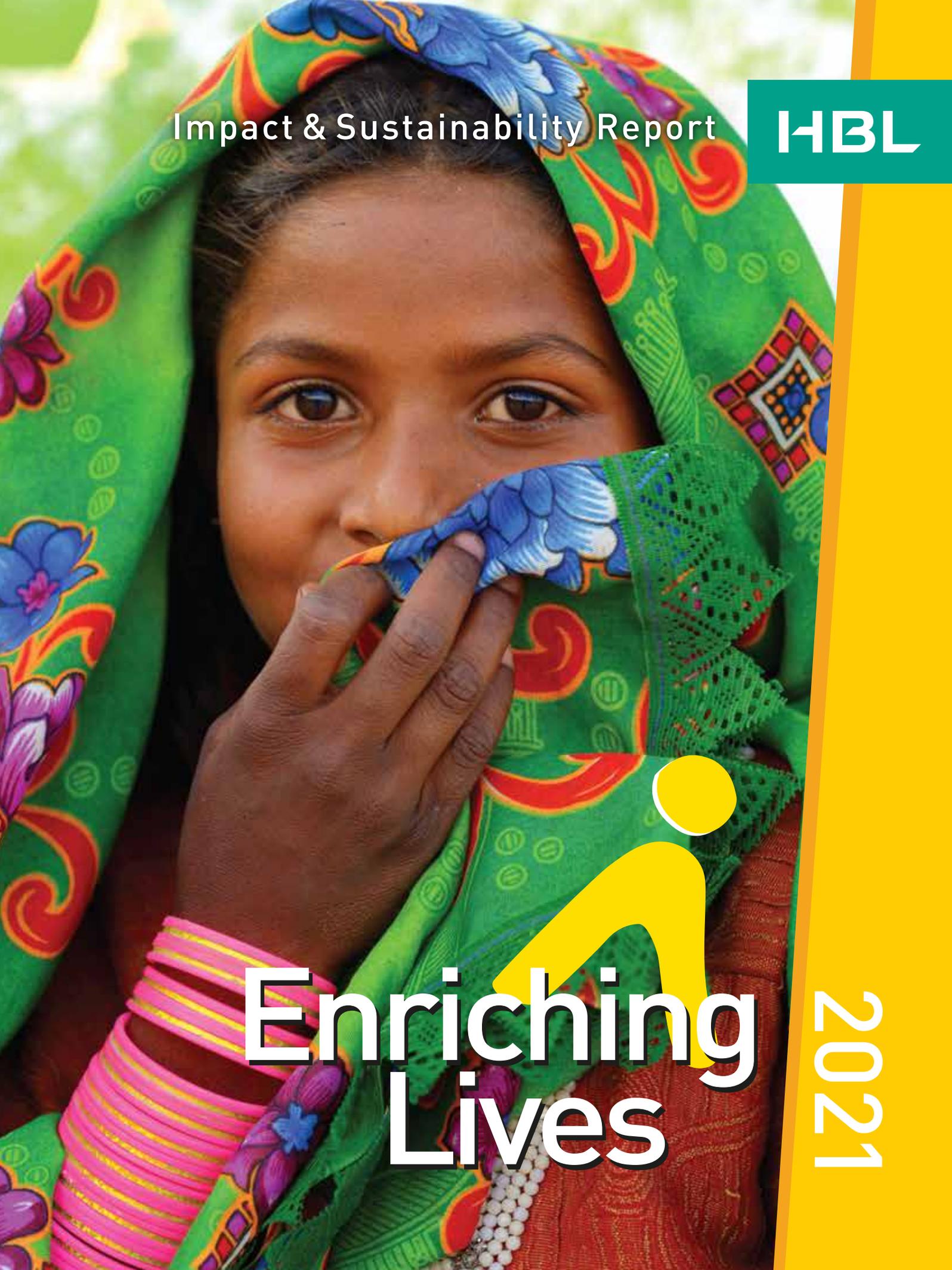


Impact & Sustainability Report

HBL



Enriching
Lives

2021

We are proud to walk the talk of positively impacting people and the planet. HBL is inculcating sustainability and impact measurement as a cross-sectional element in its essence of 'Enriching Lives'. Our journey towards reporting this purpose-led transformation has just begun...

2021

Impact & Sustainability Report

HBL



Enriching
Lives

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HBL Enriching Lives

HBL, the largest commercial bank in Pakistan, is embedded in the nation's fabric and continues to serve and enrich the lives of millions to create a progressive society as envisioned by the founders of this nation. Its vision is to create sustainable enterprises and drive employment, emphasizing developing local human resources in all its institutions. HBL's vision is focused on improving people's quality of life.

With a customer base of almost 30 million, HBL is conscious of its role in Pakistan's financial ecosystem. Above all, we understand the impact that we create and our responsibility to the people of Pakistan. This includes not only our customers but also our employees – our people. None of HBL's goals can be achieved without investing in and developing our people. This is supplemented by HBL's institutional interventions, working with organizations that serve the needs of the communities in which we operate. HBL is also

taking leading positions in tackling the threat of devastating climate change and protecting the environment and our fragile planet.

HBL's strategic thrust is based on a 6-point agenda, which includes "giving back to the community" as one of its key pillars. This comprises three major focus areas: accelerating the implementation of robust and measurable financial inclusion initiatives; philanthropic funding for social development; and encouraging employee volunteerism – all supported by embedding Environmental, Social, and Governance (ESG) considerations into every aspect of our businesses and key decisions.

