – has revolutionized the way the Bank connects with clients, reaching the most underserved households and supporting people from diverse backgrounds to manage their finances with ease.

Digital Transactions	POS Terminals
1,381 million	46,000
Konnect Agents	QR Code Locations
49,796	42,383



SDG 1
No Poverty

| HBL MfB micro loan client, Juglot, Gilgit Baltistan.

Target 1.5

Rs 334 billion

was disbursed in 2023 through HBL digital channels to support the Government of Pakistan in its largest poverty alleviation initiative, the **Benazir Income Support Program (BISP)**, bringing about a positive change in the lives of the most under-served households.

Target 1.a

Konnect by HBL enabled the ease and convenience of making donations to various charitable organizations without the need for physical cash or cheques. Transactions totaling

Rs 359 million

were conducted for Zakat and Donations.

Target 1.b

Konnect supported government recurrent and capital spending up to

Rs 349 billion

in 2023 on sectors that especially benefit vulnerable groups, including women and households living in poverty.

Target 3.2

Konnect by HBL is an active part of **Benazir Ehsaas Nashonuma program** that addresses stunted growth in children and improved weight gain of pregnant women during pregnancy (through our digital integration, notifications are generated for each trimester period so that timely payment can be disbursed through BISP).

Target 3.8

Konnect by HBL integrated **Oladoc**, a virtual healthcare platform, allowing 755 individuals to access remote healthcare services from doctors of major hospitals across Pakistan, generating a volume of

Rs 1.1 million.

A low-cost Islamic insurance was offered to customers through the Konnect by HBL App and Agent Network at the end of 2022; in 2023, 24,579 transactions were performed, generating a volume of

Rs 128 million.

Life and accidental insurance available through the Konnect App and Agent Network allows customers to purchase Islamic Insurance as low as Rs 1000 and offers a coverage of up to Rs 200,000. In 2023, 13,826 transactions were performed generating a volume of

Rs 16 million.



SDG 3
Good Health and Well-Being



| HBLF Medical & Nutritional camps beneficiary in Naukot, Thar.



SDG 4
Quality Education

Target 4.5

Rs 31.3 billion

were disbursed through HBL digital channels for **Waseela-e-Taleem**, a stipend that encourages girls to attend school and supports their families in marginalized areas, redressing gender disparities in education.

Konnect by HBL disbursed payments for **Sindh Education & Literacy Department (SELD)**, supporting equitable access to quality education. The programs promote social cohesion, provide greater opportunities for learning and 21st century skills to marginalized communities, particularly girls and women; the programs also work to elevate the quality of learning outcomes through innovative improvements in the teaching/learning processes, and to strengthen governance and service delivery by improving performance capacity at all levels.

| HBLF funded IT Labs, Behbud Association, Karachi.

Target 5.b

Konnect has boosted financial inclusion through user friendly technologies, paving the way for women's empowerment; there are

590,485

women on the Konnect App already, gradually bridging the gender gap in financial literacy and access to financial services.

15%

of Konnect App users are women and the Bank is working tirelessly to increase financial inclusion of women through Konnect by HBL and HBL Nisa.

Konnect by HBL is actively bringing on board women agents from grassroots communities – from appointing women agents to hiring women brand ambassadors on campuses and business centers, the women agent count has now

reached **1690.**

HBL SME launched She's Next, in collaboration with Visa, to award

5 women entrepreneurs

a grant of

USD 10,000

and a year-long mentorship and guidance journey to help them grow their businesses.



SDG 5
Gender Equality

| HBL MfB employees in conversation at HBL Tower, Islamabad.



SDG 8
Decent Work and Economic Growth

Target 8.2

HBL MfB has developed an in-house **Customer Management Solution (CMS)** that enables customer on-boarding using tablets with loan processing within 48 hours. Under the FirstPay brand, HBL MfB has 2.2 million e-wallet customers, who, in 2023, executed 7.6 million digital transactions totaling

Rs 13.4 billion.

Target 8.4, 8.10

Konnect customers avail all Konnect services via mobile phone and Konnect Agents across Pakistan, reducing material footprint, eliminating the need to visit branches. 106,609 accounts opened through HBL branches in 2023 vs. 965,807 accounts opened through Konnect by HBL, boosting the total Konnect portfolio to

9.1 million.

Target 8.5

1690 jobs were created for women Konnect Agents and Business Development Officers.

Target 8.9

The integration of bookme, sastaticket, easy ticket and bookngo apps on Konnect allows users to book and purchase travel tickets directly from their mobile devices. In 2023, 46,548 such transactions were conducted with a volume of

Rs 689 million.

| HBL Konnect agent conducting a transaction.



SDG 9
Industry, Innovation, and Infrastructure

Target 9.3

HBL's provision of a digital payment ecosystem provides small-scale industries the opportunity to gain access to new markets and accept payments seamlessly without a large physical presence. The QR payment volume of 2023 reached

Rs 7.3 billion.

Target 9.4

By automating over 126 manual processes, saving

21,000

person hours per month,

Robotic Process Automation (RPA)

has significantly boosted resource efficiency leading to a remarkable **70% improvement** in overall process efficiency, streamlining operations across major bank departments. RPA initiatives in domains like Consumer Banking have enabled automation of supplementary cards processing and have reduced carbon footprint by eliminating paper-based working.

Target 9.c

3.1 million

Konnect by HBL customers are registered on the Konnect App, significantly increasing access for people to information and communications technology.

| HBL Konnect team working on Robotics Process Automation.



SDG 10
Reduced Inequalities

| HBLF funded program providing free of cost prosthetic limbs at HASWA, Karachi.

Target 10.2

To empower and promote the social, economic, and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic or other status, Konnect makes banking accessible to everyone through **Asaan Mobile Account (AMA)** service. This USSD channel allows anyone with a basic mobile phone to open an account, regardless of internet access. This eliminates barriers for those in lower income groups and those living in remote areas. By simply dialing a code, individuals can join the formal financial system, unlocking essential services like money transfers and bill payments.

Over **1 million** accounts were opened and linked through USSD channels in 2023.

Target 10.2

Konnect's Gulak micro-savings product tackles financial inclusion at its core. With a starting amount as low as Rs 1,000, anyone can begin building a safety net and a savings habit. This empowers those who might have limited income to participate in saving and grow their financial security, fostering economic inclusion for all. Volume of Gulak's subscriptions reached

169 million in 2023.

Target 10.5

Every single Konnect account holder goes through an international level screening process ensuring compliance with regulations and monitoring of global financial markets.

Target 17.1

HBL integrated **Befiler in the Konnect Mobile App** to strengthen domestic resource mobilization (including international support for developing countries) to improve domestic capacity for tax and other revenue collection, and to enable users to access these services more easily and efficiently. Befiler is a tax compliance platform that provides users with a range of tax-related services, such as tax registration, filings, and payments. This integration benefits both individuals and businesses, particularly those with complex tax requirements, by providing a more streamlined and accessible tax compliance solution.

A total of 678 transactions were carried out with a volume of

721,260
 in 2023.



SDG 17
Partnerships for the Goals

| Foodpanda rider depositing payments at Konnect shop, Karachi.



HBL Nisa

The Bank continues to deliver tailor-made solutions for women, the underbanked, and unbanked segments of society. HBL Nisa is a one-of-its-kind, multifaceted program that goes beyond banking for women. A dedicated initiative targeted towards developing financial solutions for women across Pakistan, HBL Nisa added Asaan account to its list of financial solutions, specifically targeted to address the banking requirements of low-income women across Pakistan.

Cognizant of the diverse financial needs of women across the country, the program collaborated with HBL Asset Management to design a mutual fund saving solution offering lucrative returns to women customers. The HBL Nisa product suite includes current and savings accounts under conventional and Islamic banking.

Tailor-made online toolkits educate women on all aspects of savings and other financial avenues available to them. HBL champions financial inclusion and aims to create a meaningful impact in the lives of women across the country. To that end, the platform conducted multiple in-person and virtual financial literacy sessions and workshops, in schools, colleges, hospitals, nursing institutions and vocational centers to cater to women from all walks of life.

HBL is home to **over 5 million women customers** with over **1 million Nisa clients**. In recognition of its commitment and efforts, HBL was awarded the **“2023 Access to Finance Champion Award”** at the Financial Alliance Women Annual Summit 2022 in the Dominican Republic.

HBL championed financial inclusion for women by opening **200,000 new Nisa accounts** in 2023, disbursing nearly **half a billion rupees** to women entrepreneurs, and extending support to **nearly 10 million women** beneficiaries through BISP disbursements.

Support for Women Entrepreneurs

Rs 1.5 billion

disbursed to 600 women during 2023.

Launched She's Next in collaboration with Visa, to award 5 women entrepreneurs a grant of \$10,000 and a year-long mentorship and guidance journey to help them grow their businesses.

Expanding its efforts, HBL partnered with Circle Women for "She Loves Tech", empowering women entrepreneurs. The Bank also initiated the "Diversity Power Hour", encouraging industry-wide dialogue on diversity. HBL supported Bakhtawar Kiyani, an Asian archer with visual disability, in her journey to the World Games 2023.

HBL welcomed its **first woman Agriculture Finance Officer in Hunza** and the first woman Retail Lending Head in Jhelum, demonstrating the Bank's commitment to gender diversity across all levels and functions. Educational initiatives "**Nanni Kissan**" and "**Agli Nasal**" campaigns further underscored the importance of girl education.



Women entrepreneurs presenting at HBL x VISA event for She's Next

Infrastructure Investment And Services

In line with HBL's strategy of contributing to Pakistan's growth and development, the Investment Banking teams have been engaged with the Government in a number of advisory capacities to facilitate projects of national interest. Through extensive interaction, the business has developed an active pipeline of deals across a diversified universe to ensure maximum economic impact across a spectrum of industries from agriculture to infrastructure to renewable energy.

HBL has established strategic partnerships with leading e-commerce and retail entities to launch mPOS (a Tap-n-Pay solution) and digital invoicing systems. These solutions are enabling Small and Medium Enterprises to leverage e-commerce for large-scale, cost-effective business operations, reducing the working capital requirements due to digital payment instead of Cash on Delivery, thereby broadening the Bank's customer base.

HBL has also enabled acceptance of PayPak (country's domestic payment scheme) and UPI cards on its eCommerce gateway increasing merchant's reach to millions of new customers, which is a major step towards digitizing the economy and financial inclusion.

The Bank has also extended its **Bill Aggregator Services** to other financial institutions and their customers, which has resulted into increased digital payments. This approach streamlines payment processes whilst expanding HBL's reach and impact within the financial ecosystem.

Accessibility stands as a foundational pillar in fostering an inclusive environment for customers with disabilities. To embody the principle of equity within our operations, significant infrastructure plug-ins are required. The Bank has successfully upgraded 46 **model branches** to include accessibility features in compliance with the guidelines set forth by the SBP. The HBL Mobile App is also enabled with **talk-back audio capability** to empower individuals with visual impairment.





HBL SME

Small and Medium Enterprises (SME) are the backbone of any economy, particularly Pakistan which is in its development phase. Hence in Pakistan, SME sector calls for a vision and support of the entire ecosystem for the access to finance, with the necessary financial tools. To support the growth of SME sector, HBL has taken various transformative initiatives, which has not only enabled growth but has also helped SMEs to unlock their true potential. A testament to this is HBL's leadership position in the industry, while being the first bank to surpass Rs 100 billion mark in lending, with over 19% market share. In the past year, HBL offered financing to 4,437 new customers, which is almost 30% growth in its customer base and 16% growth in advances.

HBL is fully committed to supporting the State Bank of Pakistan's schemes for the SME sector and have disbursed over Rs 8 billion under these initiatives in 2023. HBL also has the distinction to launch an innovative cash flow-based lending which has shown a remarkable growth since its launch in 2022, with total disbursement exceeding Rs 13 billion by the end of 2023.





HBL Agri

In 2023, HBL Agriculture Banking significantly contributed to enhancing climate resilience within Pakistan's agricultural sector, which is critically impacted by climate change. This change adversely affects crop yields and livestock due to unpredictable weather patterns. HBL's strategic initiatives, designed with foresight and planning, were aimed at equipping farmers with climate-smart agricultural practices, incorporating advanced farming equipment, precision agriculture techniques, risk mitigation through insurance, and the cultivation of climate-resilient crop varieties. Notably, HBL provided Rs 2 billion in financing to 833 borrowers for solar-powered tube-well projects, facilitating efficient irrigation solutions that also minimize environmental footprint. Furthermore, Rs 752 million was provided in loans against Electronic Warehouse Receipt Financing (EWRf) program, aimed at reducing post-harvest losses and protecting farmers from volatile market conditions.

Additionally, HBL's 42,000 borrowers with an outstanding portfolio of Rs 23 billion were insured under the crop loan insurance scheme, bolstering their resilience against climatic adversities. Through Value Chain Financing (VCF), the bank also financed Rs 60 million under the corporate guarantee of processors, supporting import of high-quality, climate-resistant seeds.

Moreover, 5,500 farmers borrowed over Rs 9 billion in crop production finance allowing them access to funds for promoting the adoption of innovative farming strategies and enhancing precision agriculture practices. These comprehensive measures underscore HBL's commitment to fortifying Pakistan's agricultural sector against the challenges posed by climate variability.



| HBL Agri funded Solar Powered tubewells in Tando Jam, Sindh.



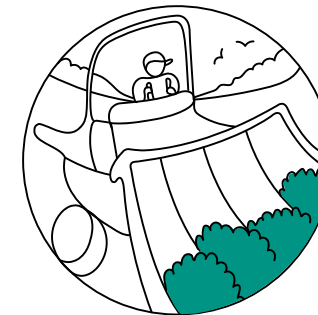
HBL Zarai Services

Building on a successful proof of concept, HBL has established HBL Zarai Services Limited, a wholly-owned subsidiary aimed at revolutionizing the agricultural value chain. HBL Zarai focuses on boosting local farming productivity and fostering inclusive growth by providing farmers with agronomy services, crop inputs, access to modern mechanization and more. These services are offered through Zarai Deras, specialized distribution and service centers in key rural areas. By improving access to essential resources, HBL Zarai enhances farmer productivity, contributing to the economic development of Pakistan's agricultural sector.



1. Seeding

- a) Crop Planning
- b) Provides agronomical advisory



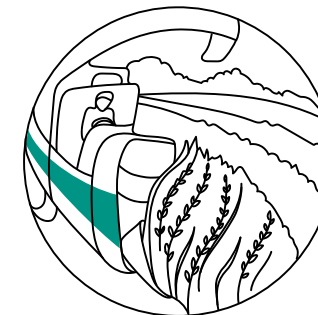
2. Transplanting

- a) Mechanised planting
- b) Quality inputs
- c) Increasing efficiency



3. Growing, Tilling & Reproductive Phase

- a) Crop Sowing
- b) Optimal Land Preparation through technological intervention
- c) Provision of quality inputs



4. Harvesting

- a) Crop harvesting
- b) Mechanised harvesting to minimise the yield losses



5. Selling

- a) Provides SME/LME with better quality inputs/raw materials



HBL's Role

HBL Zarai's Role



Equity

Banking facilities and operational support

Integration with customers and business verticals

Farmer's Handholding

Lynchpin of HBL Zarai

Farmer's handholding on production and off-take of the produce

Zarai Deras and Konnect Franchises

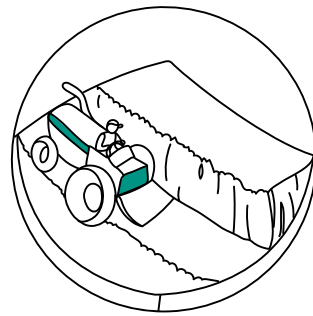
HBL Zarei Services - A disruptive way forward



Input Aggregation



Agronomy



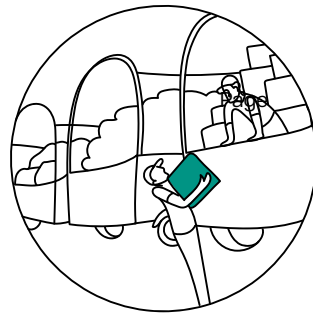
Mechanization



Warehousing



Offtake and Export



Logistics



HBL has developed several banking products to support the needs of individuals as well as the country's economic development. A few examples are below:

Haryali Account

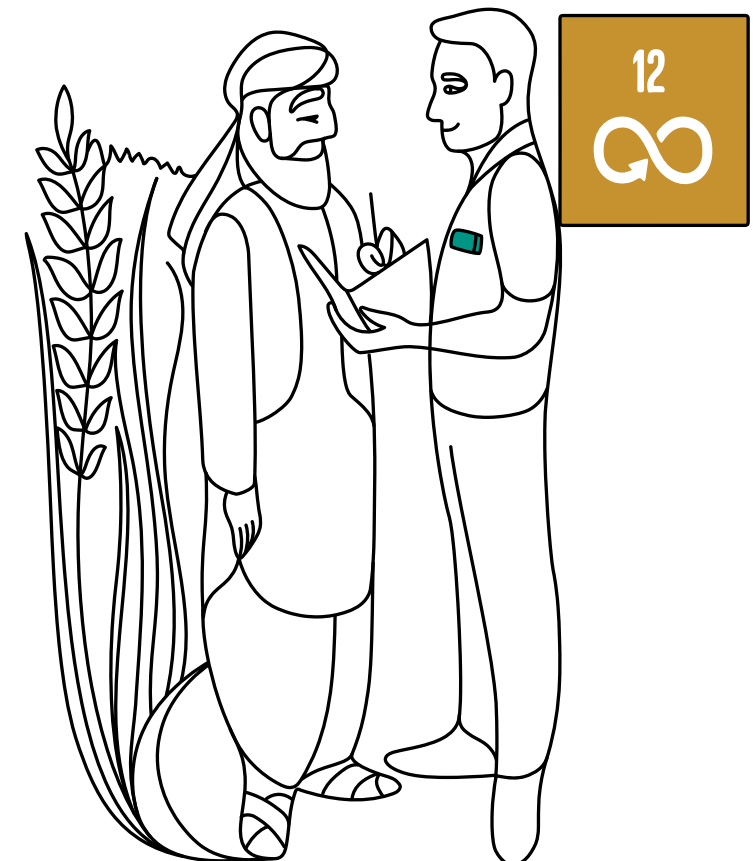
Following its commitment to sustainable banking practices, HBL offers a specialized deposit account designed to meet the day-to-day banking needs of farmers. As part of HBL Agri, the 'Haryali Account' will provide individuals working in the agriculture sector a convenient and hassle-free banking experience.

Roshan Digital Account

HBL was at the forefront of the **Roshan Digital Account (RDA)** initiative, providing innovative end-to-end digital banking solutions for millions of non-resident Pakistanis (NRPs) worldwide. HBL's significant contribution to the initiative garnered a market-leading share of RDA accounts, channeling \$292 million in 2023 into the country. HBL's role as one of the top 3 banks for the initiative reaffirms its standing in the industry. Since inception, the portfolio has crossed the \$1.2 billion milestone.

Mahana Amdan

HBL introduced '**Mahana Amdan**', a pioneering savings product, with a portfolio of over Rs 120 billion to empower individuals and families across the country to achieve financial security and prosperity.



HBL Microfinance Bank

HBL MfB is adaptive and has used the latest technologies to improve efficiencies. With increased outreach and convenience, the MfB has also expanded its digital offerings, including remote account opening, digital loan service (nano loans), online utility bill payment, funds transfer, and debit card. Some of these initiatives include tablet-based technology for lending, called Customer Management Solution (CMS). CMS is an inhouse innovation of HBL MfB, developed for ease of customer service, client digital onboarding, and convenience in access to banking, particularly for underserved segments of society. CMS also enables a reduction in turnaround times for loan decisions and allows for loan formalities to be carried out from the ease of the customer's home.

CMS also facilitates field staff during signups, allowing for increased efficiency in the submission and processing of applications, a systematic reduction of erroneous inputs, and features that assist the staff in post-approval activities, providing an important tool in employee performance measurement.



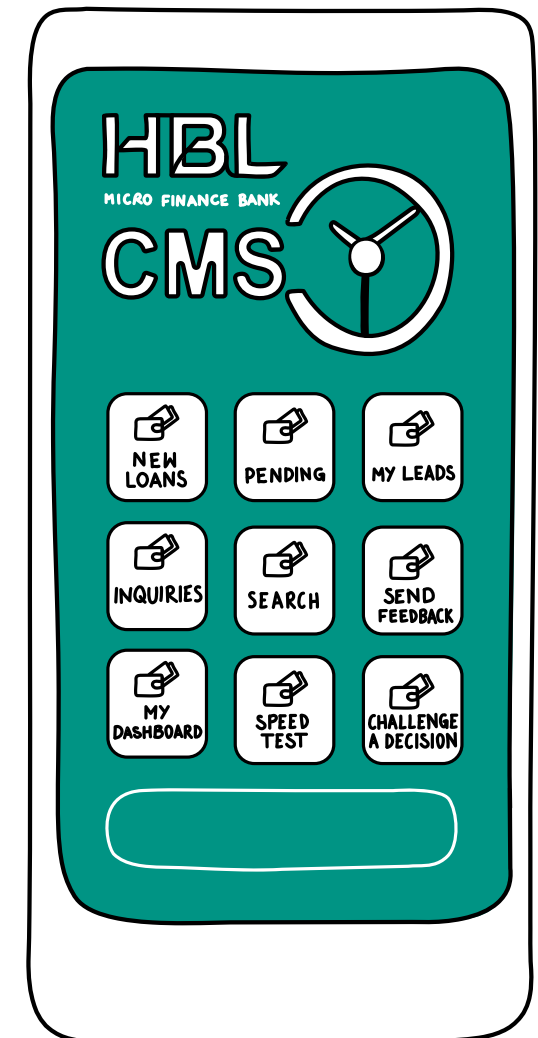
- Investment of Rs 648 million for the year 2023 in digitization of processes and technological advancements, allowing for ease of



| HBL MfB Loan Officer onboarding loan client through the CMS at her home.

business for clients through reduced turnaround times, digital onboarding of customers, and digital loan disbursements.

- Implementation of a real-time Fraud Monitoring System, Transaction Monitoring System, and MAZARS for improved internal controls and robust monitoring of cyber security risk.
- 929,000 Branchless Banking wallets opened under FirstPay E-Wallet.
- Nano Loans disbursed to 72,000 customers.
- Access Banking App: A smartphone (android and iOS) compatible mobile banking application for its conventional deposit account holders, that offers a wide range of services including funds transfer, auto-visible account balance, complaint registration, bill payments, ATM locator, mini-statement.
- ATM Debit Cards: HBL MfB's Classic and Gold Debit Cards offer its conventional and branchless banking customers 24/7 access to cash and cashless banking services through ATMs and P.O.S. machines nationwide. The MfB is the highest issuer of PayPak debit cards in the microfinance banking industry for the last 3 consecutive years.
- Unstructured Supplementary Service Data (USSD) Banking: To further facilitate financial inclusion, especially for a large portion of the target market that does not own a smartphone, HBL MfB offers USSD Banking services allowing access to financial services through a channel requiring only a standard mobile network connection. The USSD Banking channel is also the preferred mode of service for customers in areas with low internet connectivity.
- Contact Centre: HBL MfB's 24/7 toll-free helpline (0800-425-63) allows easy access to information, assistance, and banking services at any time through its multi-lingual team.





| National Financial Literacy session conducted by HBL in Thar, Sindh.

National Financial Literacy Program

In June 2018, the State Bank of Pakistan introduced the nation's first-ever National Financial Literacy Program (NFLP) to advance financial inclusion across the country by disseminating financial education, specifically to the unbanked and underbanked segments of Pakistan. This initiative was launched in collaboration with 34 banks.

The key objectives of this program are to:

- Impart knowledge and understanding of financial concepts, banking/ financial products, and services.
- Develop skills and attitudes towards budgeting, savings, investment, debt management, financial negotiation, rights, and obligations.
- Facilitate behavioral changes and practices to improve financial outcomes, including financial wellbeing through increased savings, improved debt management, and perceived financial stress or satisfaction.

HBL

In 2023, under the SBP's mandatory National Financial Literacy Program (NFLP), 380 financial literacy sessions were conducted. Over 12,000 individuals across Pakistan were educated on financial topics approved by the SBP, out of which 11,600 attendees opened bank accounts with HBL.

Since the launch of NFLP in 2018, HBL has conducted a total 3,350 sessions in 51 districts across Pakistan. A total of 92,780 individuals were benefitted, with 72,100 achieving financial inclusion by opening bank accounts with HBL.





HBL Microfinance Bank

HBL MfB's mandate since its inception has been to work towards improving the quality of life of people, with a particular focus on expanding financial inclusion. The MfB actively works with the regulator and other stakeholders to uplift the industry. As a leading bank in the microfinance sector, HBL MfB has been working towards enhancing financial inclusion in the country through its services, as well as its educational and awareness campaigns, targeting segments not previously catered to by the mainstream commercial banking sector.

As a responsible corporate citizen, HBL MfB continues to work towards enabling the disenfranchised, and has been participating as a partner in the SBP's NFLP, with fiscal year-wise targets. The MfB consistently outperformed these targets in terms of providing financial literacy to both clients and non-clients.

In line with HBL MfB's vision "to enable people to improve their quality of life with inclusive and innovative financial solutions", the MfB Board has constituted a Financial Inclusion & Sustainability Committee (BFISC) at the Board level, that routinely assesses the MfB's performance.

HBL MfB has remained an active part of NFLP, imparting financial literacy to 95,000 beneficiaries across Pakistan, of which 50% were women. 80% of them opened an account with the Bank. The Bank's efforts in this regard were recognised by SBP, which awarded it as the **Best MfB Award for Financial Literacy**.

The following methods are used to gauge the effectiveness of our programs:

- Participants' Feedback
- Focus Groups
- Comparison of Pre and Post Assessment Scores
- Reduction in complaints or error rate in the relevant area
- Improvement in figures/ scores

Procurement Practices

GRI: 204

SDG 12 – Responsible Consumption and Production

HBL

The Bank has a BoD approved Procurement Policy in place, detailing the Bank's stance on best procurement practices, transparency, and competitive business practices. The policy is applicable to all procurement activities undertaken by HBL (domestic and international locations, as applicable) and governs the procurement process of all goods and services, including consulting services required by the Bank. The policy assists in specifying, executing, and governing activities related to Procurement and Vendor Management.

The most common types of procurement handled by the Bank are: general, IT, marketing, and services procurement. Adherence to and compliance with all applicable laws, regulations and standards is ensured during the process. The procurement function is centralized at the Head Office for the entire Bank, and all applicable requirements are raised by relevant functions and reviewed/approved by the competent authority of each function. However, this does not include routine/minor maintenance at branches, which are locally managed at the regional level through local hierarchical approvals.

If any event related to procurement gives rise to issues that could impact HBL's operations, including negatively impacting clients or affecting the ability to meet regulatory obligations, it is escalated to senior management. If termination of the contract is deemed necessary, the Legal Department is consulted to ensure that legal and contractual requirements are met.

The Bank's procurement policies and procedures allow flexibility to amend processes and practices based on any event/ action having a potential negative impact. There have been instances of strengthening vendor control over financial transparency by communicating HBL's Code of Conduct, amending contract clauses to include business continuity, and government laws.

On a periodic basis, the Bank monitors vendor performance and there have been instances where de-listing of the vendors has occurred after proper investigation by ensuring no service disruption occurs. 1 vendor was delisted in 2023, based on performance issues, user feedback and periodic evaluations. This has further led to drafting and sharing with more than 700 vendors a separate (legally vetted) Code of Conduct for vendors that includes adherence to performance as well as transparency standards.



The Bank has initiated vendor engagement for sustainability awareness. A seminar was conducted in 2023 for major vendors, at which HBL's net zero aspirations were shared, along with expectations from vendors.

The Bank spent Rs 19.69 billion in 2022 and Rs 25.28 billion in 2023. Major increase in spending is due to expansion of activities and USD impact on equipment (including IT related equipment).

HBL Microfinance Bank

HBL MfB maintains clear communication with all its vendors and service providers to adhere strictly to ethical standards in all aspects of their work.

Child Labor Avoidance: Under no circumstances should child labor be involved in any part of the products or services provided to us. We expect full compliance with all applicable laws and regulations pertaining to child labor. No vendor is allowed to employ underage workers for work at any of bank's premises or projects.

Worker Safety: The safety and security of workers involved in providing goods or services to us are of paramount importance. It is imperative that appropriate measures are in place to ensure their well-being throughout the duration of their work.

Economic resources, such as local businesses in coastal regions, may suffer from decreased revenue due to environmental degradation. Environmental resources like marine ecosystems and forests are at risk of pollution and habitat destruction, impacting biodiversity and ecosystem services, particularly in sensitive areas like tropical rainforests. Stakeholders, including local communities and indigenous populations near industrial zones or areas of rapid urbanization, face potential adverse health effects, displacement, and loss of cultural heritage.

Identify Activities and Relationships: Review procurement activities for potential negative impacts.

By proactively implementing the actions highlighted above, HBL MfB minimizes the likelihood of potential negative impacts and bolsters its resilience to risks, thereby enabling sustainable and responsible business practices.

Anticorruption

GRI: 205

HBL has a zero-tolerance policy for bribery and corruption, and actively combats corruption through its Anti-Corruption Program: this entails disciplinary actions, including termination, and reporting wrongdoings to relevant authorities as required by law. While accelerating implementation of robust financial inclusion initiatives across Pakistan, we, at HBL, are vigilant and watchful of bribery and corruption. It is the responsibility of the Bank and its staff to discourage/condemn all such illicit practices.

Reporting mechanisms, including a Whistleblowing Program, are in place for addressing suspected instances of bribery or corruption. These guidelines play a vital role in ensuring the Bank’s adherence to ethical standards and legal requirements across its operations. HBL adheres to the SBP’s regulations on ethics, conduct, and fairness, and aligns itself with global best practices.

Before onboarding a vendor, the Bank’s periodic vendor performance evaluation system screens vendors from the compliance point of view as well as through a market scan of reputation and performance.

A comprehensive eLearning module on Anti-Bribery and Corruption is currently in place for all permanent staff. All new employees are enrolled in this eLearning module with one month’s deadline to complete.

Completion Status – eLearning Anti-Bribery and Corruption	
Pakistan staff	94%
International staff	94%

In-person and virtual sessions were conducted for **‘Awareness & Outreach Session on CoC, ABC Guidelines, Whistleblowing Program, Speak Up Culture’** and **‘Building a Culture of Integrity’**.

Awareness and Outreach Sessions	
Number of sessions conducted	51
Permanent staff trained	2,003
Contractual staff trained	87
Total trained	2,090

At HBL, zero incidents of corruption with business partners were reported in 2023. At HBL MfB, 11 Cases were reported, and all have been addressed in accordance with our Disciplinary Process.

Tax

GRI: 207

HBL’s Taxation department ensures compliance with all applicable tax laws. Effective controls are placed where required to support business units for the purpose of tax compliance.

The Chief Financial Officer and the Head of Taxation review, supervise and approve decision-making, ensuring implementation of all tax requirements. Strict compliance is adopted by management in all matters relating to tax and regulatory compliance.

Internal audit is carried out regularly to verify compliance and an action plan is provided to resolve any issues.

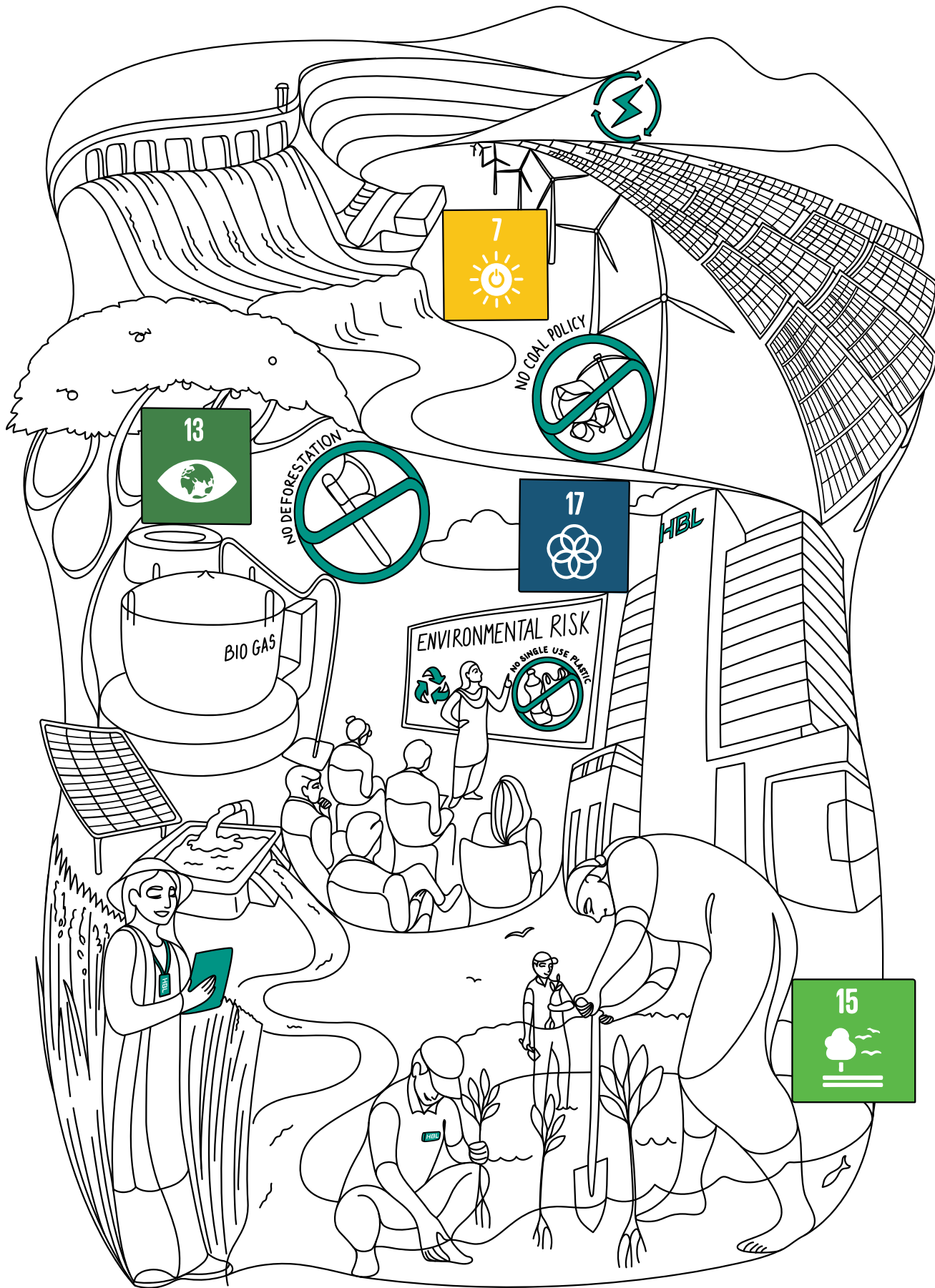
The Bank maintains a friendly and cooperative relationship with tax authorities, while also ensuring that the legal limitation on the powers of the tax authorities is respected and upheld. Other external stakeholders include banks, when discussing specific questions of banking taxation through the Pakistan Banking Association forum.