The world faces the existential threat of climate change, with Pakistan prominent on the list of potentially impacted countries. Pakistan also has to do significant work on meeting its Sustainable Development Goals. HBL's Impact and Sustainability measurement and management enables us to optimize our programs and contribute to protecting the country's resources.





Chairman's Message

Unprecedented times of today compel us to reflect on challenges we may face in the foreseeable future. Climate change is a ubiquitous danger – its far-reaching effects are already making an impact, whilst unabated population growth is fast depleting the world's natural resources. All of this has a direct consequence on the "quality of life" of the world's most vulnerable populations – the low-income communities. For these communities, access to clean drinking water, basic healthcare, education, housing, and economic progress is a constant struggle and a cause for concern.

At HBL, Pakistan's largest banking group, we are intrinsically linked with the nation's fabric and its people. We understand that a functional civil society is predicated on economic progress and social development, which can work towards mitigating climate change. All these factors are required for ensuring sustainable development.

We at HBL believe that it is incumbent upon us, being a part of the Aga Khan Fund for Economic Development (AKFED), to embody the key value of maintaining a balance between what we do and what we share. Our wide outreach across the country enables us to keep a finger on the pulse of society. It is for this very reason that our spending on social and developmental causes is the highest in the industry and certain sectors of the country.

We consider ourselves to be a bank with a soul. Therefore, we invest in developing human capital and are constantly looking at ways and means to train people better and retain them as employers of choice. We inculcate our values in our people so that they serve our customers better and, above all, give back to our communities.

For over 10 years, we have been supporting a wide array of projects both in the private and the public

sector, with a particular focus on health and education. We have allocated dedicated sources for this purpose, and we monitor and evaluate our giving to ensure impact. All our allocations are based on merit, need, and impact and are carefully vetted by a diligent board of trustees.

We believe that more needs to be done, and it is with this in mind that the Board of Directors of HBL has decided and approved that it will enhance its givings to the HBL Foundation by 50% by 2023, Insha'Allah. We pray that we are able to do even more as we progress and serve our customers even better with every passing year.

This is the first impact and sustainability report that we are compiling for HBL, which we hope will serve to remind us all that we are who we are because we have been fortunate to receive what has been graced upon us by Allah. It is incumbent upon us to give what we can for the betterment of those who need it the most.



Sultan Ali Allana
Chairman HBL



Achieving long-term value through SDGs

HBL is committed to sustainable development and promoting high levels of Environmental, Social, and Governance practices in the banking industry. These impactful practices are embedded in our DNA and drive our business through robust governance systems and risk management protocols, enabling us to structure and implement sustainable solutions across all areas of operations.

HBL has put in place a set of practices that help us make better and more informed decisions about measuring performance and continually improving the well-being of people and the planet.

Through our strategically designed programs, we aim to create a more sustainable, equitable, and financially inclusive world where the present population can meet their needs without borrowing or depleting the resources of future generations.

HBL Business Agenda



Relentless focus on customer experience

- “Delighting our customers” is our rallying cry
- We are changing mindsets and embedding Customer Centricity into the DNA of the organization
- ‘Technology, with a human touch’ is how we plan to excel in serving our customers



People Agenda be our top priority

- Culture Change through transformative investment in training & development
- Staff Engagement and frequent surveys to validate momentum
- Increased interaction with cross-functional teamwork across the network
- Succession Planning from the top-down to nurture, retain and enhance talent pool in line with our agenda of Making Innovation the Driving Force
- Gender Diversity with greater inclusion and female participation in the Leadership Team – Make HBL the employer of choice for women



Making Innovation the Driving Force

- Proactively Reinvent – ‘We are a Technology Company with a Banking License’
- Think Again - Continuous enterprise-wide process improvement ‘as good is never good enough’



Embedding Risk, Compliance and Control in our Business Principles

- Revalidating implementation of bank-wide process simplification and control mechanisms through a dedicated task force (RCCU)
- Augmenting our 3 Lines of Defence across all disciplines to continue ‘doing first class business in a first class way’



Commitment to deliver on P&L

- Sustainable revenue growth on the back of top league table positions
- Strict cost discipline including cost initiatives
- Optimal deployment of Balance Sheet, with enhanced focus on crosssell
- Maintain high portfolio quality



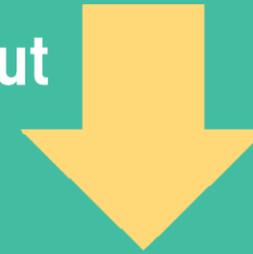
Giving back to the Country and the Communities that we serve

- Accelerate the implementation of robust bank-wide financial inclusion initiatives
- Philanthropic funding for social development along with encouraging employee volunteerism
- Embedding ESG considerations across our businesses and key decisions



Social Impact & Sustainability Reporting Framework at HBL

Input



- ▼ Human Capital
- ▼ Social Capital
- ▼ Intellectual Capital
- ▼ Financial Capital
- ▼ Natural Capital

Output



- ▶ Value in people
- ▶ Value in clients
- ▶ Value in the society
- ▶ Value in finance

The Impact we wish to achieve

- Environmental Sustainability
- Inclusive Economic Development
- Inclusive Social Development



Impact & Sustainability- Strategic Pillars



1 Code of Ethics & Business Conduct

For HBL, preserving and nurturing the Bank's reputation and commitment to its core values is of utmost importance. HBL expects all employees to conduct themselves according to the Code of Ethics and Business Conduct that provides guidelines to employees and to the Board of Directors in their actions and serves as a declaration of the highest standards of ethics and integrity.