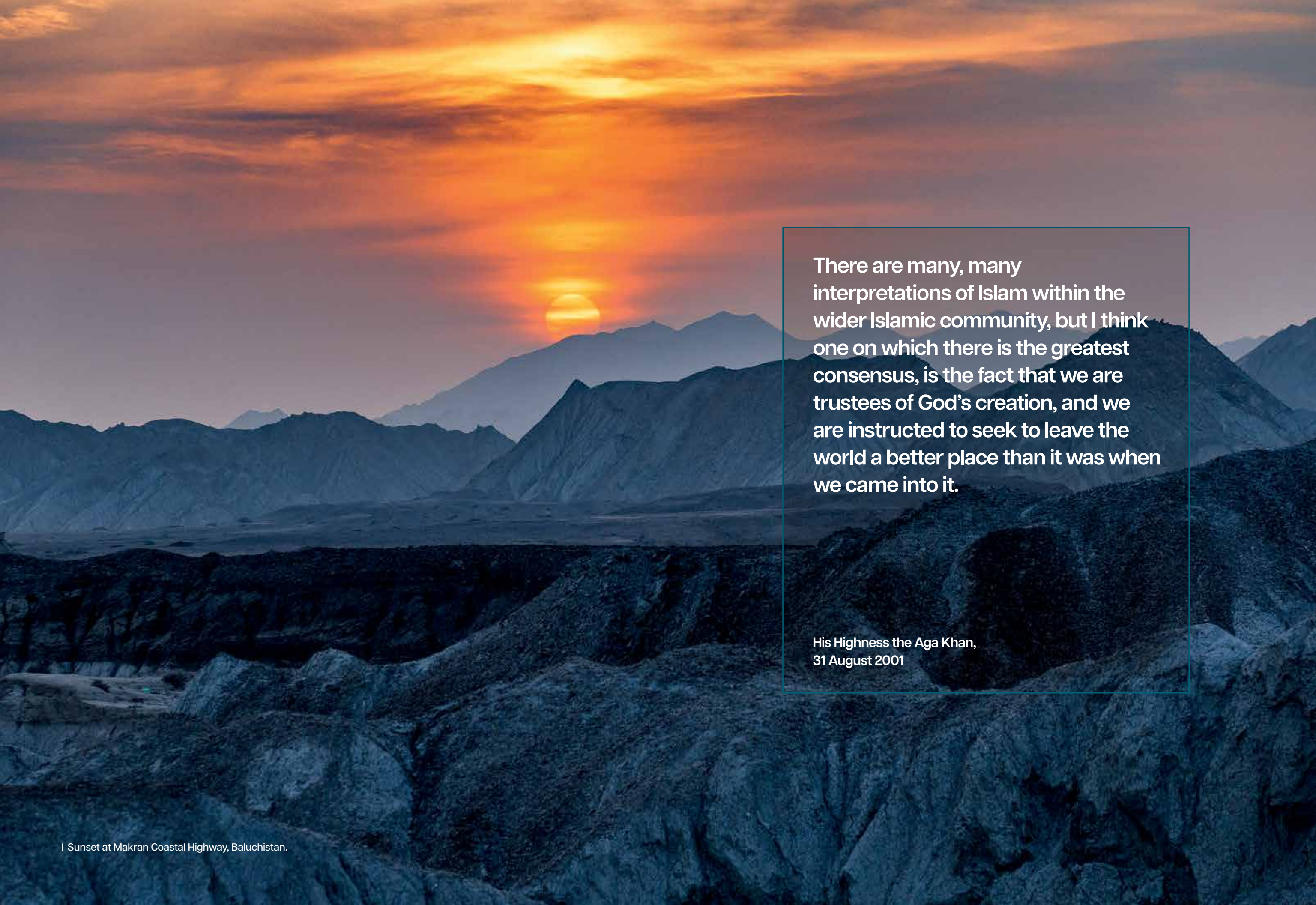
| HBL employee working at Shared Services, Karachi.

Environment

Operating Within Ecological Borders



- Green Investment and Strategies 124
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- Energy 136
- Biodiversity 138
- Emissions 146

A sunset over a mountain range with a quote by His Highness the Aga Khan. The sun is low on the horizon, casting a warm glow over the mountains. The sky is filled with soft, orange and yellow clouds. The mountains in the foreground are dark and silhouetted against the bright sky. The overall scene is peaceful and majestic.

There are many, many interpretations of Islam within the wider Islamic community, but I think one on which there is the greatest consensus, is the fact that we are trustees of God's creation, and we are instructed to seek to leave the world a better place than it was when we came into it.

His Highness the Aga Khan,
31 August 2001

Green Investments and Strategies

GRI: 2-22, 2-23, 201-2

SDG 7 – Affordable and Clean Energy

SDG 13 – Climate Action

SDG 15 – Life on Land

SDG 17 – Partnership for the Goals

HBL

HBL's Social, Environmental Management Systems (SEMS) is committed to support the assessment and, where necessary, improvement of our customer's environmental and social performance and provision of sustainable green finance. Environmental and social performance of our customers is a key business consideration across relevant sectors, products, and geographies. This policy is supported by SEMS' Standard Operating Procedure (SOP), which provides a roadmap for day-to-day operations, ensures compliance with laws and regulations, gives guidance for decision-making, and streamlines internal processes. The SOP is aligned with the SBP's Green Banking Guidelines (GBG) and Environmental and Social Risk Management (ESRM) Implementation Manual. Promoting responsible financial institution thinking, SEMS is the key driver for HBL to adopt climate action efforts to reduce greenhouse gas emissions, strengthen resilience and capacity to climate change, social inclusion, labor and gender, responsible consumption, infrastructure, production, and sustainable green finance initiatives.

HBL has policies on the following:

- **Implementing ESRM to limit Environment and Social Risk in Credit Management (which includes environmental, social, and climate risk)**
- **HBL Exclusion List**
- **Promoting Green Financing**
- **Own Impact Reduction**
- **Stakeholder Engagement**
- **Disclosures**

HBL aims to bring down its coal-related exposure to zero by 2030. This commitment is specific to coal-based mining and power projects.

The Bank, as a policy, has committed to reducing its carbon emissions to achieve a net-zero carbon emissions target in its operations by 2030. This is done adhering with the AKDN Environment and Climate Change Commitment Statement. HBL has undertaken an external international consultancy to determine the baseline of its operational and financed emissions.

Deforestation Policy

HBL's policy prohibits illegal logging and logging operations or conversion of land for plantation in primary tropical moist forests; it also prohibits the production or trade of wood or other forestry products, except those from sustainably managed or farmed forests. HBL will not fund or engage in production or trade of any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

Climate Change Operational Framework

The Bank, as a policy, has committed to reduce its carbon emissions and achieve a net-zero carbon emissions target in its operations by 2030. This is done in line with AKDN guidelines of environmental commitment.

Climate Risk Management

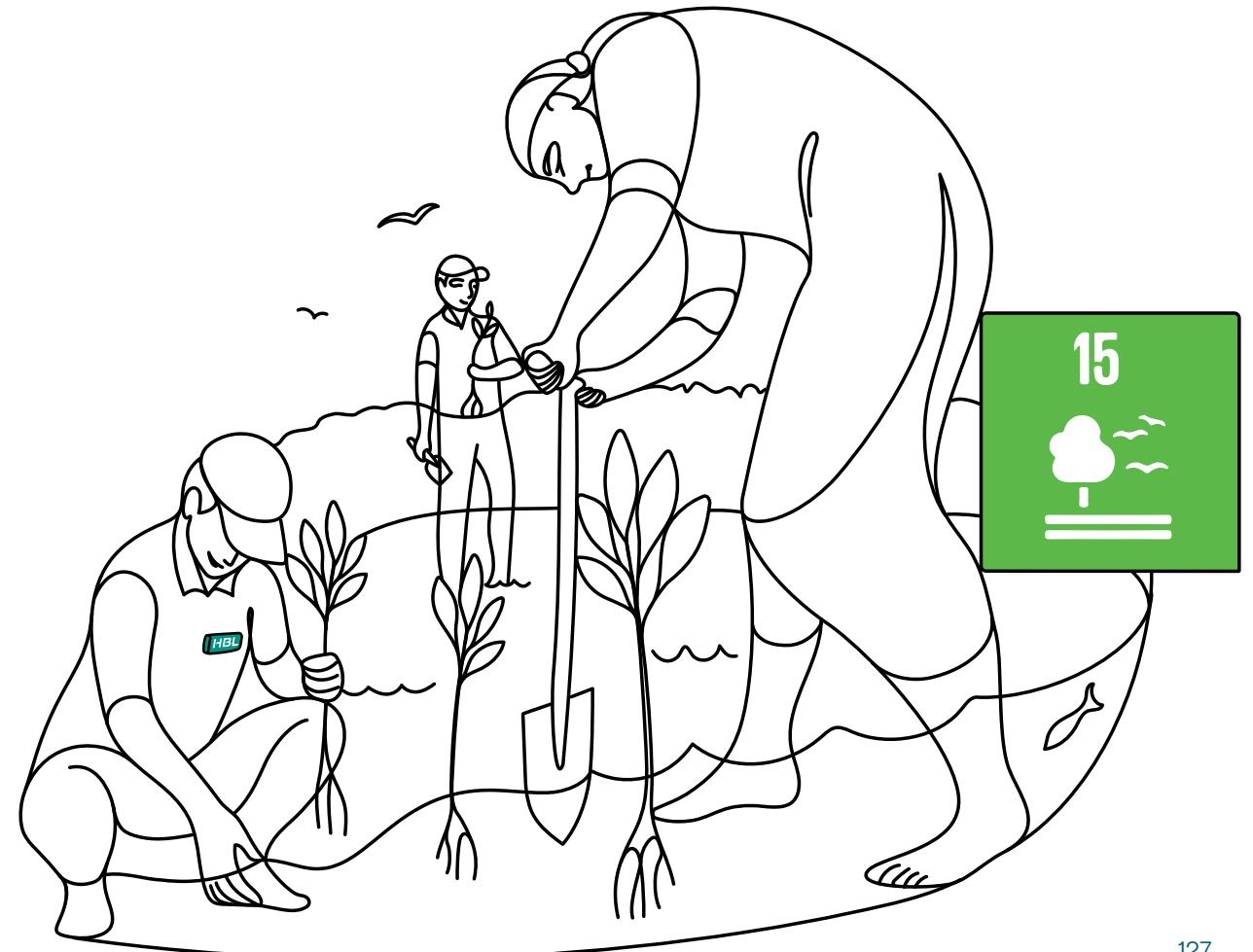
Through ESRM, HBL systematically reviews, assesses and manages environmental, social and climate risks of its clients, under the purview of national environmental, social and climate change laws and regulations. In addition, for Project Finance and Project-related Corporate Finance, screening against IFC Performance Standards is also carried out. We recognize that climate related risks are comprised of:

- Physical risks arising from the impact of weather events and long-term or widespread environmental changes such as floods, droughts, heat waves and rising sea levels. This risk driver shall be addressed in the Business Continuity Planning of the bank's own operations.
- Transitional risks arising from the process of adjustment to an environmentally sustainable economy, including changes in public policies, disruptive technological developments, and shifts in consumer and investor preferences.

Tackling Climate Change, building Climate and Disaster Risk Resilience, enhancing Environmental Sustainability

SEMS and the General Administration Department (now Sourcing & Sustainability Operations) will jointly engage to reduce the carbon footprint of HBL's operations and reach Net Zero (Scope 1 & 2) by 2030. To achieve this target, the Bank is carrying out initiatives on improving energy efficiencies, water consumption, paper reduction, waste management, plantation (to contribute towards AKDN's target of growing at least 50 million trees by 2030), scaling up investment in Nature-Based Solutions (NBS), and offsetting emissions. These initiatives in turn will impact long term cost reduction benefits. Nature Based Solutions include actions to protect,

sustainably manage, and/or restore natural ecosystems that effectively and adaptively address societal challenges, such as climate change, human health, food and water security, and disaster risk reduction, while providing for human well-being and biodiversity benefits.



Impact on the Environment



Green Finance

82 renewable energy projects in 2024 where HBL currently has exposure. 11% increase from last year. In terms of financing, there is an increase of 16%.

3727 MW of renewable energy projects where HBL has exposure as of December 2023.

GHG emissions have increased.

17 Green Taxonomy trainings conducted.

512 individuals trained.



Climate Change

HBL is the first bank in Pakistan to become a signatory to the United Nations Environment Program - Finance Initiative's Principles of Responsible Banking (PRB) and its climate accelerator Net Zero Banking Alliance (NZBA) in September 2023. HBL signed the Capacity Building Alliance of Sustainable Investment (CASI) in September 2023 thus becoming the first CASI member in Pakistan.



Biodiversity

116,535 saplings planted in 2023, with a 353% increase from 2022.

Port Qasim: 60,000 saplings,
Miani Hurr 20,000 saplings,
Olives in Babri Banda, Kohat: 2550 saplings

Plantation in Sost, Hunza
Gilgit Baltistan: 30,000

Total Area covered: 52.95 hectares.

Own Impact Reduction



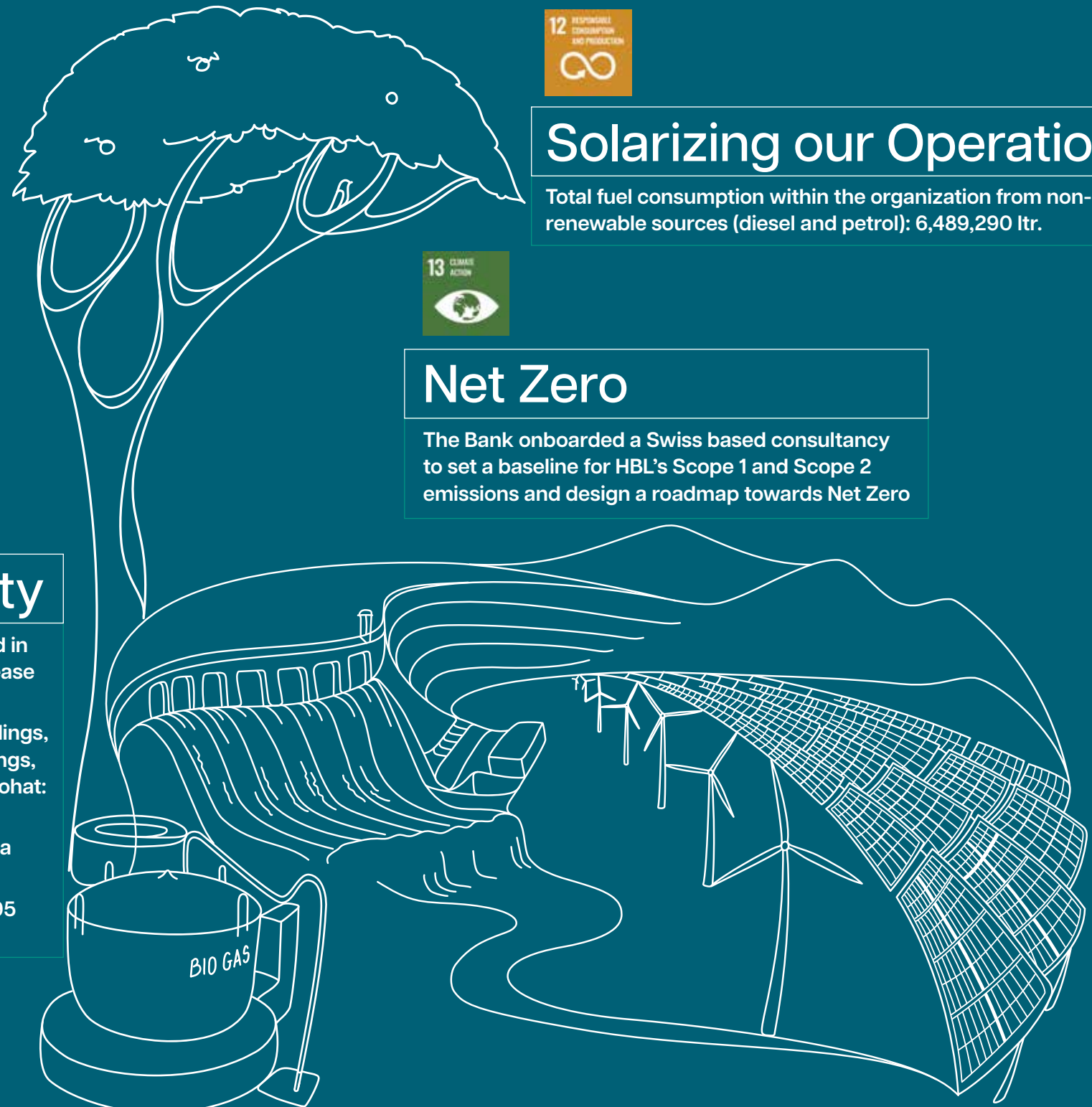
Solarizing our Operations

Total fuel consumption within the organization from non-renewable sources (diesel and petrol): 6,489,290 ltr.



Net Zero

The Bank onboarded a Swiss based consultancy to set a baseline for HBL's Scope 1 and Scope 2 emissions and design a roadmap towards Net Zero



Reducing Our Own Impact

SDG 12 – Responsible Consumption and Production

SDG 13 – Climate Action



Energy Audit

- HBL Annexe
- Cantt. Branch Multan
- Cantt. Branch Lahore

Solar System Installation

- Branches: 204
- Offsite ATM: 31
- Carbon Footprint reduction: 500+ MT/Year

Paper Conservation

- Corporate Communications
- Digital Initiatives
- Adobe Sign Usage
- Charged ATM Receipt
- Dual Side Printing

Online Meeting/ Travel

- Digital initiatives
- Zoom
- Teams

WWF Certification (Green Office)

- HBL Port Qasim Branch
- HBL PAF Shahrah-e-Faisal

Energy Conservation

- HBL Tower Karachi - BMS
- HBL Plaza - LMS
- HBL Annexe - LMS
- HBL Mai Kolachi – BMS
- Dolmen Sky Tower – BMS
- Average Electricity Unit Saving: 30-35%

Horticulture/ Indoor Plants

- South Region: 3,800+
- Central Region: 700+
- North Region: 550+
- Overall 5,100+ indoor plants are being managed by Facility Management

Green Procurement

- Supplier Green Assessment
- Energy Efficient Product Procurement

Sustainability Summits

- Bank-wide: Conducted in Lahore, Islamabad, and Multan
- Vendor Specific: Karachi

3-Bin Policy (Waste Management)

- Jubilee General Insurance (JGI) Building
- Dolmen Sky Tower
- Proper Waste disposal and recycling

GHG Reporting & Impact Reduction

- Monitoring and Reporting of Scope 1, 2 & 3 Emissions

Modular Construction

- Modular Vault development in collaboration with NED University of Engineering, Karachi
- Reversible Process, Reutilization of Materials
- Reduction in construction related emissions

Fuel Management

- Encourage Online Meetings
- Smart Fuel Card for Vehicles
- Smart Fuel Card for Generators



HBL Microfinance Bank

The energy-related activities of HBL MfB have both actual and potential impacts on the economy, environment, and people of the country, with associated considerations for human rights.

Economic Costs:

The energy-intensive operations may contribute to increased operational costs, impacting economic efficiency.

Environmental Degradation:

Traditional energy sources might lead to environmental degradation, including air and water pollution, negatively affecting ecosystems.

Health Concerns:

Depending on the energy mix, negative health impacts may arise, affecting both employees and communities surrounding HBL MfB's operations.

Economic Efficiency:

Implementing energy-efficient practices can lead to cost savings, enhancing economic sustainability for HBL MfB.