2 Corporate Social Responsibility (CSR)

Understanding the significant challenges of health, education, and community development in Pakistan, HBL's philanthropic funding strategy follows the ethos of "Enriching Lives." The Bank allocates 1% of the profit after tax to the HBL Foundation, a non-profit trust created in 2010 for promoting development and advancing the welfare and well-being of the people of Pakistan, with the object of improving their quality of life through grants, endowments, and financial support. From 2023, this allocation will increase to 1.5% of the profit after tax. The HBL Foundation independently monitors and evaluates all the grants and donations.

Additionally, the Bank, under the aegis of the HBL Art Collection initiative, has a commitment to encouraging public engagement with art through sponsoring exhibitions of Pakistani contemporary artists in public spaces and by supporting public art events such as the Lahore Biennale.

3 Client Centricity

Our client relationships are our *raison d'être* – the reason for our being. We strongly believe in building and nurturing our relationships with our customers to deliver high-value services continuously.

4 Gender Diversity & Inclusivity

HBL recognizes that women, gender-diverse people, and people with special needs are not in the same starting position as men. Gender diversity and inclusion policies are meticulously designed and implemented across HBL to ensure equal representation of women and persons with disabilities.

5 Digital Innovation and Financial Inclusion

Technology and digital innovation have driven our customer reach and fueled our financial inclusion agenda. As a result, we continue to focus on improving our current offerings and innovating to ensure our operating models are efficient.



Development Enablers

A core set of drivers to achieve Social Development Goals and to guide policy coherence and implementation at HBL

Development finance to uplift the entire agriculture-based economy across Pakistan, improving the lives of small farmers.

Sustainable use of resources to reduce our impact on the environment.

Ensuring financial inclusion through technology-based solutions.

A highly impactful Corporate Social Responsibility strategy contributes to health, Education, Community Development, Art, Culture, and Public Engagement.

Inclusive Gender Equity and Diversity training and learning programs for HBL employees

Strategically targeted "venture capital" investments in businesses that contribute to social development objectives.

HBL Code of Ethics sets the tone for proper conduct and ethical behavior in conducting business and personal interactions.



At HBL, we believe in investing in building a purposeful institution – an institution that goes above and beyond being just a financial services provider. We are an institution of people from diverse backgrounds who demonstrate integrity, respect, teamwork, and acceptance.

As custodians of this institution, it is imperative for us to ensure the bank inculcates sustainability in its operating principles to ensure impact for years to come.

Our thinking on impact and sustainability is shaped by our experience working with multi-ethnic communities across the world, understanding the needs of people and the planet. We are on track to build a better world by creating long-term & purpose-led growth strategies for our internal and external stakeholders.

To develop an in-depth understanding of the environment's and society's needs, we monitor a comprehensive set of inputs across all functions at HBL. We have built a strong team from diverse fields: engineers, social scientists, agronomists, and technology experts. A broad base of people who, through their expertise, are effectively our eyes and ears to observe how society is changing and help us devise strategies that are based on broader implications than just financial and that benefit humanity and the planet.

We owe it to our future generations – be that our future customers or our workforce of the future that the practices we follow today will ensure a legacy for them. We, as HBL, are committed partners for the nation's progress and are therefore proud to help strengthen and build a sustainable value chain that will help fuel Pakistan's growth.

Leading Purpose-led Transformation

Muhammad Aurangzeb
President & CEO HBL





How We Report?

We use a common language and a shared purpose of “Enriching Lives” for our KPIs at a macro level to report impact and sustainability on three significant levels, Environmental, Economic, and Social Governance, in a targeted way to effectively reflect the impact our programs and different funding verticals are bringing about in the society. At HBL, we are driven by our passion for improving the lives of our stakeholders. Our mindsets, inception, and implementation of programs are all impact-driven. We are working towards making our community better through a holistic approach of combining multiple strategies and areas of interventions to increase our impact at the grass-root level, reflected in our reporting through a data-driven summary of our Impact and Sustainability performance.

Reporting Framework

This sustainability report contains general information about HBL’s environmental, economic, and social operations as of December 31, 2021. We are reporting our impact and sustainability for the first time in the bank’s history; therefore, the progress to date on ongoing programs and activities is being shared through this report. HBL Impact & Sustainability Report shall be issued every year for a Sustainability reporting cycle of our fiscal year from January to December.

We are developing an internal reporting strategy and template for each program and all the operations based on their environmental, economic and social impact to assist us monitor, measure and report the effect every year. Each function will develop a yearly goal for impact and sustainability, the strategy for which will be published across the bank and the progress will be measured and reported accordingly.



HBL Impact & Sustainability-Progress at a Glance



	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Environment																	
Green Taxonomy																	
WWF Partnership																	
No New Coal Policy																	
Green Investments																	
Renewable Energy																	
Tree Plantation																	
No support for industries contributing to deforestation																	
Green Operations																	
Economy																	
Financial Inclusion																	
Financial Literacy																	
Transforming Agriculture																	
Gender Targeted Investments																	
Digital Innovation																	
Supporting Startups																	
Low-Cost Housing																	
Small & Medium Enterprises																	
Society																	
Gender Diversity & Inclusion																	
Fair Employment & Youth Employability																	
Employee Safety, Health & Wellness																	
Public Engagement with Art																	
Healthcare																	
Education																	
Anti-Harassment Policies																	
Persons with Disabilities																	
Poverty Alleviation																	
Emergency Relief																	





We believe it is important that our stakeholders — including clients, communities, and shareholders — understand how we manage ESG issues and have better insight into how we live our values and deliver on our purpose to drive responsible growth. For us, environmental sustainability is more than a feel-good endeavor, and we are doing our part to reflect that across our businesses.”