Environmental Stewardship:

Transitioning to renewable energy sources can contribute positively to environmental conservation, reducing HBL MfB's carbon footprint.

Community Well-being:

Sustainable energy practices lead to improved air quality, positively impacting the health and well-being of communities associated with HBL MfB.

To effectively manage the usage of energy and its related impacts, HBL MfB has implemented a range of strategic actions:

- Energy Efficiency Initiatives
- Transition to Renewable Energy
- Supply Chain Sustainability
- Employee Training and Awareness Programs
- Continuous Monitoring and Reporting
- Paperless Initiatives

- Solar Loans facility to Bank employees
- Solar Loans facility for Borrowers
- Water Conservation Activity

The MfB implemented proactive measures to prevent or mitigate potential negative impacts associated with its energy-related activities. These actions include:

Environmental Impact Assessments: Before initiating any new energy-related project or activity, HBL MfB conducts thorough environmental impact assessments. This process helps identify potential negative impacts and provides insights for designing mitigating strategies.

Adoption of Cleaner Technologies: The organization actively seeks and adopts cleaner and more sustainable technologies in its energy-related operations. This initiative aims to minimize emissions, reduce environmental footprint, and prevent potential adverse effects.

Regular Audits and Compliance Checks: The organization conducts regular audits to assess compliance with environmental regulations and internal sustainability standards. This helps identify areas of improvement and ensures that energy-related activities adhere to established guidelines.

To achieve its ambition of becoming Net Zero in operations, HBL MfB has a strategy in place with specific targets set in the following key areas:

- Energy Conservation
- Sustainable Activities
- Renewable Energy Adoption
- GHG Emission Reduction
- Plantation Initiatives

Indicators to Evaluate Progress:

Regular tracking of GHG emissions across scopes, with interim targets to gauge progress. Monitoring the success of plantation initiatives through metrics such as the number of trees planted and their environmental impact.

- Quarterly assessments of energy consumption reduction.
- Annual reports on the percentage increase in renewable energy adoption.



Mitigation of potential negative impacts:

To proactively address and mitigate potential negative impacts, the organization has implemented a range of strategic actions:

Training & Awareness Sessions: Regular training and awareness sessions have been conducted to educate employees about sustainable practices, energy conservation, and the overall impact of their actions on the environment.

Travel Minimization Efforts: The organization is actively working to minimize travel-related emissions by promoting virtual meetings and other alternatives, thus reducing the environmental impact associated with business travel.

Single-Use Plastic Reduction: Efforts have been made to minimize the use of single-use plastic within the organization, contributing to waste reduction and environmental sustainability.

Engagement of Vendors: The organization engages with vendors who align with environmentally friendly practices, promoting a sustainable supply chain and minimizing negative impacts associated with business relationships.

Branches Solarized: A significant initiative involved the solarization of branches, aiming to reduce carbon footprint and reliance on nonrenewable energy sources. This step contributes directly to addressing environmental concerns associated with traditional energy consumption.

Daily Earth Hour Celebration: The organization actively engages in the daily celebration of Earth Hour, demonstrating a commitment to energy conservation and raising awareness about environmental issues. This initiative serves to mitigate negative impacts on the environment.

Plantation Drives: Recognizing the importance of biodiversity and carbon sequestration, the organization conducts plantation drives. This action not only addresses environmental degradation but also contributes positively to ecosystem restoration.

Emission Reduction Initiatives: The organization is actively engaged in implementing emission reduction initiatives, including the adoption of cleaner technologies, process optimization, and regular maintenance of equipment to minimize emissions.

Investment in Renewable Energy: A significant step has been taken by investing in renewable energy sources. This not only reduces reliance on traditional,

emission-intensive energy but also contributes positively to environmental conservation.

Carbon Offset Programs: The organization participates in carbon offset programs to mitigate its carbon footprint. This involves investing in projects that absorb or reduce greenhouse gas emissions, furthering the positive impact on the environment.



Energy

GRI: 302

SDG 12 – Responsible Consumption and Production

SDG 13 – Climate Action

HBL

Energy Consumption at HBL in 2023

Total fuel consumption from non-renewable sources	6,489,290 ltr
Total energy consumption	59,809,682 kWh
Total non-renewable fuel consumption	59,141,319 kWh
Solar power generated	668,363 kWh

HBL

In adherence with the AKDN Environmental and Climate Commitment Statement, HBL had baseline emissions evaluated by a third-party consultant in 2023 and is drafting a clear plan to achieve the target of operational net-zero carbon emissions by 2030.

At HBL, a complete revolution in interventions is being carried out to bring down its emissions through electricity rationalization, energy audits of premises, installation of light management, building management systems, solarization, IoT based fuel consumption monitoring, water conservation, green procurement, plastic reduction, and more. Further initiatives to offset GHG emissions include reduction in travelling, reduction in paper usage, and Green Office Certification so far for two HBL branches.

HBL has also initiated sustainability summits across its regional offices in Pakistan to raise employee awareness of GHG emissions and impact reduction initiatives. These summits emphasize the critical role of employee contributions in achieving net-zero targets.

In 2023, a total of 59,141,319 kWh units of grid electricity were consumed. HBL has installed solar panels on 235 of its sites (branches and ATMs), thereby achieving 500+ MT of CO2e reduction.

The Bank is yet to start the process of embedding lessons learnt into its operations. The Bank reports its energy emissions numbers to various internal and external stakeholders, including AKDN. Actions, if required or suggested, are taken accordingly.

HBL Microfinance Bank

Energy consumption at HBL Microfinance Bank in 2023

Electricity consumed	5,385,800 kWh
Total fuel consumed	365,878 ltr (Diesel & Petrol)
Renewable energy generated	120,000 kWh
Total energy consumed	6,585,800 kWh

Biodiversity

GRI: 304

SDG 13 – Climate Action

SDG 15 – Life on Land

SDG 17 – Partnerships for the Goals

HBL

Being the largest bank in Pakistan, HBL contributes towards better practices in terms of environment and society.

The Bank is exposed to some level of E&S risk directly and through our clients. If left unmanaged, these risks can lead to a decline in the Bank's reputational image, costly litigation, or loss of revenue. The type, quantity and severity of E&S issues that present a risk to any bank for any given transaction can vary by geography, line of business, sector, customer characteristics, and other factors. HBL has dedicated resources, as well as developed policies and frameworks, to aid Pakistan in developing sustainably. Through ESRM, HBL systematically reviews, assesses, and manages environmental, social and climate risks of the clients under the purview of national environmental, social and climate change laws and regulations. In addition, for Project Finance and Project-related Corporate Finance, screening against IFC Performance Standards is also carried out.

HBL will guide its clients on improving business practices, especially in industries which may have a negative impact on biodiversity, such as textile, mining, hydropower, fossil fuels, and chemical manufacturing.

HBL is committed to looking at the holistic, collective impact of humanity on Earth. Under this commitment, biodiversity considerations have been integrated into HBL's Environmental, Social and Governance procedures. HBL has developed an Environmental and Social Risk Management system and introduced many policies that look at biodiversity, including the commitment to refrain from any initiatives involving illegal deforestation.

Our Requirements for clients include:

- All national regulations pertaining to E&S governance. This means all relevant E&S permits (Environmental Protection Agency Approvals), consents, licenses, and monitoring of E&S parameters as per the national regulations are to be considered as mandatory compliance requirements for evaluation of a loan application.
- The ESRM requirements of the State Bank of Pakistan.
- Compliance with relevant international standards that include the core International Labour Organization's (ILO) conventions related to child and forced labour.
- Adherence to IFC Performance Standards will be considered in case of Project Finance and Long-term Corporate Finance.

- Compliance with HBL's Exclusion List consisting of the activities which the Bank will not finance.
- In addition to the regulatory requirements, if clients have management systems in place as per international frameworks, such as ISO 14001 for environmental management, OHSAS 18001 for occupational health and safety, SA 8000 for socially acceptable practices in the workplace, ISO 26000 for social responsibility, then they will be considered to have good practices.

Furthermore, HBL has an exclusion list that defines all activities that the bank will not engage in, including the production or trade of products that pose significant harm or threats to wildlife, such as certain pesticides, herbicides, and products that are regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). HBL will also not engage in drift-net fishing in the marine environment using net in excess of 2.5 kilometers in length, deep sea bottom trawling, or fishing with the use of explosives or cyanide. The activities pertaining to biodiversity in the exclusion list are to be exited in 2025 and no new clients are being onboarded. The HBL exclusion list is Board approved, reaffirming top management's commitments towards sustainable practices for biodiversity.

HBL ensures that no child labor or forced labor is being practiced by the clients to whom we lend through Environment and Social Due Diligence process.

HBL launched its own Social, Environmental Management Systems (SEMS) in 2015 and developed its first policy in 2016. The most recent policy was approved in 2023 in line with the SBP's ESRM Implementation Manual that was launched in November 2022. HBL's Social, Environmental Management System policies include an Environmental & Social Due Diligence process. This process is applicable on all the lending portfolio of HBL which are trade, Retail, SME, Commercial, Islamic (corporate and commercial), corporate finance and project finance.

The purpose of the E&S appraisal is to:

- Identify and assess potential E&S impacts and issues, both adverse and beneficial, associated with a proposed investment project.
- Conduct a gap analysis to define areas of project noncompliance with the requirements of national laws.
- Assess the commitment and capacity of the client to manage identified impacts and define remedial measures as needed.
- Assess the quality and adequacy of the client's E&S management systems and practices to avoid, minimize, or mitigate adverse impacts, and define remedial measures as needed.

- Identify measures to avoid, minimize, mitigate, or offset/compensate for adverse impacts on workers, affected communities, and the environment.
- Design an Environmental and Social Action Plan (ESAP) addressing all deficiencies and non-compliances discerned during the appraisal, containing specific tasks designed to close all significant gaps.
- Ensure that the investment contracts (e.g., loan documentation): include appropriate definitions, covenants, clauses, and associated elements to obligate the client to comply with all E&S laws and regulations, the ESAP, and applicable sections of general and sector specific checklists; and stipulate progress and performance reporting obligations.
- Monitoring of the client's E&S activities throughout the relationship, including:
 - E&S performance reports submitted by the client
 - Implementation of any mitigation measures specified in the corrective action plan
 - Monitoring for valid E&S permits or licenses
 - Any fines and penalties for non-compliance with E&S regulations in the past one year
 - Recent reports from the relevant regulator or inspection authority confirming compliance with specified laws, including any emissions measurements proving that emissions are below the permitted limits
 - E&S occurrences including major accidents or incidents associated with a client's operations such as worker injuries and spills
 - Media attention to E&S issues related to the client
 - Any complaints submitted by stakeholders about a client

As part of the SEMS approval process for each transaction, a client has to provide relevant information/documentary evidence to the Business Manager. To respond to the eco-sensitive questions on our ESDD checklist – the main tool used for assessing a client's E&S impact – we offer the client guidance to promote understanding of the project's impact on the ecological balance of the local environment. The Business Manager is made aware that it is critical that the site is not situated in the vicinity of any eco-sensitive zone.

An area may be eco-sensitive because of the presence of a national park, wildlife sanctuary, reserve forest, water bodies (river, pond, spring, etc.), wetlands, legally protected area, mangroves, estuaries, special area for protecting biodiversity. Business Managers are expected to specify in the comments section what kind of eco-sensitive area is present and at what distance and how they have verified the



presence or absence of an eco-sensitive area (e.g., observed from geo-referenced map, google map, interviewing client and local community, visual observation during site visit). Business Managers are required to also mention what sort of mitigation action the client has undertaken in case there is any eco-sensitive area in the vicinity.

If it is determined that the client’s business activities are negatively impacting biodiversity, an Action Plan is developed for corrective measures. Compliance with the Action Plan is part of the Offer Letter’s covenants. Similar actions are taken for all environmental and social risks identified. Furthermore, the HBL SEMS policy has an exclusion list which ensures that the listed high (negative) impact activities cannot be funded by the Bank. HBL also has a No New Coal policy to ensure that the Bank does not onboard clients involved with coal mining and coal fueled power.

- **Promotion of renewable energy lending to clients**
- **Creation of green taxonomy to further identify green financing opportunities for climate change mitigation and adaptation.**
- **Becoming a signatory to the Principles of Responsible Banking (PRB)**

After the initial review by the SEMS team, followed by initial approval and corrective action recommended where applicable, any future approvals are subject to compliance with the initial Action Plan. This motivates the client to correct business practices that may have a negative environmental or social impact. Compliance with the Action Plan is in three forms: fully complied, partially complied, not complied. Any case less than “fully complied” is not ideal, however, partially complied action plans show clients’ willingness to improve their practices.

This framework was introduced in 2023 and the implementation started right after: progress tracking is being carried out from last year and reported to the Board in terms of number of clients who have complied with their ESAP and reduced their risk.

SEMS has a Supervision Checklist in place, which is filled by Business Managers, providing a status updates of ESAP compliance. Furthermore, Business Managers make regular site visits to clients’ places of business. The SEMS team, as per SEMS SOP, accompanies Business Managers in site visits for A-category clients.

HBL’s sustainability goals, including E&S goals, are set at Board and top management level. They are inspired by the commitment of HBL’s top management to greener practices, other stakeholder commitments, as well as the UN SDGs. HBL has set numerous goals, most notably:

- 1. Exiting clients on the exclusion list by 2025, except Coal Mining and Power Generation, which will be exited by 2030.**
- 2. Ensuring all environmental and social action plans are fully complied with.**
- 3. Participating in activities that have a positive impact on the environment, such as HBL’s Annual Plantation Drive.**
- 4. Achieving Net Zero in HBL’s own operations by 2030.**

An example of how procedure has been changed is this: previously, SEMS’s categorization of clients was based on the IFC’s E&S industries categorization of A, B, C. However, after the revision of HBL’s SEMS policy and the development of our SOPs in 2023, the SEMS analysis and categorization of clients is also based on the transaction in question. The main benefit of this change is that instead of having an industry-specific treatment of any client only, the SEMS analysis is based on the client’s business practices and implemented mitigation measures as well. This helps to accurately reflect the client’s impact on the environment and society.

The redesigning of the SEMS Policy and the development of SOPs have been in line with the ESRM manual issued by the State Bank of Pakistan, which recognizes the transaction-based evaluation of clients. For project financing, HBL is following IFC’s performance standard measures.

HBL’s Annual Plantation Drives contribute towards improving the environment, primarily air quality, and mitigating climate change caused by greenhouse gas emissions. Furthermore, in each plantation drive, we make an effort to predominantly plant native, indigenous species that were part of the original biodiversity of that area.



Habitats Protected or Restored:

Mangroves, Olives, and native species of Gilgit Baltistan

HBL is supporting rehabilitation of 20 hectares in 2022 and 52.95 hectares in 2023 in forest cover across Pakistan. Habitat areas protected and restored are in partnership with WWF Pakistan, Khyber Pakhtunkhwa Forest Dept, and Port Qasim Authority (PQA). Status of each area based on its condition at the close of the reporting period is approximately 80% survival rate in the first year.

Natural resource conservation projects:

HBL has carried out Mangroves Plantation in the year 2023. Almost 80,000 Mangroves have been planted in the Port Qasim and Miani Hurr areas. HBL has also conducted plantation of indigenous species in the Sost region of Gilgit Baltistan (GB) in which around 30,000 indigenous saplings were planted. The goal of these plantation initiatives is to both enhance, rehabilitate and conserve natural resources.

Organization/Area/Saplings	Location	Area (hectares)
Mangroves	PQA 60,000 saplings	30
	Miani Hurr 20,000 saplings	10
Olives	Babri Banda Kohat 2,550 saplings	6.07
Indigenous Species	Sost, GB 30,000 saplings	6.88
Total		52.95 hectares

So far, HBL has planted trees/saplings spanning more than 73 hectares in the years 2022 and 2023 collectively.

Emissions

GRI: 305

SDG 13 – Climate Action



HBL

HBL has an inventory of its own emissions from energy consumption, fuel consumption, travel, and savings due to renewable energy usage. Reduction of emissions is being worked upon in collaboration with an external consultant. To bring down the impact of our own operations, the Bank has solarized 235 of its premises, thereby achieving 500+ MTCO₂e in 2023.

The Bank tracks its emissions from electricity consumption, fuel consumption, business travel and construction. Trends are monitored and any variances are analyzed for validity. Corrective actions, if required, are taken i.e. electricity rationalization, exploring alternate construction methodologies (modular).

The Bank reports its energy emissions numbers to various internal and external stakeholders, including AKDN. Actions, if required or suggested, are taken accordingly. In 2023, HBL had 56,527 MT CO₂ emissions in 2023, all scope 1, 2 and 3 (construction & travel) inclusive.

The Bank is working on mass staff awareness to embed sustainability into the core of our culture and operations. This effort includes in-person sustainability seminars, development of online training materials, email reinforcements, advising the staff to consume less energy, efficient utilization of fuel, and rationalization of travel requirements.

The base year for calculating emissions is 2022; since then, a rigorous assessment of HBL's emissions has been done through an external consultant. For 2023, Gross direct (Scope 1) GHG emissions in metric tons of CO₂ equivalent: 17,185 MT, including fuel, electricity, and travel.

Emission factors and source are built-in the GHG Emissions Calculation templates, as provided by AKDN.

Total Emissions in the base year: 54,380 MT in 2022, all scope 1, 2 and 3 inclusive.

GHG emissions Breakdown	
Scope 1, Direct Emissions	
Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent	17,185 MT for 2023, including fuel and travel.
Base year for the calculation	Base year for emissions calculations is 2022
Emissions in the base year	54,380 MT in 2022, all scope 1, 2 and 3 inclusive.
Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.	GHG Emissions Calculation templates, as provided by AKDN.
Consolidation approach for emissions; whether equity share, financial control, or operational control.	The bank tracks and calculates its operational emissions of scope 1, scope 2 and scope 3 (construction & travel only)
Standards, methodologies, assumptions, and/or calculation tools used	GHG Emissions Calculation templates, as provided by AKDN.
Combustion of diesel fuel for power generation	In 2023, a total of 6,489,290 liters of fuel consumed, thereby emitting 16,142.84 MT CO2e.
Combustion of fuel for HBL owned vehicles for office trips	In 2023, a total of 458,875 Liters fuel was consumed by bank's vehicle fleet.
Total	56,527 MT in 2023, all scope 1, 2 and 3 (construction & travel) inclusive.
Scope 2 GHG emissions	
Emission from the generation of purchased electricity	59,141,319 KWH units of electricity consumed, emitting 23,842 MTCO2e
HBL MfB purchased electricity	2,539 MT
Scope 3 GHG emissions	
Construction & travel (2023)	15,500 MT
Construction & travel (base year 2022)	8,136 MT
Air travel (2023)	13,967 MT
HBL MfB (air & road travel)	10,925 MT

GHG emissions intensity

Total GHG emissions scopes 1,2 and 3:

2022:

54,380 MT

2023:

56,527 MT

Reduction of GHG emissions

GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO2 equivalent:

Scope 3 Construction:

5,922.58 MT

Scope 2 Purchased Electricity:

5,987.03 MT

Change in Greenhouse Gas Emissions from Base Year

Indicators:

Scope 1 (Year, Change, %Change)	(2023, 17,185 MT, increased by 4%)
Scope 2 (Year, Change, %Change)	(2023, 23,841.97 MT, decreased by 25%)
Scope 3 (Year, Change, %Change)	(2023, 15,500 MT, increased by 48%)

Change in Greenhouse Gas Emissions (2-year comparison)

Indicators:

Scope 1 (Year, Change, %Change)	(2021, increased by 31%)
Scope 2 (Year, Change, %Change)	(2021, decreased by 16%)
Scope 3 (Year, Change, %Change)	(2021, increased by 88%)



| Atlas Corp solar power plant in Layyah, Punjab financed by HBL.

HBL Microfinance Bank

HBL Microfinance Bank calculated scope 1 emissions by determining the total fuel usage of company-owned vehicles and generators. For Scope 2, we gathered purchased electricity units bank-wise from Power Analysis Network and calculated emissions based on this data. Regarding Scope 3, we collected data on air and road travel, calculated kilometers traveled, and derived emissions based on this information.

Scope 1 Direct Emissions	
Fuel for MfB vehicles & generators	1,782 MT
Direct scope 1 GHG emissions	2,768 MT
Emissions in the base year (2023)	857 MT
Scope 2 GHG emissions	
Emission from the generation of purchased electricity	55,932,720 kWh units of electricity consumed, emitting 23,842 MTCO ₂ e
HBL MfB purchased electricity	2,539 MT
Scope 3 GHG emissions	
HBL MfB (air & road travel)	10,925 MT

HBL MfB has a multifaceted approach to track the effectiveness of the implemented actions. This includes two primary processes.

Quarterly GHG Emission Calculations: Regular quarterly calculations of greenhouse gas (GHG) emissions are conducted, covering Scope 1, 2, and 3. This quantitative analysis provides a comprehensive overview of the organization's carbon footprint, allowing for the assessment of emission trends and identifying areas for improvement.

Activity-Specific Analysis: In addition to emission calculations, the organization conducts detailed analyses of specific activities. For example, the financial impact of solar initiatives is scrutinized, and the production of green units is assessed. This qualitative analysis helps in understanding the broader impacts of specific actions beyond emissions, such as financial sustainability and renewable energy generation.

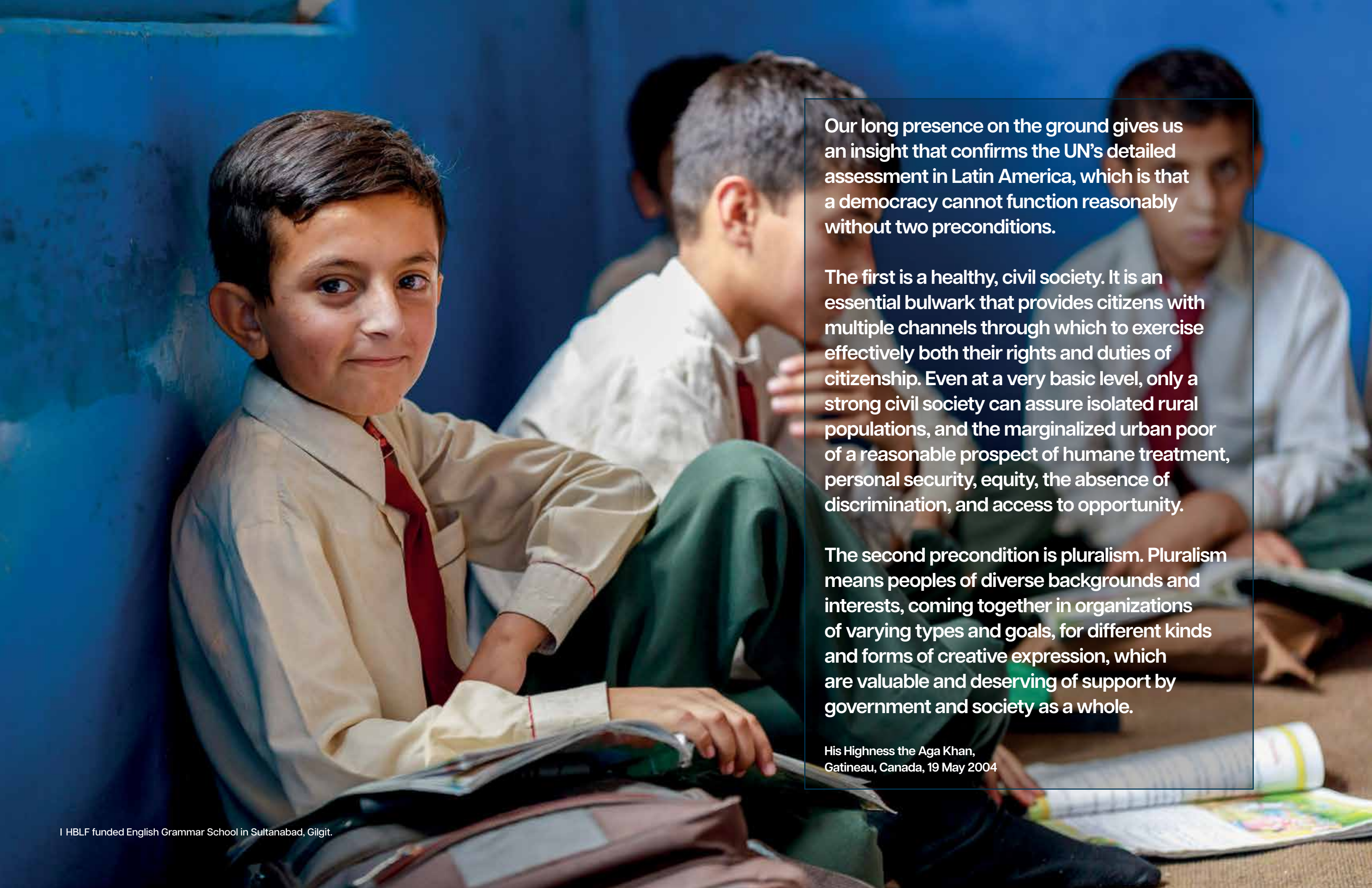
Society

Fostering Deep-Rooted Transformation in Society



Our People 156

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Our long presence on the ground gives us an insight that confirms the UN's detailed assessment in Latin America, which is that a democracy cannot function reasonably without two preconditions.

The first is a healthy, civil society. It is an essential bulwark that provides citizens with multiple channels through which to exercise effectively both their rights and duties of citizenship. Even at a very basic level, only a strong civil society can assure isolated rural populations, and the marginalized urban poor of a reasonable prospect of humane treatment, personal security, equity, the absence of discrimination, and access to opportunity.

The second precondition is pluralism. Pluralism means peoples of diverse backgrounds and interests, coming together in organizations of varying types and goals, for different kinds and forms of creative expression, which are valuable and deserving of support by government and society as a whole.

His Highness the Aga Khan,
Gatineau, Canada, 19 May 2004

Our People

GRI 2-7, 2-19, 2-30, 201-3, 202-2, 401, 402, 403, 404, 405, 406, 407

SDG 3 – Good Health and Well-Being

SDG 4 – Quality Education

SDG 5 – Gender Equality

SDG 8 – Decent Work and Economic Growth

SDG 10 – Reducing Inequalities



HBL

Employment is internally material to HBL. A diverse and skilled workforce is essential for the Bank to effectively achieve its strategic objectives and carry out its operations.

HBL's Human Resource Policy (available on HBL website) covers all HBL staff, consultants, contractors and service providers.

HBL uses full-time equivalent (FTE) methodology to indicate full time employees. Our headcount decreased by 1,333 during the course of 2023 as part of our automation and efficiency programs.

Staff in 2023

Total employees	16,480
Domestic	15,856
International	624
Gender	
Male	12,938
Female	3,542
Permanent Employees	16,480
Male	12,938
Female	3,542

The Bank has an Out-Source (OS) methodology in place for contractual employees. The most common types of workers hired as outsourced resources by HBL are Business Sales Executives, Phone Banking Officers, and Collection Officers. These positions are hired by third-party vendors and are engaged by the Bank in administrative and/or supportive roles; there is usually no significant fluctuation in the number of outsourced resources.

Gender Equality

In 2023, HBL was honored as ‘The Most Inclusive Organization in Pakistan’ for the second consecutive year, securing ‘Best Practice’ across all 15 categories of the Global Diversity, Equity, and Inclusion Benchmark (GDEIB) Awards. This recognition highlights HBL’s unwavering commitment to fostering diversity, equity, and inclusion among its staff, clients, and the broader community.

With 22% women employees, HBL’s gender diversity journey has been transformative. Initiatives like HBL Waapsi, Maternity/Paternity leave, Miscarriage leave, day-care allowance, Falak mentorship, professional development opportunities, and our progressive flexible working policy are uplifting the role of women in the workforce. The Bank maintains a zero-tolerance policy towards gender-based violence and harassment, reinforced by a robust Anti-Harassment Policy.

Flexible Working Policy

HBL is inculcating work-life balance in the lives of our employees. Our Flexible Working Policy allows employees to vary their start and end times, work remotely, and exercise compressed work weeks, enabling staff to work a traditional 40-hour week in less than five workdays should they need to reshape their work schedules around personal and family obligations. The Bank recognizes that when employees have control over their work schedules, their well-being improves, leading to more productive and efficient work hours.

Day Care Allowances

Recognizing the distinctive challenges faced by working mothers and to support them in balancing their professional career and motherhood, HBL has taken a proactive step towards reducing the burden on women with young children by offering a Day Care Allowance as part of our larger diversity goals. This caters to all HBL women equitably, from remote regions to major cities.



Paternity & Miscarriage Leaves

In 2023, 212 men employees availed paternity leaves, 28 women employees availed miscarriage leave, and 186 employees (141 men and 45 women) availed mourning leave. Such leave policies are part of our ongoing efforts to ensure that our employees are accommodated by the Bank during critical life events.

HBL Waapsi

This is the Bank’s first Women Return-ship Program, providing opportunities to women who had to pause their careers for domestic reasons, childbirth, education, etc.

Women-Friendly Workplaces

We have embarked on a journey to make our workspaces women-friendly for our staff. The Bank fosters an atmosphere conducive to employee creativity, confidence, and safety from harassment. Harassment, in any form, on the part of any employee, individual, or external service provider affiliated with the Bank is not tolerated under any condition or circumstance.

Employee Wellbeing

The Bank prioritizes employee wellbeing. To this end, a comprehensive campaign was launched in 2023 to make the Bank’s staff aware about HBL Raabta, our employee assistance program (EAP), providing employees with the wellbeing offerings available to them. We also marked #WorldMentalHealthDay, bringing counselling, wellness, and health services under one roof for the staff.

Employee Engagement

HBL fosters a culture of open communication where employees feel comfortable discussing concerns and sharing feedback on diversity initiatives. We have several ongoing training and awareness programs to address unconscious bias at all levels of the organization.

HBL acknowledges that employee engagement is a crucial component of employee experience. The Bank kept employees engaged through multiple interventions designed specifically for them, their family and friends. In 2023, The Lets Talk Innovation Series and The Interactive Series on Art engaged over 2,000 attendees, including family and friends of our employees.

‘We Are HBL’ is the Bank’s exclusive Employee Advocacy digital media campaign showcasing the diversity and talent of our employee base. It has featured over 24 early-to-mid career HBL employees from across 10+ functions within 2023, while maintaining a gender diversity ratio of 50%. The Bank also implements strong policies against gender-based discrimination and harassment.

Diversity, Equity, and Inclusion

The Bank’s Diversity Council supports business units to enhance and embed a culture of embracing diversity at every level. The Diversity Council leverages the expertise of cross-functional leaders for its DEI approach and its continuous improvement. All DEI related progress updates are presented to the Diversity Council to ensure that the Bank is on track, and the DEI mandate is monitored at the senior management level. HBL’s executive committee members also have diversity targets as part of their scorecards.

HBL Gender Diversity Ratio

Baseline:	Present:
2016 - 8%	2023 - 22%

The DEI team is continuously exploring avenues to further develop a diverse and inclusive culture. We conduct regular focus groups and engagement sessions to understand and assess the challenges faced by our employees and how solutions can be introduced and implemented in our Business as Usual operations. Over the years, changes and enhancements have been made to our policies as a result of these studies, notably: branch modification for persons with disabilities, Share Sawari (our inhouse car-pool



| HBL employees at Sky Towers, Karachi.

solution), HBL Waapsi, Miscarriage Leave, Paternity Leave, Maternity Gift, Mourning Leave, Grant Facility for Assistive devices, and more.

HBL has followed a goal-oriented and target-based approach to DEI monitoring, ever since the Bank took on DEI as a dedicated agenda in 2016. HBL regularly reports and reviews progress against DEI benchmarks and has consistently demonstrated significant improvements in meeting DEI goals over several years - both for overall diversity ratios across the Bank, as well as for all functions and businesses within HBL. In order to ensure an inclusive mindset at HBL, all employees (including leaders) undertake mandatory gender and disability inclusion trainings; completion rates stand at 80% and 86% respectively.

Remuneration

HBL is committed to developing and providing a fair, transparent, and competitive remuneration mechanism that not only encourages a culture of Pay for Performance but is also aligned with a risks and reward approach.

The Board Human Resource and Remuneration Committee (BHRRC) recommends to the Board policies relating to Benefits, Performance Management and Other Compensation Plans for all staff members of the Bank, including policies for staff training, career development and succession planning.

The BHRRC provides general guidelines and recommends key Human Resources & Remuneration policies as well as major terms of employment, in accordance with relevant regulatory requirements.

HBL believes in rewarding employees through a Total Pay concept. The overall compensation structure is appropriately balanced between Fixed & Variable amounts. At the time of hiring of professional resources from the market, there may be instances where someone is asked to join the Bank on short notice, based on business requirements, or, where a new employee, while leaving a previous employer, has to forego certain compensation elements which they would otherwise have received in service with the previous employer. In such scenarios, the employee is paid a sign-on Bonus as a one-time compensation.

Performance Bonus claw back mechanism allows the Bank to respond appropriately if the performance factors underlying reward decisions turn out not to reflect positively on performance in the longer term. This also promotes a culture of accountability where everyone at the senior level of the hierarchy, having appropriate level of authorities, is held accountable for the decisions impacting the Bank’s longer term performance.

At the time of retirement, employees are paid their Provident Fund, Benevolent Fund, Gratuity, Pension, lump-sum payment in lieu of postretirement Medical Facilities and certain other allowances including house rent and utilities. as per their eligibility.

401 New Hire Rate		
Category	Domestic	International
Management	46	4
International staff and Board staff		86
National and administrative staff	1,669	82
Gender		
Women	403	39
Men	1,312	47
Age		
<30 years	761	24
30-39.9 years	663	32
40-49.9 years	243	20
50+ years	48	10

401-1 Total New Hires including International and Domestic: 1801			
Domestic	1,715	AGE - Domestic	
Female	403	Under 30 years old	761
Male	1,312	30-50 years old	907
International	86	Over 50 years old	47
Female	39	AGE - International	
Male	47	Under 30 years old	24
		30-50 years old	52
		Over 50 years old	10
		Total new hires	1,828



Departure rate from HBL		
	Domestic	International
Departure rate from HBL (including retirements)	2,902	153
Category		
Management	113	10
International staff		153
Administrative staff	2,789	143
Gender		
Women	627	71
Men	2,275	82
Age		
<30 years	879	16
30-39.9 years	1,388	57
40-49.9 years	450	36
50+ years	185	44

401-3 Parental Leave (Domestic)		
a	Total number of employees that were entitled to parental leave, by gender	Men: 12,545 Women: 3,311
b	Total number of employees that took parental leave, by gender	Men: 212 Women: 278 96%
c	Total percentage of employees that returned to work in the reporting period after parental leave ended, by gender	89%
d	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender	
e	Return to work and retention rates of employees that took parental leave, by gender	Men: 100% Women: 89% for 1 year retention and 96% for return to work.

For any change affecting the employee, the Bank ensures that all affected personnel are thoroughly informed about the specific changes and the potential impact on them. While there are no rigid timelines prescribed for communication, the scheduling aligns with the nature of the change at hand. For instance, HBL recently revamped our Performance Management System and employees were notified several weeks prior to its implementation. For revisions in benefits that positively affect employees' compensation, notifications were disseminated a few days in advance.

Occupational Health and Safety

HBL is committed to adhering to all the laws, regulations, guidelines, and principles implemented by the Government of Pakistan and its regulatory bodies while also ensuring compliance to industry standards and international safety guidelines. We follow National Fire Protection Association (NFPA) guidelines as well as AKDN safety guidelines.

The Bank has a Health, Safety & Environment (HSE) framework in the process of finalization. It aims to establish a formalized system for all departments, functions, and branches to ensure maximum safety of personnel and property, while minimizing adverse impacts on the environment. The framework focuses on elevating safety, monitoring, and risk identification, on implementing mitigation strategies, and on developing emergency response and preparedness among staff.

The framework focuses on HSE related risks and hazards to avoid any untoward situation and management responsibilities are defined for adequate implementation. We cover hazards related to electrical, hygiene, environment, construction, infrastructure, neighboring areas, etc.

The Bank has a formal incident reporting and management system in place, through which any incident of a negative nature is highlighted, reported, and monitored till closure, ensuring no future repetitions. Apart from this, the Fire, Health and Safety (FHS) Committee of the Bank meets periodically to review all the incidents, evaluate lessons learnt, and discuss ways forward.

HBL reports its HSE, related applicable actions, to various internal as well as external forums (including IFC and BII). Proper reports are drafted containing minute details of the actions taken against an incident, if any.