Ahmed Saeed

Head, Social and Environmental Management Systems (SEMS)



Steps Towards a Sustainable Environment

HBL is a responsible corporate citizen and is very cognizant of its impact on the environment. We monitor and evaluate our impact on the environment and continuously strive to reduce the harm. HBL incorporates an ethos of environmental sustainability into the conceptualization, development, and implementation of all interventions across the bank. In addition to the SBP's Green Banking Guidelines, which HBL helped craft, the bank has integrated the Aga Khan Development Network's (AKDN's) cross-cutting Environment & Climate Committee Guidelines into HBL's environmental management systems.

We strive to achieve net-zero by eliminating all avoidable emissions by 2030.

HBL's leadership realizes that ESG issues are increasingly gaining importance. There is an urgent need for systemic change in addressing the broader ESG agenda and the climate emergency. In 2020, the HBL Board took a landmark decision not to finance any new coal projects or financing for coal of any kind. In 2021, HBL decided to stop financing industries that contribute to deforestation. We are actively working on reducing our carbon footprint and are now incorporating LEED/ IFC standards in most of our major office buildings.

HBL Microfinance Bank's Regional Headquarters in Gilgit, Pakistan, is the first International Finance Corporation – Excellence in Design for Greater Efficiencies (IFC – EDGE) advanced certified and LEED-certified building in AKDN globally. In addition, the HBL Tower in Karachi is also LEED-certified, which is the most widely used green building rating system in the world.

HBL won the prestigious Environment Excellence Award 2021 from the National Forum for Environment & Health, affiliated with the United Nations Environmental Program and supported by the Ministry of Climate Change. This award recognizes organizations contributing to sustainable development by protecting the environment and encouraging Health & Safety best practices for a greener Pakistan.



Section 1



Environmental Management System (E&S) Policy

GOALS ▶

HBL recognizes the need to support the communities we operate in and will continue to assist them in taking measures to protect our environment.

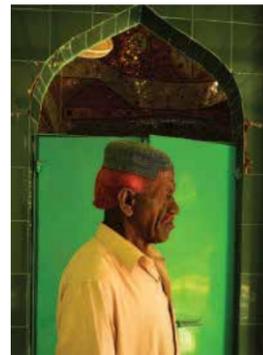
- 1 Stop financing any new coal projects
- 2 Reduce HBL's coal-related exposure to zero by 2030
- 3 Stop financing industries that contribute to deforestation.
- 4 Reduce HBL's exposure to exclusion list items, including ESG negative industries, with a target of eventual phase out to zero.
- 5 Conduct in-house and external training and seminars geared towards increasing ESG-related awareness and implications and the importance of sustainability.

Green Investment Principles – China

In 2019, HBL became a signatory to the Green Investment Principles (GIPs), China, and 27 other global institutions. It includes seven principles at three levels – strategy, operations, and innovation – for green investments in the Belt and Road Initiative (BRI). The GIP's signatories are expected to incorporate these principles into their corporate strategy and decision-making processes.

GIP's have been established by the Green Finance Committee of the China Society for Finance and Banking and the City of London Green Finance Initiative in collaboration with the Principles for Responsible Investment (PRI), the IFC-supported Sustainable Banking Network, the ICBC-hosted Belt & Road Bankers Roundtable, the Green Belt and Road Investors Alliance, the World Economic Forum and the Paulson Institute. These principles are intended to promote environmental friendliness, climate resilience, social inclusiveness, and improved management of environmental and social risks for new investment projects in the Belt and Road, keeping in view the UN SDGs and the Paris Climate Agreement.

HBL was the pioneer in the banking sector in Pakistan in developing and implementing a Social and Environmental Policy focused on ensuring a robust system that safeguards against credit, liability, and reputational risks in line with the International Finance Corporation's (IFC) Performance Standards. In alignment with the SBP's Green Banking Guidelines, the policy intends to achieve this objective by having a transparent ESG-driven strategy through which it benchmarks its customers against strict criteria, including exclusion lists.



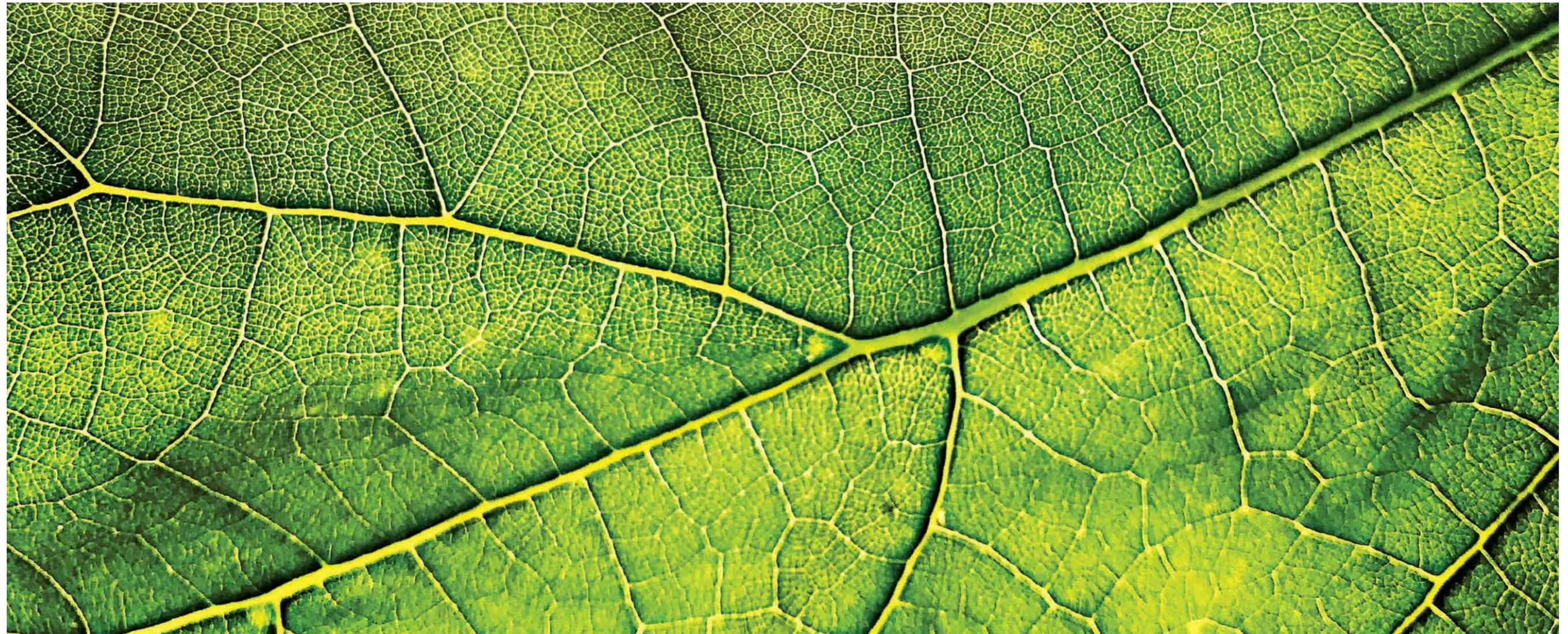
Green Taxonomy



During the past few decades, rapidly changing climatic conditions have motivated all sectors of society, including the financial industry, to play their part in environmental sustainability. As a result, green finance has increasingly gained importance in the global economy's transition to sustainability through various initiatives. Green taxonomy is a fundamental tool for transparency in measuring green economic activities, hence preventing greenwashing, also called "green sheen," through which green PR and green marketing are deceptively used to persuade the public that a business's products, services, aims, and policies are environmentally friendly.

HBL has initiated an agreement with China's technical advisory team under the supervision of Dr. Ma Jun, the Founder and President of the Institute of Finance and Sustainability (Beijing). The Common Ground Taxonomy was recently launched under the International Platform on Sustainable Finance at COP26 in Glasgow and is an in-depth exercise that puts forward areas of commonality and differences between the EU's and China's green taxonomies.

The key goals planned under HBL's initiative are the identification of commonly recognized green lending activities and the design of a green loan management framework for HBL. In addition, an internationally aligned taxonomy will better support effective decision-making and response to investment opportunities that contribute to achieving national and international environmental objectives. It could also enable HBL to issue an internationally listed Green Bond in the future.





HBL and WWF
exploring
**innovative
solutions**
to mitigate
environmental
degradation and
climate change
challenges



HBL and WWF

In 2021, HBL joined forces with WWF – Pakistan to find innovative solutions to stop environmental degradation and meet climate change challenges. Both institutions shall explore collaborative efforts and projects that address ways to reduce the negative impact on food, water, and energy, promote biodiversity, and conserve our oceans.

The areas of collaboration include:



Sustainable Tourism
with a focus on
Wildlife-based Tourism



Environmental
Education and capacity
building



Sustainable Agriculture
(Cotton and Food
Security)



Green Financing for
Recharge Pakistan
Program



Strengthening ESG
(Environment and
Social Governance)
at HBL



Protecting the
coastal and marine
environment

E&S Engagement with IFC

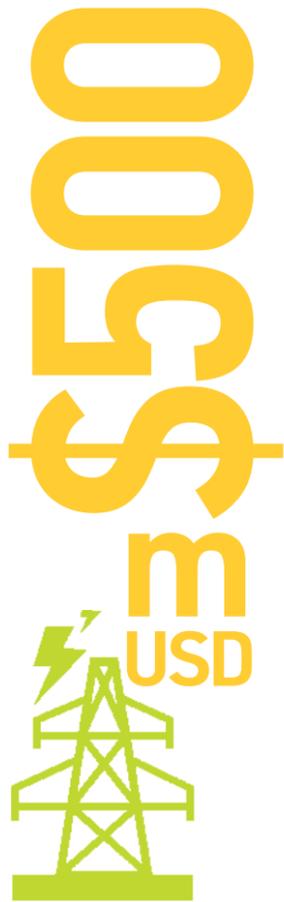
IFC shall provide advisory services to strengthen Environmental & Social (E&S) risk management capacity and practices and support E&S performance improvement in HBL. The engagement will also include improving organization capacity through staff training, hiring an external consultant, supervising the Environmental and Social Due Diligence (ESDD) of the high-risk transactions, and gap analysis (SEMS policy in alignment with SBP Green Banking Regulations). In addition, they will provide an in-depth analysis of the existing E&S framework and implementation status at HBL, identify areas for improvement, and provide certifications for E&S processes already in place. The engagement will primarily focus on three projects which include renewable energy initiatives. It will also cover a gap analysis to provide a roadmap for further E&S improvement in line with international standards and best practices.



No New Coal Policy

The institution's approval of the "No New Coal" Policy in 2020 was a major milestone in HBL's journey to becoming the first fully integrated green financial institution. It was the first of its kind by any commercial bank in Pakistan. We are aiming to reduce our existing impact to Net Zero by 2030. Since then, HBL has declined a number of new transactions related to coal and tobacco businesses despite expecting significant revenue, as per its Exclusion list.