Hazard Identification, Risk Assessment, and Incident Investigation

Designated Floor Safety Monitors are deployed on Bank premises; they are in close coordination with the occupants of each floor to identify any potential Health & Safety hazard. They are properly trained to identify, report, and mitigate any risks. In case of emergency, we have in place a process to evacuate staff and move to an alternate safe

location. The bank has a formal incident reporting and management system. Any incident of a negative nature is highlighted, reported, and monitored till closure, ensuring no future repetitions.

Worker Participation, Consultation, and Communication on Occupational Health and Safety

Periodic drills and work-place related training sessions are conducted for staff, during which they are encouraged to provide feedback for potential improvements. Their feedback is carefully considered for appropriate modifications in the processes and procedures to enhance future operations.

Designated Floor Safety Monitors act as representatives of their respective floor occupants. Regular sessions of floor monitors are conducted to gather user feedback and to communicate any changes in the system back to users. This two-way communication ensures that the organization remains responsive to the needs and safety of all employees.

Worker training on occupational health and safety

First aid trainings are conducted for all designated Floor Safety Monitors, as they are responsible to provide first aid in case of any need. Family preparedness emergency sessions were conducted in coordination with external agencies (e.g. Pakistan Life Savers Program – AKU) for family emergencies (CPR, bleeding control, etc.). Fire safety and prevention trainings were conducted for all staff at 70+ major Bank premises.

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships.

The Bank has an HSE framework in process of finalization; it chalks out H&S related risks and hazards, and protocols to avoid situations impacting the health and safety of our people.

All efforts are made to follow National Fire Protection Association (NFPA) guidelines as well as AKDN safety guidelines.





HBL Raabta – Employee Wellbeing

HBL prioritizes our employees’ emotional, mental and physical wellbeing. HBL’s Employee Assistance Program (EAP) - HBL Raabta, is a holistic program that heavily leverages technology to ensure ease of access for our geographically widespread employees. It includes:

Wellbeing Workshops

Our diverse population can attend any of our virtual wellbeing workshops (twice in a month), conducted by Saaya Health, which is a digital platform staffed by clinical psychologists, counsellors and nutritionists providing holistic wellbeing offerings. These workshops cover a wide range of topics from ‘Managing Mental Stress and Workplace Anxiety’ to ‘Selfcare in Motherhood’, from ‘Fostering Healthy Relationships At Work’ to ‘Chair Yoga’, to name a few, and benefit not just our employees but also their family members, domestically as well as internationally. Keeping gender as a cross-cutting theme across all our interventions, we also leverage this platform to organize sessions specifically for women, e.g: Menopause, PCOS, Abuse, Micro-aggression, and more.

No. of Workshops during 2023: 30

Total Engagement: 3,400+

Breaking Stereotypes - World Mental Health Day:

We mark #WorldMentalHealthDay on an annual basis wherein we bring counselling, wellness and health services under one roof for our employees. It is a day of art, relaxation, childhood games and just breaking away from work for our wellbeing.

Total Engagement over 2 years: 1,500 employees

Virtual Counselling Sessions

Our employees can book free of cost virtual counselling sessions with Saaya Health experts. This offering lets them engage with professional counsellors and clinical psychologists who are dedicated to help them navigate through any difficulties one might be facing.

Total Signups as of Dec 31st, 2023: 1,024

Counselling Sessions availed during 2023: 680

Sehat Kahani:

In partnership with a woman-led healthcare initiative, Sehat Kahani - the leading e-care provider in Pakistan, our employees (and their families) can access the app for free medical consultation with a certified doctor. Through this one-stop telemedicine solution accessible via desktops / smartphones in less than 60 seconds, our employees in remote regions are also able to access quality medical consultation. Sehat Kahani supports 30% of women doctors who do not work physically in hospitals.

Total Signups as of Dec 31st, 2023: 13,200

Medical Consultations availed during 2023: 20,000+

Training and Education

HBL recognizes its employees as key contributors to the performance of the Bank. We place great emphasis on ongoing learning and development to enhance employees' capabilities, skills, and competencies, which, in turn, plays a pivotal role in the Bank's effectiveness.

The Learning & Development (L&D) department remains committed to providing ample opportunities for in-house and external trainings to enable employees to improve their skills and professional competencies. L&D not only conducts trainings and workshops in different areas of the Bank – business, operations, regulatory compliance, etc. – but also focuses on special programs to enhance employee competencies in management, communication, leadership, interpersonal and personal development.

Before any major training rollout, L&D conducts pilot sessions to seek participants' feedback: this is incorporated into the content and methodology of the training before the mass level rollout. Same applies to our self-paced learning solutions.

The following training programs were conducted to enhance the knowledge-base of our staff on actual and potential, negative, and positive impacts on the economy, environment, and people, including impacts on human rights.

- Awareness & Outreach Session on Code of Conduct, Anti-bribery & Corruption Guidelines, Speak Up Culture
- Building Culture of Integrity
- Code of Conduct Awareness Session
- Code of Ethics & Business Conduct
- Environmental and Social Risk Management
- Gender Smart Banking
- HBL Climate Planning

Sessions Conducted	Contractual Staff Trained
44	2,165
Permanent Staff Trained	Total Trained
698	2,863



A comprehensive eLearning module on Gender Smart Banking is currently in place for all permanent staff. All new joiners are enrolled in this mandatory eLearning module with one month's deadline. Completion Status as of 31 December 2023 for Pakistan Staff was 81% and for International Staff was 83%.

At HBL, training falls under the following domains:

- Branch Banking Operations
- Compliance and Regulations
- Credit and Risk
- Digital Skills
- Islamic Banking
- Information Technology
- Leadership
- Product
- Workplace Skills
- Trade and Treasury
- Train-the-Trainer



| Chief Human Resource Officer, HBL engaging with Management Trainees.

To address the training needs falling under these domains, L&D adopts the following methodologies:

- i. In-house programs (physical & virtual)
- ii. External programs (physical & virtual)
- iii. Self-paced solutions (eLearning, eGame, webcast, etc.)

Average hours of training that HBL employees have undertaken during the reporting period:	
Average training hours per employee and contractual staff	26.47
Average training hours per woman	29.24
Average training hours per man	25.70
Average training hours per permanent employee	32.04
Average training hours per contractual staff	3.01

A recent development is the establishment of HBL Nexus (Digital Learning Academy) that primarily focuses on imparting current and latest technology and digital skills in our workforce.



Internal Learning Programs	
# of participants	183,304
# of unique staff (including permanent employees and contractual staff)	20,730
External Learning Programs	
# of participants	705
# of unique staff	630

Diversity and Equal Opportunity

Our board-approved BoE policy and Disability Inclusion framework direct HBL's DEI strategy in a concerted manner. Our anti-harassment policy conveys that there is no room for error when it comes to the principles of diversity and inclusion. DEI is also a core strategy driver at all HBL subsidiaries. These policies have had a significant impact on various aspects of strategy and operations:

Innovation and Creativity: Having diverse teams brings in a wide range of perspective, knowledge and experience which leads to more innovative products/ solutions.

Attracting Talent: Through our various benefits and DEI programs, the Bank has been able to attract a wider pool of candidates and retain existing top talent.

Employer Brand: HBL's commitment to DEI has been recognized by several organizations. HBL was named "Most Inclusive Organization" by GDEIB for 2022 and 2023. HBL also has a well-defined University Alliances Program (UAP) which aims to attract the right talent, and improve the quality of graduates. Under this program, the Bank has alliances with 15 universities across the country, with diverse degrees ranging from Engineering to Business Administration and Technology. To ensure gender diversity, there are two women universities in the alliance mix. This program is establishing HBL as a 'thought leader' via:

- **Knowledge Sharing:** through Research and Capstone projects
- **Building a Talent Pipeline:** through Mentorship Programs, Career Curation Programs & Student Ambassador Programs
- **Financial Inclusion:** by creating financial awareness and literacy
- **Giving Back to the Community:** through scholarships for students in various universities through HBL Foundation, specifically our STEM scholarship for girl students belonging to remote areas.

Having a diverse workforce has also enabled the Bank to better understand and cater to the needs of a wider array of clients, improve service quality, and build stronger relationships.

HBL's diverse workforce is our most valuable resource. We strive to be an ever more inclusive organization and aim to build an environment that enables all employees to reach their full potential. Over the years, many new policies and programs have been introduced: Disability Inclusion Framework, Branch modification for PWDs, Share Sawari (our in-house car pool solution), Falak Women Mentorship Program, Mourning Leave, Grant Facility for Assistive devices, and more.

Improving and implementing diversity and equal opportunity is an ongoing process.

The Bank runs ongoing training and awareness programs to address unconscious bias at all levels of the organization. The Bank also implements strong policies against discrimination and harassment.

The Bank strongly believes that the first and most important step for becoming truly inclusive is a transformation of mindset. This is a top priority for HBL. During 2023, the Bank conducted multiple sensitization sessions for our Extended Leadership Team through NOWPDP (Network of Organizations Working for Persons with Disabilities) and for our employees through Karachi Down Syndrome Program (KDSP). We also worked to convert our basic sign language sessions into webcasts; these have been completed by 2000+ employees. This is a mandatory training in order to work with colleagues as well as customers with impaired hearing or speech.

Given our strong inclusion mandate, HBL continued as the proud goal leader for SDG 10, 'Reducing Inequalities,' with the Center for Responsible Business (CERB) of the Pakistan Business Council (PBC), whereby we shared our learnings and experiences with organizations starting out on their inclusion journey.

We have partnerships within the Disability Inclusion network, including organizations such as ImInclusive, KDSP, Karachi Vocational Training Institute (KVTC), Ida Rieu, ConnectHear, in addition to NOWPDP and Special Talent Exchange Program (STEP).

4 pop-up stalls were organized by students with hearing, speech, and intellectual disabilities to showcase their merchandise. These helped to sensitize our employees by giving them first-hand exposure of interacting with these students and developing their interest in learning more about inclusion. These stalls also resulted in Rs ~ 0.9 Mn in sales of merchandise by students with disabilities.

The DEI team at HBL hosted a flagship conference, "Empowering through Inclusion," bringing together over 35 organizations (more than 100 participants), including banking and non-banking industry partners, disability inclusion experts, and academics to join the momentum for a combined effort to mainstream disability inclusion. The corporate gifts were sourced from KDSP (a Disability Inclusion organization).

We onboarded 10 interns for the Bank's PWD-only annual internship program that hires, trains and places persons with disabilities across diverse functions of the Bank.

Extending beyond full-time interns, we also launched an After-school Internship Program, training 9 students with hearing & speech, and intellectual disabilities from Ida Rieu and KVTC. The aim of this program is to give after-school corporate sector exposure to

students with disabilities for equitable opportunity upon completion of their education

We also welcomed our first cohort of Champions as part of the DEI Champions Program in 2023: 10 women and 3 men, representing 13 different functions. In preparing these DEI Champions, the Bank took them through an immersive sensitization on Disability Inclusion at NOWPDP, and organized virtual sessions on HBL's journey towards gender diversity and inclusion. The DEI Champions program is aimed at accelerating the process of carrying forward a cohesive message of DEI values and culture. Our DEI Champions are intended to become the go-to persons for identifying and addressing matters related to diversity and inclusion, and to act as role models and spokespersons for diversity and inclusion on an enterprise level.

This requires a multi-layered approach, focusing on both maximizing the benefits and mitigating any unintended consequences.

Data-driven approach: To identify areas for improvement, we regularly track and analyze diversity metrics (e.g., workforce demographics, representation in leadership, promotion rates, etc.) which is also regularly reported to the Board HR Committee and the Board.

Targeted initiatives: We develop programs specifically designed to address identified gaps and employee life cycle, such as returnship programs and mentorship programs for women or unconscious bias training for managers, etc.

Innovation and problem-solving: We encourage diverse teams to collaborate on projects and leverage their unique insights for innovative solutions.

External engagement: We partner with expert organizations and industry partners to gain new perspectives and build stronger relationships.

The Bank supported Pakistan's trailblazer, Bakhtawar Kiyani, the first woman Asian archer with visual impairment, on her journey to the World Games 2023.

Accessibility: Accessibility is a crucial aspect for ensuring Inclusion for customers with disabilities. While both equality and equity promote fairness, equality achieves this by providing the same to all, while equity achieves this through recognizing that we all do not start from the same place and must acknowledge and make adjustments to imbalances.

This means a lot of infrastructure plug-ins are required to bring equity into our network. In order to work towards it, we have already completed 46 model branches with accessibility features as mandated by SBP.

HBL Mobile App is enabled with talk-back audio capability to empower individuals with visual impairments with digital banking. The App utilizes smartphone's native screen

reader, providing audio assistance for a seamless banking experience without any discrimination.

HBL is modifying its infrastructure to ensure accessibility within its branch network to cater to people with disabilities:

- Talking ATM
- Tactile Flooring
- Dedicated Parking
- Braille Stationery
- Ramp to Access ATM & Branch
- Accessible Washrooms
- Low Height Counters
- Preferential Queuing
- Accessible Entrance

Diversity of Governance Bodies and Employees

Percentage of individuals within the organization’s governance bodies in each of the following diversity categories:

Men	Women
86%	14%

Percentage of employees per employee category in each of the following diversity categories:

Men	Women
78%	22%

30-50 years old	Over 50 years old
63%	14%



Non-discrimination

HBL is an equal opportunity employer and defines compensation fairly and equitably without any discrimination based on race, religion, color, gender, marital status, national origin, or disability (where the applicant or employee is qualified to perform the job), or any other basis prohibited by law. There is no gender based pay gap and the same is reported to the Board committee on a periodic basis.

HBL encourages a work environment where our employee’s differences are valued and respected. We promote equality of gender, race and religion, and safeguard against gender-based or any other kind of discrimination, harassment or intimidation, whether committed by or against a supervisor, coworker, customer, vendor, or visitor.

The Bank has a zero-tolerance policy towards any kind of violence, including Gender Based Violence and Harassment (GBVH), and is committed to creating and maintaining a working, learning, and customer care environment. Mutual understanding and respect toward all individuals are essential elements for professional excellence, a safe and healthy workplace, and the maintenance of a corporate culture that serves the needs of the community.



| Teller catering to customers at HBL Branch, Lahore Cantt.

Freedom of Association and Collective Bargaining

HBL is committed to promote good labor practices, guided by the Industrial Relations Act 2012 (IRA-2012) of Pakistan and core labor standards of the ILO. HBL encourages freedom of association and determination of Collective Bargaining Agent (CBA), which is regulated by the National Industrial Relations Commission (NIRC). HBL works closely with the elected CBA towards labor welfare and to promote good labor practices.

By engaging in negotiations and productive discussions with CBA, HBL has developed a positive working relationship with its employees, built upon trust and cooperation. A healthy working relationship with workers' associations improves productivity and reduces attrition of talent. HBL is undertaking successful negotiations and executes agreements with CBA periodically to address worker's concerns and legitimate demands, in compliance with labor standards and legal requirements laid down in IRA- 2012. Labor disputes/conflicts due to unsuccessful negotiation may pose reputational risks, leading to negative public perceptions. HBL, through continuous engagement with CBA and workers' associations, endeavors to balance the interests of all stakeholders to mitigate potential risks.

The Bank closely engages representative bodies of workers to ensure harmony in relations and to build deeper trust. In this regard, pay package negotiations are held with the CBA every two years, as envisaged in the IRA-2012, as well as other formal/informal meetups with representatives of CBA.

HBL is compliant with labor standards as described in the Industrial Relations Act 2012 (IRA-2012) of Pakistan. Our workers are free to associate themselves with Trade Unions and other federations. HBL provides all the necessary legal and administrative support to the National Industrial Relations Commission (NIRC – regulatory body) for registration of Unions, determination of Collective Bargaining Agents, and conducting referendums as per Law.

HBL Microfinance Bank

The reported number of employees below includes all the employees on HBL MfB's payroll.

Permanent Employees: Hired on Probation of 3 Months or 6 Months, which varies as per the grade, and confirmed as permanent employees after successful completion of Probation.

Total number of employees and a breakdown by region	
Total employee count	3,568
Head Office (Islamabad, HBL Tower)	321 (233 Male, 88 Female)
North	662 (528 Male, 134 Female)
Punjab	1,665 (1,360 Male, 305 Female)
Sindh and Baluchistan	920 (728 Male, 192 Female)

Permanent employees and a breakdown by gender	
Total permanent employees	3,479
Head Office (Islamabad)	301 (218 Male, 83 Female)
North	644 (513 Male, 131 Female)
Punjab	1,627 (1,326 Male, 301 Female)
Sindh and Baluchistan	907 (717 Male, 190 Female)

Full time employees and a breakdown by gender	
Total full-time employees	3,568
Head Office (Islamabad)	321 (233 Male, 88 Female)
North	662 (528 Male, 134 Female)
Punjab	1,665 (1,360 Male, 305 Female)
Sindh & Baluchistan	920 (728 Male, 192 Female)

At HBL Microfinance Bank, the total number of workers who are not direct employees, but whose work is controlled by MfB:

Call Center: 40

IT Support and Maintenance Service: 40

The most common type of workers and their contractual relationships with MfB are

Call Center Agents: 40

IT Support and Maintenance Service: 27

Support Staff: 548

Contractual Employees: Working on term contract of 6 months or 12 months.

Diversity and Equal Opportunity

A Management Level Diversity Council has been established, consisting of senior management members, and led by the CEO. The primary agenda of this council is to cultivate a working environment that nurtures Diversity, Equity, and Inclusion (DEI) within our organization.

The Diversity Council has implemented mechanisms to monitor the effectiveness of all DEI initiatives. This includes the establishment of regular feedback mechanisms, conducting surveys, and conducting reviews to evaluate the impact of our policies and identify areas for improvement.

By actively monitoring and evaluating these initiatives, we ensure that they continue to meet the evolving needs of our employees and contribute to fostering a positive workplace culture and society.

At HBL MfB, progress on the actions taken to promote diversity and respond to feedback is shared with Heads of Departments (HoDs) monthly. The progress against the assigned targets to increase the gender ratio and inclusion of differently abled persons for the year 2023 is reviewed during these meetings. This ensures transparency and accountability in our efforts to promote diversity and inclusion.

HBL MfB's Board Human Resources Committee (BHRC) is presented with a gender diversity metrics as a permanent component of the Overall HR Metrics. This includes key metrics, such as attrition rates, service aging, hiring trends, and reasons for leaving of women employees, as well as region-wise gender diversity ratios. By integrating gender diversity metrics into the HR matrix, we provide the Board HRC with comprehensive insights into our gender diversity initiatives and their impact on the organization.