Green Eurobond for WAPDA

Sustainability Financing Projects – Investment Banking

1 HBL was appointed as the co-manager, along with J P Morgan, for issuing the first-ever Green Eurobond for WAPDA amounting to USD 500 M, the only local bank appointed for the issue. This debut green bond will open doors for Pakistani corporates to tap green investors in international debt capital markets. The transaction was successfully concluded in the first half of 2021 and was oversubscribed 5 times.

2 HBL acted as the Local Currency Mandated Lead Arranger & Advisor for setting up two 50 MW wind power

projects. We worked hand-in-hand with international DFIs to ensure the availability of offshore funding to enable timely project completion; the projects are expected to achieve commercial operations during the first half of 2022.

3 We also are the Mandated Lead Advisor & Arranger for a 100 MW solar power project. HBL provided the funding and assisted with arrangements of the debt. This solar-powered Independent Power Producer is located in Rakh Chaubara of District Layyah in Punjab and will receive its approval for commercial operations in 2022.

SBP Financing Scheme for Renewable Energy

HBL is one of the most active banks in utilizing SBP’s renewable energy refinance facility. One-on-one client mentoring is done during site visits by teams to develop better linkages with the partners. As of 2021, 49 projects with an overall capacity of 173 MW have been financed.



Gul Ahmed Textile Mills (GATM) – Water Recycling Plant

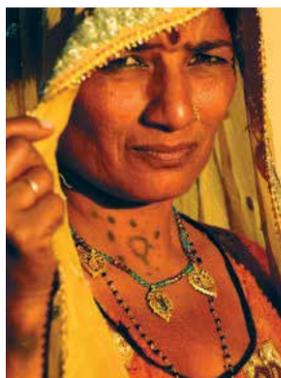
In 2019, HBL financed an integrated water management system for GATM with an investment of Rs. 281 million. As a result, a water recycling plant with a capacity of 600,000 gallons per day was installed to treat water from the effluent treatment plant for re-use in processing/ dyeing/ bleaching operations. As a result, GATM achieved cost savings and water conservation advantages through this initiative.

Environmental & Social Risk Assessment of financing

HBL’s Social and Environmental Management System (SEMS) has been formulated based on IFC’s sustainability framework and due diligence process for all counterparties part of IFC’s existing portfolio. All financing requests are subject to screening against HBL’s exclusion list and national laws on environment, health, safety, and social issues. HBL applies its sustainability standards to all credit approvals as per its SEMS policy.

Due to their adverse impact on the environment and social sustainability, activities that are amongst the most harmful and that form part of HBL’s exclusion list are, inter alia, as follows.

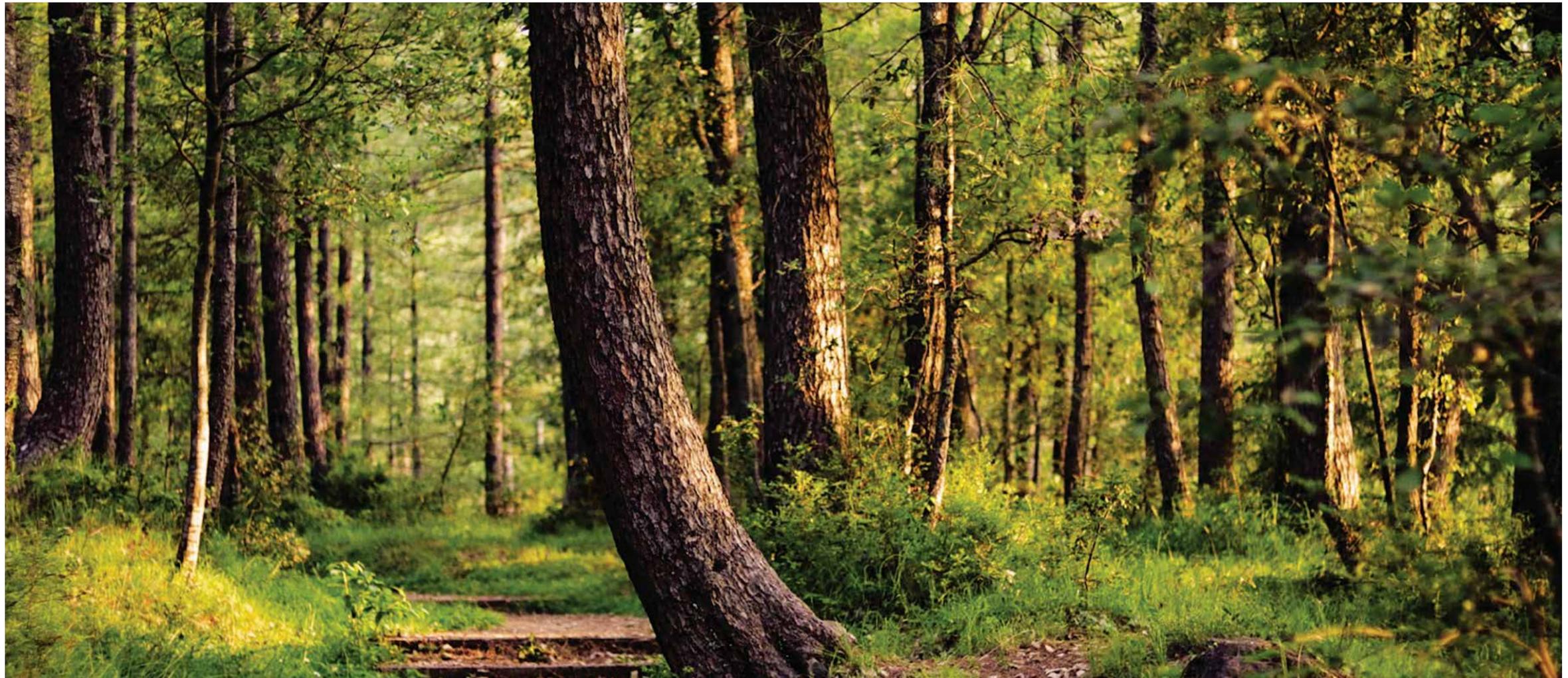
- Coal-based mining and power projects
- Production or trade in tobacco
- Radioactive materials
- Wood and forestry products other than from sustainably managed forests
- Weapons and munitions.
- Production or activities involving harmful or exploitative forms of forced labor/ harmful child labor.