Evaluation is conducted in accordance with the standards outlined in The Global Diversity, Equity & Inclusion Benchmarks (GDEIB). This evaluation framework is used to determine strategy and measure progress in managing diversity and fostering inclusion within our organization. By benchmarking our practices against global standards, we ensure that our diversity and inclusion efforts are aligned with best practices and continuously strive for improvement.

Anti-Harassment Policy

HBL MfB has a zero-tolerance policy against all forms of harassment. To address concerns related to discrimination and harassment, we drafted a detailed anti-harassment policy in accordance with the law. This policy encompasses all relevant protections against harassment at the workplace. A code was prepared and circulated to all employees,

outlining procedures for reporting harassment and accessing support. This underscores our commitment to creating a safe and respectful workplace environment.

Maternity Leave Policy

In response to feedback and to support our women staff in balancing their professional careers with motherhood, we increased maternity leave days from 90 to 120 days. This extended leave policy aims to provide ample time for new mothers to bond with their newborns and transition back to work smoothly.

Childcare Assistance Program

To further support our women employees with young children, we launched a Childcare Assistance program. Eligible employees receive a monthly allowance per child, aimed at easing the financial burden of childcare expenses. This initiative underscores our commitment to promoting gender equality and creating a family-friendly workplace environment.

Work-from-Home Policy

Recognizing the importance of work-life balance, especially for employees with family responsibilities, we introduced a work-from-home policy for staff not directly involved in customer-facing roles. This policy provides flexible working options, allowing employees to better manage their personal and professional commitments while maintaining productivity.



| Employee at HBL MfB Office, Islamabad.

Remuneration Policy

The standard remuneration policy is duly applicable on all permanent employees, including senior executives, for fixed pay as well as benefits. Performance-based annual increments and bonuses are also awarded to employees.

The standard retirement benefits are duly applicable on all permanent employees, including the senior executives. These benefits include direct benefit Gratuity and Provident Fund, as per the policy.

The annual objectives of our senior executives include the management of impacts on the economy, environment, and people, and this is directly reflected in their performance payouts and bonuses.

401 - New employee hires at HBL MfB	
New employee hires	
Total number of new employee hires during the reporting period	714
Total number of employee turnover during the reporting period	871

405-1C: HBL MfB staff			
Category			
Management	11		
National and administrative staff	3,557	Employment Contract	
Location		Regular	3,479
Headquarters		Fixed term	89
Management	11	Nationality, By Region	
National and administrative staff	310	National	3,568
Field Office		Age	
National and administrative staff	3,247	<30 years	1,210
Gender		30-39.9 years	1,863
Women	719	40-49.9 years	415
Men	2,849	50+ years	80

Collective Bargaining Agreements

At HBL Microfinance Bank, there are no union representatives in the organization. However, the management conducts frequent conversations and interactive sessions with staff, including an Annual Conference, town halls, half yearly and annual review meetings, and branch visits.

Employee Engagement is assessed through a formal survey conducted by a third party (Mercer Sirota) to identify areas for action planning to improve employee experience. The survey results for 2018 and 2022 were better than the industry and global benchmarks with 89% & 96% engagement index respectively.

The working conditions and terms of employment of our employees are carefully governed by a combination of standard labor laws, regulations established by the State Bank of Pakistan, and our internal Code of Ethics & Business Conduct. These regulations serve as the framework for ensuring fair treatment, workplace safety, and adherence to ethical standards within our organization. By aligning with these regulatory guidelines and ethical principles, we prioritize the well-being and rights of our employees, fostering a positive and supportive work environment.

Diversity of Governance Bodies and Employees

At HBL MfB, there has been a significant rise in our DEI Index in the year 2023, based on the standards set by The Center for Global Inclusion USA (GDEIB).

DEI Index development progression:

- 2019 DEI Index 5.3%
- 2020 DEI Index 23%
- 2021 DEI Index 39 %
- 2022 DEI Index 60%
- 2023 DEI Index 92%

Our gender diversity ratio has improved to 20.15% in 2023 as against 17.7% in 2022 and 15.63% in 2021.

HBL MfB has been recognized by The Center for Global Inclusion USA and has been declared among the top 5 most inclusive organizations in the country. We had submitted for evaluation the relevant processes in all 15 categories and won 15 Awards (9 Best Practices & 6 Progressive) scoring a 92% DEI Index. Our bank prioritizes Diversity, Equity, and Inclusion (DEI) as a fundamental component of its core strategy.

Non-discrimination

HBL MfB recognizes the importance of diversity and equal opportunity across our operations, particularly given our diverse client base and our presence across many different regions of the country. Our strategic vision is centered on promoting diversity and equal opportunity to create inclusive, innovative, and sustainable work environments. We firmly believe that this approach not only benefits our organization but also has a direct and positive impact on the economy and society.

We maintain a strategic stance against discrimination in any form, whether it be based on race, religion, color, gender, age, marital status, national origin, citizenship, disability, or any other basis prohibited by law. This commitment extends across all aspects of our operations.

Promoting equal opportunities for all individuals to access and pursue financial and professional endeavors is not just a moral imperative but also a driving force behind our business activities. We recognize that by fostering diversity and providing equal opportunities, we contribute to sustainable and inclusive economic growth in our country. Through these efforts, we aim to create a positive impact on both the economy and the lives of people in the communities we serve.



| HBL MfB employees at the Digital Financial Inclusion office, Islamabad.

HBL Microfinance Bank's activities promoting diversity and equity do not have any negative or adverse impact.

HBL MfB has been undertaking multiple measures to improve our Diversity, Equity and Inclusion Index by adopting equal opportunity hiring practices and providing a supportive, respectful, and safe work environment. The following actions were taken to manage actual and potential positive impacts.

International Women's Day: In 2023 we held an event titled 'Embrace Equity'; this was celebrated along with a workshop and the launch of a women's product line branded as 'Mashal'. Women attendees were presented with Mashal Mementos. A 'Women of Substance' digital series was also circulated across the MfB, featuring the stories of outstanding women from across the country working in different fields.

Pinktober: A session was conducted in collaboration with 'Pink Ribbon' to raise awareness about breast cancer among the staff of the bank. A digital campaign was rolled out in which emails circulated across the organization for a week to raise awareness about the cause, symptoms, early detection, myths and facts of the disease.

Women Return-ship Program: We launched this program in October 2022 to provide opportunities for women seeking jobs after a career break due to family or personal reasons. Under this program we have successfully onboarded 13 women.

Khaas Program: The Khaas Internship program is also being launched for differently abled persons, to promote an inclusive culture, strengthen our talent pool, and contribute to society as a whole.

Childcare Assistance Program: A program to provide financial assistance to our working mothers, to help them balance their professional and parental responsibilities.

Mother's Day: We held a bank-wide initiative, "Mom and Me," in which HBL MfB employees shared photos and stories of their mothers, including advice, habits, and legacies. Mother's Day Wishes were circulated across the organization to celebrate this special bond.

Our communities

GRI: 413-1

SDG 1 – No Poverty

SDG 2 – Zero Hunger

SDG 3 – Good Health and Well-being

SDG 4 – Quality Education

SDG 7 – Affordable and Clean Energy

SDG 8 – Decent Work and Economic Growth

SDG 10 – Reduced Inequalities

SDG 17 – Partnerships for the Goals



We are Who We Serve

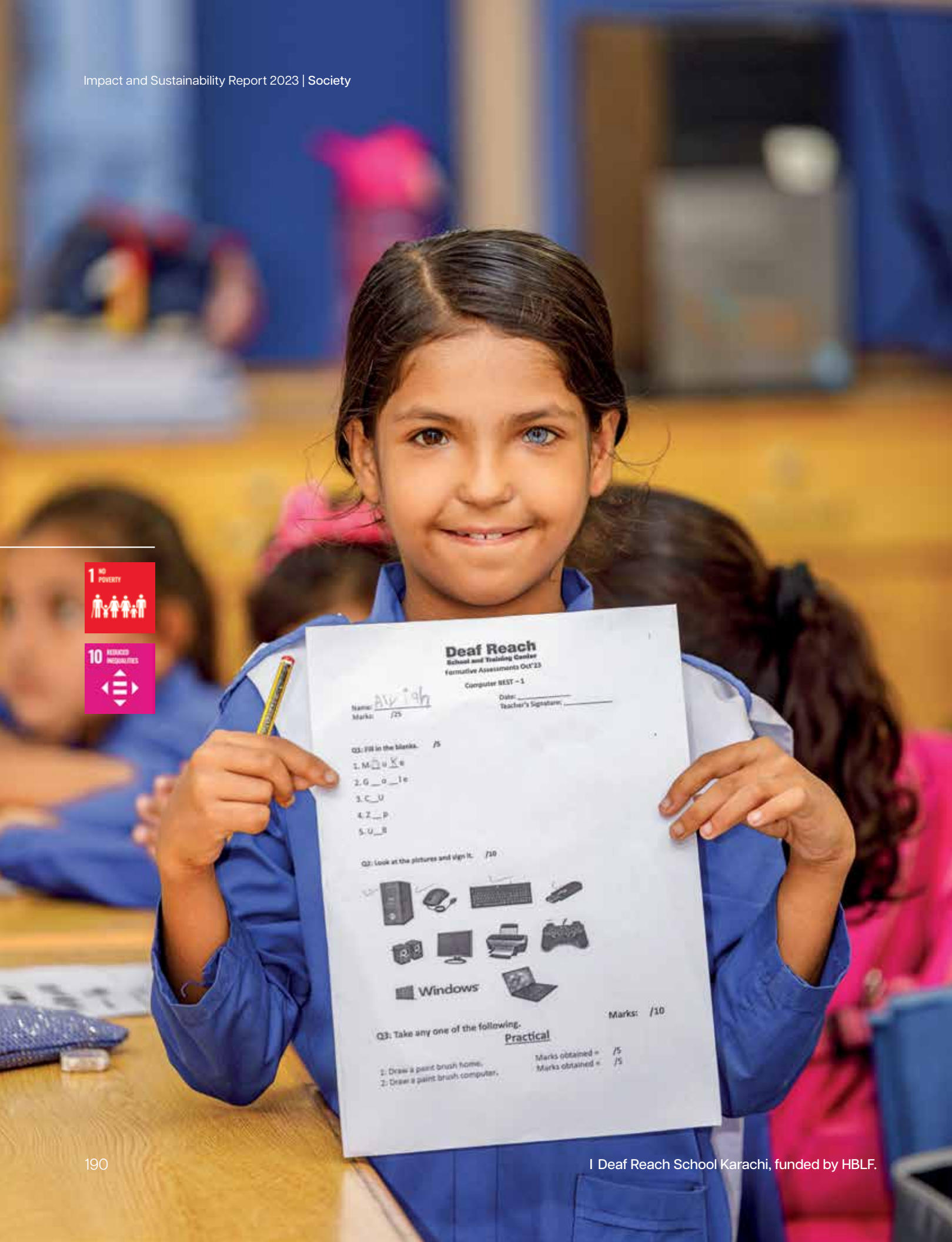
HBL's impact on local communities is externally material to the Bank and its business. Our commitment to corporate social responsibility is deeply ingrained in an ethos of giving back to the community, and is evident in our extensive charitable actions and giving. The Bank's contributions are mainly directed towards health, education, community welfare, emergency relief, sports, public engagement with art, and volunteering programs.

HBL & its Subsidiaries

Below is a summary of giving by sector based on the CSR information data for the year 2023

Sector	Initiative	Amount Spent (PKR)	Summary of Activities	UN SDG
HBL Foundation				
Healthcare and Well-being	Medical Support and Facilities	393,590,000	Funding for medical equipment, hospital expansion, medical and surgical eye camps as well as nutritional camps for mother and child.	SDG 3, SDG 10
Education	Scholarships and Infrastructure	82,930,000	Scholarships for students from low-income families, IT labs and school infrastructure development.	SDG 4, SDG 10
Vocational Trainings	Skill Development and Inclusion	16,800,000	Vocational training for the youth from underserved communities.	SDG 4, SDG 5, SDG 10
Culture & Arts	Culture, Arts and Music	5,000,000	Promoting art and music education among youth through documenting and preserving the knowledge and expertise of living legends in the field of music.	SDG 4, SDG 10
Community Development	Emergency Response/ Relief	16,451,292	Provision of food assistance to the underprivileged communities of the country and emergency food relief to flood affected areas.	SDG 1, SDG 2
HBL Direct CSR				
Community Development	Emergency Response/ Relief	204,000,000	Building of prefabricated houses for flood affectees - two villages of 100 homes each in Sindh.	SDG 11
Community Development	Emergency Response/ Relief	3,785,880	Support for earthquake relief efforts in Türkiye. Provide shelter and essential aid to those affected by devastating earthquakes.	SDG 11
Education and healthcare	Education and Healthcare	1,750,000	Sponsorship and provide academic curriculum, supported a High Dependency Unit, treatment of deserving cancer patients and mental health awareness sessions.	SDG 3, SDG 4
Community Development	Fostering inclusivity and empowering communities	2,700,000	Support women athletes to participate in Special Olympics World Summer Games.	SGD 5, SDG 10
HBL MfB				
Development of IT Infrastructure	Sponsorship of SCO's First Software Technology Park in Skardu,	15,000,000	Established an IT experience center with SCOM for the youth from Gilgit	SDG 7, SDG 9
Life on Land and Partnerships	Plantation Drive, Maintenance of Public Parks, Water Conservation Activities	2,049,035	To serve environment, the Bank has taken up responsibility of maintaining parks in two places in Islamabad, Under water conservation initiatives for energy conservation, the Bank is using sensor enabled taps.	SGD 6, SDG 12, SDG 15, SDG 17
Healthcare and Well-being	Sponsoring Assistive Devices for Differently Abled Persons	1,500,000	The Bank sponsored assistive devices and entered into agreement for conducting financial literacy sessions for persons with disabilities, in their respective Chal Foundation Centers across the country.	SDG 11, SDG 17
Quality Education	Sponsoring a gateway to the world of opportunities	200,000	NasCon'23 organized by student body at Fast-NU, Islamabad, bringing together 7,000 participants from across Pakistan to explore a world of opportunities.	SDG 4
Gender Equality, Decent work and Economic growth	Training program for women entrepreneurs	101,000	04 days training program in collaboration with Toni & Guy Pakistan for Women Entrepreneurs of Beauty Parlors in Karachi	SDG 5, SDG 8





HBL's Direct Giving

After the 2022 floods, HBL played a critical role in the rehabilitation of affected people, donating Rs 264 million to provide 200 prefabricated houses, a school and a dispensary in two villages in Sindh, marking a significant stride in our natural disaster response. HBL's dedication to public health and welfare is underscored through its contributions to the National Institute of Child Health Trust and to the Taskeen Health Initiative.

As part of its inclusion initiatives, the Bank's contribution to the Pakistan Special Olympics reflects our belief in empowering differently abled athletes. Upholding the Bank's commitment to nurturing educational development, HBL donated Rs 1 million to the Progressive Education Network. HBL's international branches also stepped up to support crisis management in their countries of operation: in Turkey, the Bank made contributions to different organizations engaged in rehabilitation efforts in the wake of the 2023 earthquake.

HBL PSL

The HBL Pakistan Super League (HBLPSL) is a professional Twenty20 cricket league founded in Pakistan in 2015. HBL has sponsored the league since its inception, which has been instrumental in bringing international cricket back to Pakistan and increasing public engagement.

With the successful completion of nine seasons, HBLPSL has cemented its position as Pakistan's biggest sporting platform. HBL takes pride in promoting HBLPSL, underscoring the Bank's commitment to promoting cricket and community engagement.

The contribution of HBLPSL goes beyond cricket. The League is now an ambassador for the country, highlighting to the world that Pakistan is open for business – a vibrant and welcoming place, full of people who love the game of cricket.

HBLPSL is a reflection of one of the Bank's 6-point Business Agenda, i.e., 'Giving back to the Country and Communities that we serve'. The HBLPSL platform has given an opportunity to countless young cricketers to display their talent at a national and international level. This has led to an unprecedented talent pipeline for Pakistan cricket and has played an instrumental role in discovering players like Fakhar Zaman, Imam-ul-Haq, Hasan Ali, Shadab Khan, Shahnawaz Dahani, and many more.



| HBLPSL 2024 finale, Karachi.

This year, HBL transitioned its advertising campaign from “Jahan Fans Wahan Stadium” to “Palat Do Khel”, reflecting the Bank's passion for uplifting Pakistan's image. “Palat Do Khel” urges Pakistanis to capture the nation's positive spirit and create inspiring content showcasing our true self.

HBLPSL 9 was played across four cities; Lahore, Multan, Rawalpindi and Karachi, with Karachi hosting the final match of the season.

Through HBLPSL, HBL has not only promoted cricket but also contributed to the country's economic growth, tourism, and social development.

Key highlights:

- For HBL PSL 9, the Bank has upped the ante by launching the Palat Do Khel campaign. This messaging, on both conventional and social media, helps Pakistanis celebrate the positive side of the country, capture the true spirit of Pakistan and showcase it to the world. Every time anyone sees something good around them, they too can become an influencer by recording a video on their phone and sharing it on social media using #PalatDoKhel. We hope that this will snowball into a celebration of the many positives and successes that each of us sees around us, every day, instilling self-belief in millions of Pakistanis.
- Gaddafi Stadium in Lahore and Rawalpindi Cricket Stadium saw full-capacity crowds in 5 and 8 matches, respectively, showcasing the passion and enthusiasm of cricket fans in these cities. The matches in both the stadiums with full attendance were with their respective home teams: Gaddafi Stadium is home for Lahore Qalandars and Rawalpindi Cricket Stadium is for Islamabad United and Peshawar Zalmi both.
- With a total capacity of 27,000 and 15,000, respectively, these stadiums were abuzz with energy and excitement, underscoring the impact of HBLPSL on the nation's cricket landscape.

Karachi Literature Festival

HBL was the title sponsor of the 15th Karachi Literature Festival (KLF), a celebration of literature and cultural exchange. The event was well attended by over 200 local and international speakers from 8 countries who participated in 75+ diverse sessions. The theme for the year was, “Sustainability: Words changing Mindsets”

HBL displayed a special exhibit curated to showcase established artists alongside fresh graduates from the Indus Valley School of Arts and Architecture and the Karachi Arts Council, in the ‘HBL Art Collection”. Keeping the spirit of the festival alive, HBL set up a vibrant Kids Art Workshop throughout the event. This dedicated space provided for budding young artists to unleash their creativity through various art and craft activities. This initiative reflects HBL’s commitment to promoting creative expression and nurturing the artistic talents of the future..

Another key highlight of the festival was a panel discussion titled “How Agriculture Can Save Pakistan,”. The session featured distinguished group of experts, including, Muhammad Aurangzeb, Salim Raza, Miftah Ismail and Dr Ishrat Hussain.

The panel explored various aspects of agricultural development, including policy reforms, investment, technology, and sustainable practices. Through this discussion, HBL demonstrated its commitment to addressing pressing national issues and promoting sustainable development.



| School children at KLF for Activities and Talks on Art.

HBL Art

HBL has conducted more than 24 interactive art sessions in last two years. These interactive sessions on art and art history are open to all HBL staff, their families, and friends. The sessions are conducted online and cater to all age groups. Over time, they have become extremely popular amongst the wider HBL community.

The series aims to look at Pakistani artists and the world from a larger perspective, and to bring back the success stories of Pakistani art to our local audiences. The sessions are recorded and uploaded onto HBL’s intranet portal and remain available to all our employees. This year’s focus was on the art practices of young, emerging, and mid-career artists such as: Wardha Shabbir, Ali Raza, Muzzumil Ruheel, Farida Batool, Risham Syed, Hamra Abbas, Yasir Waqas and Jamil Baloch.



| Wardha Shabbir, If A Tree Could Wander-2, Gouache On Acid Free Paper, 2023





| HBLF funded Eye surgical camps conducted by MALC in Sonikot, Gilgit.

HBL Employee Volunteering Program

HBL's Employee Volunteering Program is designed to inspire and empower HBL employees to make meaningful contributions to the communities we serve. Through immersive, on-ground experience, our people gain insights into the multifaceted benefits of volunteering. Participation in the program provides our employees with opportunities to gain valuable sensitization and skills, and to enrich their own lives with active compassion.

The Program has crossed 1,650 volunteering hours, with over 1,250 hours in just 2023, while engaging 20+ functions of the Bank across Karachi, Lahore, Islamabad, Rawalpindi, Faisalabad, Quetta, Gilgit, Panjgur and Sost in Pakistan, China and Singapore. The numerous activities for this year included clean-up drives, donation drives, tree plantation drives, school visits, pop-up stalls by students with disabilities, thrift stores, and medical and eye-surgical camps in the remotest areas of Pakistan. In 2023, the Program also helped collect in-kind contribution, including 235 blood bottles, 700 books/clothes/toys, Rs 1 Mn in donations and purchases of merchandise made by students with disabilities.

Impact	2023
Employee hours (Hrs)	1,197
Family Hrs	68
Total Hrs	1,264
Avg Hrs / Month	105
Blood Bottles	235
Stationery / Books / Toys / Clothes / Shoes / Others	1,000
Donation to & Purchases from organizations working for children and children/students with disabilities	Rs 1 mn
Trees Planted	400



شاہد آفریدی فاؤنڈیشن
 ماں اور بچے کی صحت
 موبائل کلینک

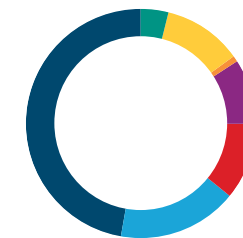


HBL Foundation

The HBL Foundation (HBLF) is the primary vehicle for HBL's philanthropic vision. It is driven by the Foundation's Trust Deed, embracing the ethos of the Aga Khan Development Network and the universal values of the United Nation's Sustainable Development Goals. Our Trust Deed has been guiding HBLF's investments for the last 13 years and will continue to do so in the future.

HBL Foundation Initiatives

2023 - HBL Foundation crosses Rs 3.5 Billion in giving



Locations

- National 47%
- Balochistan 4%
- GB 11%
- AJK 1%
- KPK 9%
- Punjab 11%
- Sindh 17%



Sectors

- Health 62%
- Others 1%
- Development 5%
- Education 27%
- Emergency Relief 5%

Healthcare | Rs 2.19 Billion - benefitting 11 Mn people
 Education | Rs 0.97 Billion - benefitting >0.6 Mn people

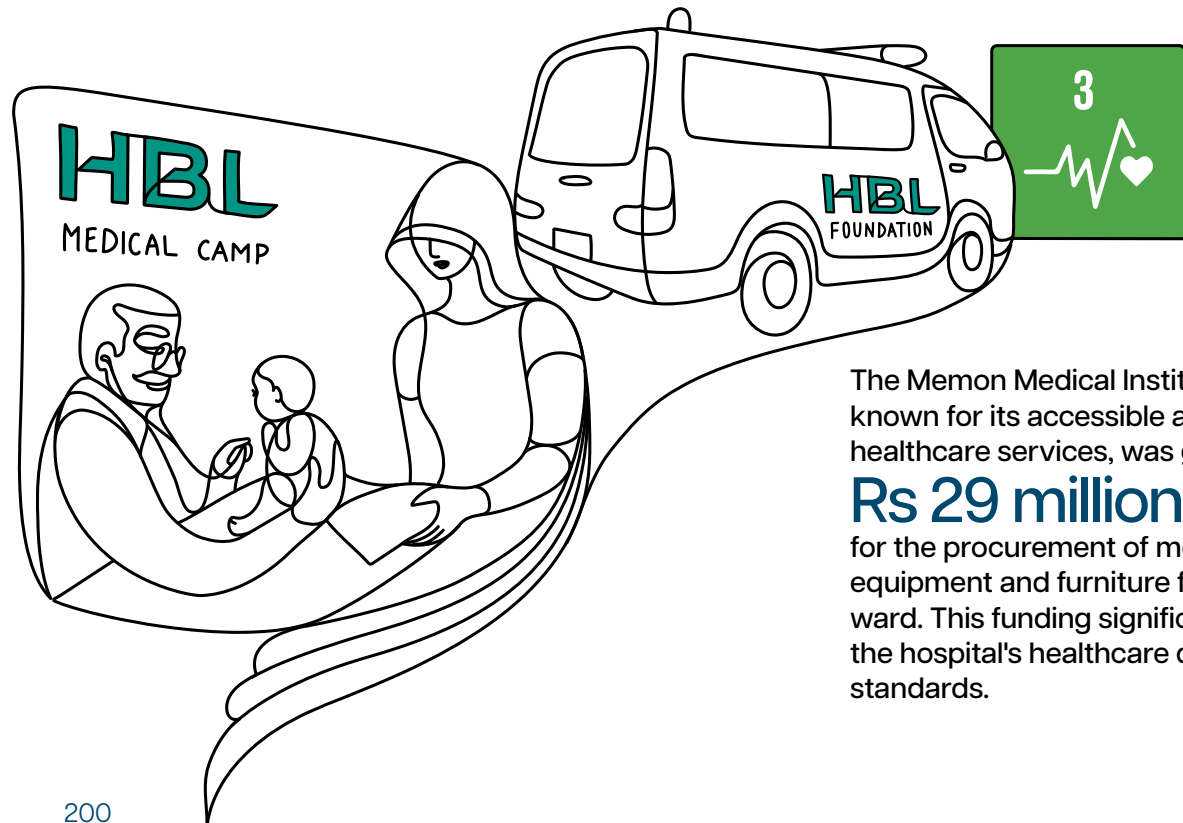
In 2023, HBLF channeled nearly Rs 393.59 million to healthcare, Rs 100 million into education and Rs 21.451 million to community development. These funds have been instrumental in elevating healthcare services, enriching educational experiences, preserving cultural heritage, and fortifying community welfare across Pakistan.

Healthcare

In healthcare, the Foundation granted a total of Rs 393.59 million to healthcare initiatives for advanced cancer treatment facilities, emergency pediatric care, mobile healthcare units and many other comprehensive healthcare initiatives across the country. This diverse range of grants showcases HBL's understanding of the multifaceted nature of healthcare needs amongst the most vulnerable populations of the country.

Between 2019 and 2023, The Patients' Aid Foundation (JPMC) Karachi has been granted a total of Rs 160 million, including **Rs 35 million** in 2023 dedicated for a Tomotherapy Machine. Through this machine, JPMC provides free of cost treatment for all 4 stages of cancer to patients in Pakistan as well as patients coming in from all over the world. It is the only machine in the world that provides free of cost cancer treatment. Approximately **11,000 patients** availed Tomotherapy treatment in 2023.

The Indus Hospital in Karachi, a leading provider of high quality, free of cost healthcare to underserved communities from all over Sindh and Karachi, was granted Rs 262.6 million over multiple years. Under the same commitment, HBLF provided the hospital with **Rs 40 million** in 2023, specifically allocated for expanding its Pediatric Intensive Care Unit. This expansion is pivotal in enhancing pediatric care for approximately **500,000 patients** every month, across 15 hospitals.



The Memon Medical Institute Hospital, known for its accessible and affordable healthcare services, was granted **Rs 29 million** in 2023 for the procurement of medical equipment and furniture for its surgical ward. This funding significantly improved the hospital's healthcare delivery and standards.

The ChildLife Foundation, focusing on pediatric care, was granted **Rs 17.5 million** in 2023 to enhance the children's Emergency Room at PIMS, Islamabad. This project is crucial in providing emergency healthcare services to over **400 children** every day.

Additionally, the Sindh Police's Welfare department was granted **Rs 30 million** in 2023 for the medical treatment of police officials injured on duty. This support is playing an essential role in fulfilling the healthcare needs of law enforcement personnel.

The Foundation awarded **Rs 10 million** to the Shahid Afridi Foundation for a mobile healthcare unit to improve access to basic healthcare across 200 villages from Kohat to Hangu in Khyber Pakhtunkhwa. Around **4,000 patients** are availing free of cost medical assistance on a monthly basis.

The Hyderabad Relief & Rehabilitation Trust was granted **Rs 8 million** in 2023 for procuring and installing a C-ARM machine at Osmania Hospital Karachi, treating 600 patients annually. This equipment enhances the hospital's surgical capabilities, aiding orthopedic surgeons and urologists in conducting efficient surgeries.



| HBLF funded Medical Camp held by MALC in Thar, Sindh.



| Begum Noor Memorial Hospital Chakwal run by Bin Qutab Foundation, funded by HBL Foundation.

Additionally, the Marie Adelaide Leprosy Centre received **Rs 10 million** for conducting Medical Camps in the most rural and remote areas of Baluchistan, Sindh, and Gilgit-Baltistan, furthering healthcare services in these regions that do not have access to adequate healthcare services.

Nearly **10,000 patients** benefited from these camps in 2023.

The Bin Qutab Foundation was provided **Rs 7.5 million** in 2023 for installing four dialysis machines at Begum Noor Memorial Hospital, Chakwal. This project significantly enhances renal care for over 6,000 patients annually.

Comprehensive Health and Education Forum (CHEF) International received Rs 21.6 million (2023-2024), including **Rs 11.6 million** in 2023, for building infrastructure of Chaudhry Sajjad Haider Memorial Hospital and HHRD Centre in Gujrat, providing universal eye care and primary healthcare.

The Healthcare & Social Welfare Association (HASWA) was granted **Rs 1.5 million** for providing prosthetic limbs and treatment to differently abled deserving patients, aiding in their mobility and independence.

The Kidney Centre Post Graduate Training Institute (TKC-PGT) received Rs 70 million (2023-2024) to setup 2 operating theater floors, with

Rs 35 million given in 2023 for advanced healthcare capabilities.

The Aga Khan University (AKU) was granted **Rs 5 million** in 2023 for its Patient Welfare Program, providing life-saving treatments to critical care patients and improving their quality of life.

The Child Aid Association was granted **Rs 4.5 million** in 2023 for providing comprehensive treatment to 5 underprivileged children suffering from cancer over 3 years.

HBL Foundation approved and provided financial support of **Rs 7 million** in 2023 towards the Procurement of Dialysis Machines to Ittefaq Kidney and General Welfare Hospital, Peshawar. The facility is providing dialysis services to about 600 individuals annually.

Aga Khan Health Services, Pakistan received **Rs 147 million** in 2023 for the formation of the Accident and Emergency Department with Tele-ER services at the Aga Khan Medical Centre Gilgit (GMC) to provide life-saving treatment to patients in need of critical health care. Approximately, 1 million individuals from Gilgit-Baltistan benefit from GMC annually.



| Mother getting her child treated at PIMS Pediatrics Emergency, managed by ChildLife Foundation, funded by HBL Foundation.

Education

HBL believes in the transformative power of education. Through the HBL Foundation, we supported several technical educational infrastructure programs across the country and provided scholarships for students in schools and universities in Sindh, Punjab, Baluchistan, Azad Jammu & Kashmir, and Gilgit-Baltistan.

HBL Foundation is supporting 4 Bachelor's and 1 Master's degree for girls from underserved communities studying at Lahore University of Management Sciences (LUMS).

Rs 5.7 million was given as part of a 4-year commitment of Rs 20.9 million supporting these scholarships.

Karachi Down Syndrome Program (KDSP) is a non-profit organization that was granted

Rs 2.5 million in 2023.

This financial support is instrumental in offering vocational and technical training programs specifically designed for 100 children and adults with Down Syndrome.

The Foundation also provided scholarships for liberal arts & sciences education for 3 girls from vulnerable communities at Habib University, Karachi. As part of a 4-year commitment, HBLF granted

Rs 4.3 million in 2023 towards these scholarships.

HBL Foundation granted

Rs 30 million to The Citizens Foundation (TCF) to support 257 Punjab government schools managed by TCF. This substantial allocation ensured access to quality education for 11,500 students from marginalized communities.

A grant of

Rs 4 million

was given to the Behbud Association in Karachi for the procurement of IT equipment for a computer lab and training department to improve the quality of their digital literacy programs, directly benefitting

500 girl students

every month.

The Pakistan Association of The Blind (PAB) was funded with

Rs 7.92 million

for the procurement of a Braille Press and printing of Braille books to empower visually impaired students by providing them access to education through specialized materials. Through 2023 funding, 1500 braille books were printed and distributed among those in need in Sindh and Punjab region.

Sultanabad Social Welfare Association (SSWA), a community run organization in Gilgit that has been serving the people for the last two decades, was granted

Rs 10 million

for construction of a new building for English Grammar School, Sultanabad. This school provides quality education to over 250 children; nearly 30% of the students are orphans and receive education free of cost.

Family Educational Services Foundation (FESF) has been supporting and uplifting individuals with hearing impairment since 1984. HBLF extended financial support of

Rs 5 million in 2023

to sponsor 130 students at the Deaf Reach School, Karachi, to enhance educational and vocational opportunities for deaf individuals, aiding in their overall development and integration into society.

HBL Foundation provided scholarships to 25 differently abled students at Markaz-e-Umeed. This support of

Rs 1 million ensures access to quality education and educational support for a whole year.



| Deaf Reach School Karachi, funded by HBLF.



| HBLF funded Khatoun-e-Pakistan School managed by Zindgi Trust, Karachi

Rs 7.1 million was granted for 'Textile Learning Factory for disadvantaged women & young girls' program at The Dow Skills Development Centre (DSDC). This initiative is empowering 200 women and girls through skills training and vocational programs, contributing directly to their financial independence and sustainable livelihoods.

Two of the government schools run by Zindagi Trust were funded by HBLF in 2023. A grant of

Rs 10 million was given to empower nearly 3,500 girls through inclusive education, fostering cognitive skills, and academic excellence.

Helping Hands Welfare Association Baltistan (HHWAB) was granted

Rs 7.2 million in 2023 for a 'Youth Socio-Economic Empowerment Through Vocational Skill Trainings' program to support 600 youth in educational and technical skills programs.

The Foundation has been sponsoring **5 scholarships** for girl students from underserved communities for the last 2 years at the National University of Sciences & Technology (NUST) Pakistan. In 2023, the scholarships were continued as part of HBLF's focus on STEAM education for girls.

HBL Foundation closely oversees and evaluates its funded health-care and educational programs and their impact on the communities they serve, through a structured Monitoring & Evaluation Process. 2023 evaluation results show:

i. Total number of people benefitting from healthcare grants reached over

9 million.

ii. Total funding in healthcare crossed

Rs 2.2 billion

iii. Total support provided to improved healthcare infrastructure in 2023 is

Rs 393.6 million

iv. Number of infants saved through HBLF funded programs in 2023 is

1,145,622.

v. Total funding provided for educational programs and scholarships in 2023 is

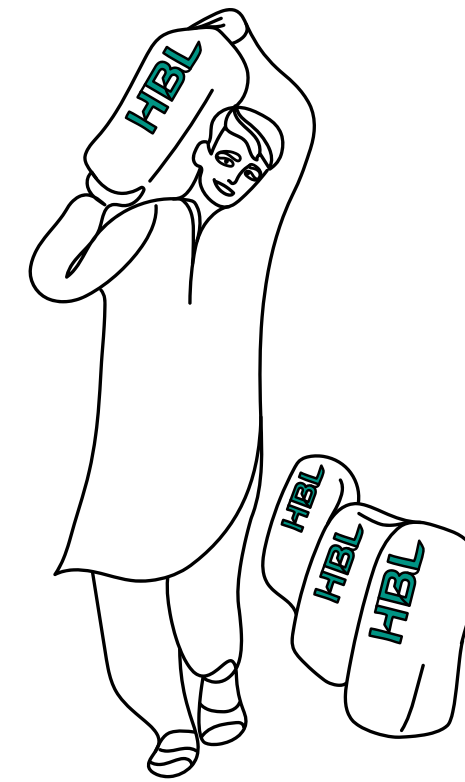
Rs 100 million
directly benefitting
17,968 students.



| Scholar at Khpal Kor Foundation, Swat funded by HBLF.



| Playful child in suburban slums in Lahore.



Community development

The HBL Foundation undertook impactful community development efforts towards strengthening food security by providing dry food rations and improving living conditions in underserved & flood affected regions, which included provision of mosquito nets and waterproof tents in Sindh and Baluchistan, reflecting HBL's holistic approach to societal well-being.

HBLF also supported the Living Masters project, run by the All Pakistan Music Conference (APMC), as a commitment to safeguarding Pakistan's rich cultural heritage and ensuring that the artistic legacy of its classical music is preserved for future generations.

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