1,000,000,000



Ten Bn tree tsunami plantation drive



Tree Plantation

HBL, in collaboration with the Capital Development Authority, Islamabad, organized a plantation campaign launched by the Special Assistance to the Prime Minister on Climate Change. The plantation was organized under the "Tree Plantation Drive 2021" campaign, under the "Ten Billion Tree Tsunami" initiative of the Ministry of Climate Change, to offset greenhouse gas emissions and mitigate climate change impacts.



ESG and Renewable Energy – Capacity Building Programs

HBL has been the industry leader in driving the development and implementation of the ESG framework through its presence on the SBP Consultative Committee, which developed the Green Banking Guidelines.

Internally, education, training, and capacity building continue to be driven across our business segments through one-on-one mentoring and IFC e-learning programs.

HBL, with assistance from British International Investment, UK, organized a workshop with customers, energy sector regulators, and potential power sector investors to promote the ESG agenda.

HBL has collaborated with GIZ, Frankfurt Business School, and the German Solar Association and conducted sensitization sessions with all its lending business teams to promote the Solar Photovoltaic sector.



Aligning Operations with Green Banking Guidelines

HBL was one of the first financial institutions in Pakistan to realize the need for environmental sustainability and integrated a consolidated framework into its operations.



Light automation system reduces **19.5 mt. Co2** emission per year, per facility 

Green Operations Unit

The Green Operations Unit has taken multiple initiatives to reduce the impact of HBL's operations on the environment while also reducing the cost of the Bank. The initiatives are focused on automation of systems, remote monitoring, and process re-engineering. In addition, digital enablement and servicing of customers, rather than through a brick and mortar network, has helped us reduce our emissions per customer.

Green Operation Unit was formulated in 2018 with the following clear objectives:

- To comply with the SBP's Green Banking Guidelines
- To reduce HBL's reliance on fossil fuels/ grid electricity
- To conserve energy and reduce the carbon footprint of the Bank
- To reduce HBL's paper consumption
- To take resource efficiency measures

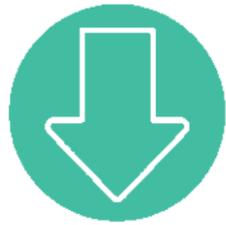


Sustainability and efficient operations are not conflicting goals for us at HBL. Our impact reduction programs have become a vital element of our operations, with an increasing focus on net-zero carbon emissions targets."

Amjad Malik

General Manager and Head General Administration





The interventions undertaken by Green Operations Unit are:

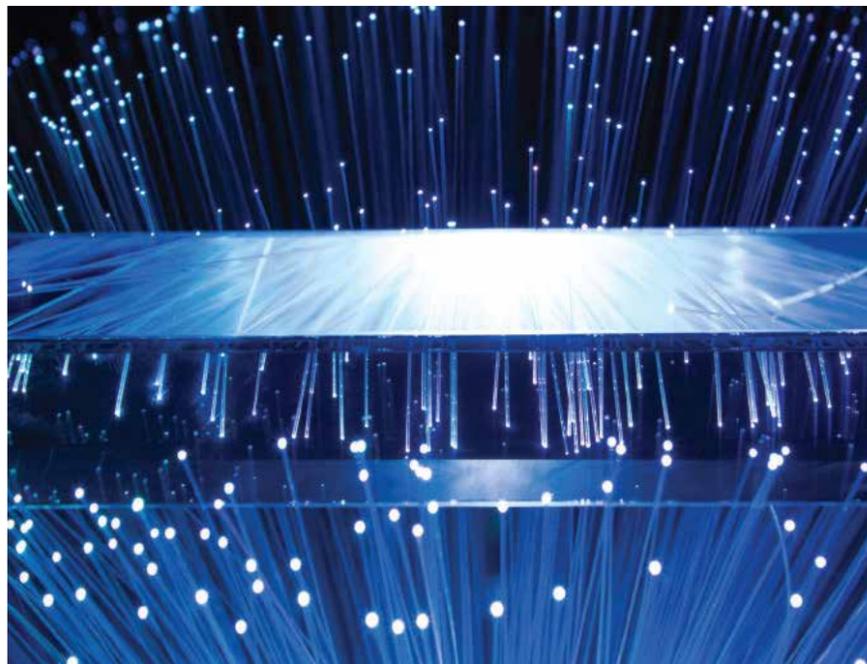
IoT Based Solar Hybrid Solution

Our operations are highly reliant on the electricity supply from the national electricity grid, whereas the uninterrupted power supply is ensured through electric generators. The Bank's 3100 ATMs require 24/7 backup, for which a solar option has now been installed. This solar generation has proved to be a cost-effective and more sustainable solution. The Bank, therefore, prefers solar-powered backup solutions across the network.

Installation of solar panels at 170+ locations has resulted in 525 MWh/yr production with a Co2 reduction of 373 MT per year, ensuring

electricity production at a cheaper rate and electricity backup for offsite ATMs, which will also lead to further reduced carbon footprint.

HBL utilizes one of the most efficient, remotely monitored IoT-based solar hybrid solutions. This is installed at nine premises, and four more are under implementation. Our vision is to expand this alternate energy supply to 250 branches and regional offices in 2022.



IoT Based Generator Fuel Monitoring

HBL has installed 50 IoT-based monitoring systems with centralized monitoring in Karachi to analyze fuel usage data to reduce wastage and over-consumption of fuel. This solution uses sensors to read the fuel level in generators, communicates the numbers to a web-based portal, and collects Genset health-related telemetry data.



Paper Reduction

Banks' paper consumption is higher than many other industries due to specific regulatory record-keeping requirements. However, the paper used for internal communication is reduced through awareness, management directives, and digitalization.

A pilot project on duplex printing showed a more than 20% decrease in paper consumption, and this is being rolled out across our operations.

Fueling

Vehicle fuel purchasing via Fuel Cards enables us to gain visibility of overconsumption. This initiative will save approximately 10 liters/vehicle/month through increased monitoring and digitization of the process, directly contributing to a Co2 reduction of 47.7 MT/year. **In addition, for branch generator sets, a region-wise transformation of fuel procurement from conventional purchasing to fuel cards will allow an average decrease of 80/ liters/Br/M in consumption leading to a Co2 reduction of 364MT/yr.**

Light Automation System

The lighting load in HBL buildings contributes to 20% of the Bank's total electricity consumption, and facility managers manually control the lighting. An automated lighting system is being installed to conserve electricity and efficiently manage the load. A rough estimate indicates that it will **save 190 units of electricity per floor per month.** This system will lead to a 2% reduction in HBL's energy bill and ensure no manual operation during peak timings **leading to energy savings/ reduction in carbon footprint.**

Energy Audits at HBL facilities will lead up to 30% electricity demand optimization with a potential of 150/MT per facility per year by adopting best practices to increase energy efficiency.





We are on a continuous journey to leverage digital solutions, data partnerships, and evolving technologies, including digitization of our existing payment systems, to expand the range of solutions we offer to existing customers and increasingly, to society's financially excluded segments."

Abrar Mir
Chief Innovation & Financial
Inclusion Officer



Building a Sustainable Economy

Our several years of technology investments result in tangible gains as the world adapts to a more virtual way of life. Across all our businesses, we see digitalization playing an ever-increasing role, helping us to break from the pack. In 2022, we aim to build on our current successes, accelerate digital momentum, and thus realize our vision of seeing **HBL as a technology company with a banking license.**

HBL remains committed to the financial inclusion of the population as this is critical to Pakistan's economic development. We will continue to spearhead projects to deliver easily accessible, comprehensive banking solutions to all segments of society with a special focus on solutions for women, the underbanked, and the unbanked segments. We strongly believe that leveraging technology to digitize money flow across individuals, institutions, and businesses is the only way forward in exponentially increasing customer acquisition and servicing.

We are catalyzing HBL's investments to achieve SDGs by 2030. During the COVID-19 pandemic, we enabled emergency cash distribution to over 14 million households in partnership with the largest ever social program of GoP – Ehsaas Kafalat – and we continue to enable hundreds of e-commerce entities to scale up via digital payment acceptance using our payment gateways. In addition, HBL has partnered with various provincial governments to enable transparent, efficient, and quick access to subsidies for farmers. This partnership is now evolving to enable targeted digital subsidies at the time of input purchase by farmers.

We are also actively contributing towards fostering a fast-evolving technology start-up ecosystem to support and facilitate new start-ups to access advisors, investors, coaching and mentoring.

We continue to find ways to enable quick and easy access via mobile for our customers to open accounts and access a multitude of services from anywhere, 24/7, thus offering them convenience, better control over their financial transactions, and peace of mind.

Section 2

Section



Harnessing Digitalization & Financial Inclusion

Digital Payment Ecosystem

We have enabled over 400 e-commerce businesses to accept payments across Pakistan through our Internet Payment Gateway. We are leading the way in moving the market away from Cash on Delivery (COD) and to more secure electronic means, thus ensuring payment security for retailers and inducing a systemic digital transformation in the country. In the COD cycle, delivery companies hold funds for weeks, compounded by reconciliation delays before the retailer can get funds. These challenges result in a significant add-on to the cash cycle, resulting in a need for higher working capital levels;

this eventually translates into either a barrier to entry to the e-commerce ecosystem or an increased cost of service passed on to consumers. This initiative has had a significant impact on reducing the timelines of the cash cycle and working capital requirements of smaller e-commerce entities as they get paid within 24 hours.

The HBL Pay Internet Payment Gateway powered by VISA - Cybersource allows Visa, MC, UnionPay cardholders, and 12 other bank account holders to pay for their e-commerce purchases upfront on the website using the HBL Pay IPG rather than cash on delivery. In addition, the funds are credited to the merchant account within 24 hrs vs. the COD model, where the delivery partner settles the merchant after a few days.



HBL realizes the need to accelerate digitalization and puts customers in control of their financial assets. The global pandemic has made it more evident that all financial institutions need to utilize their technological advancements for increased financial inclusion to reduce discrimination and inequalities. For us, harnessing digitization for the benefit of society is a conscious decision toward our objective of fostering a technology-driven financial ecosystem for the masses in Pakistan.

We aim to use data-driven insights to provide contextualized products to the right audiences and extend relevant banking services to previously underrepresented/unbanked communities while remaining true to their needs. **The end goal is to be a customer-centric bank quick to pivot as opportunities present themselves by being a Mobile-first, data-enabled, inclusive, and agile organization.**





50,000+
Konnnect
agents
across the
country,
serving

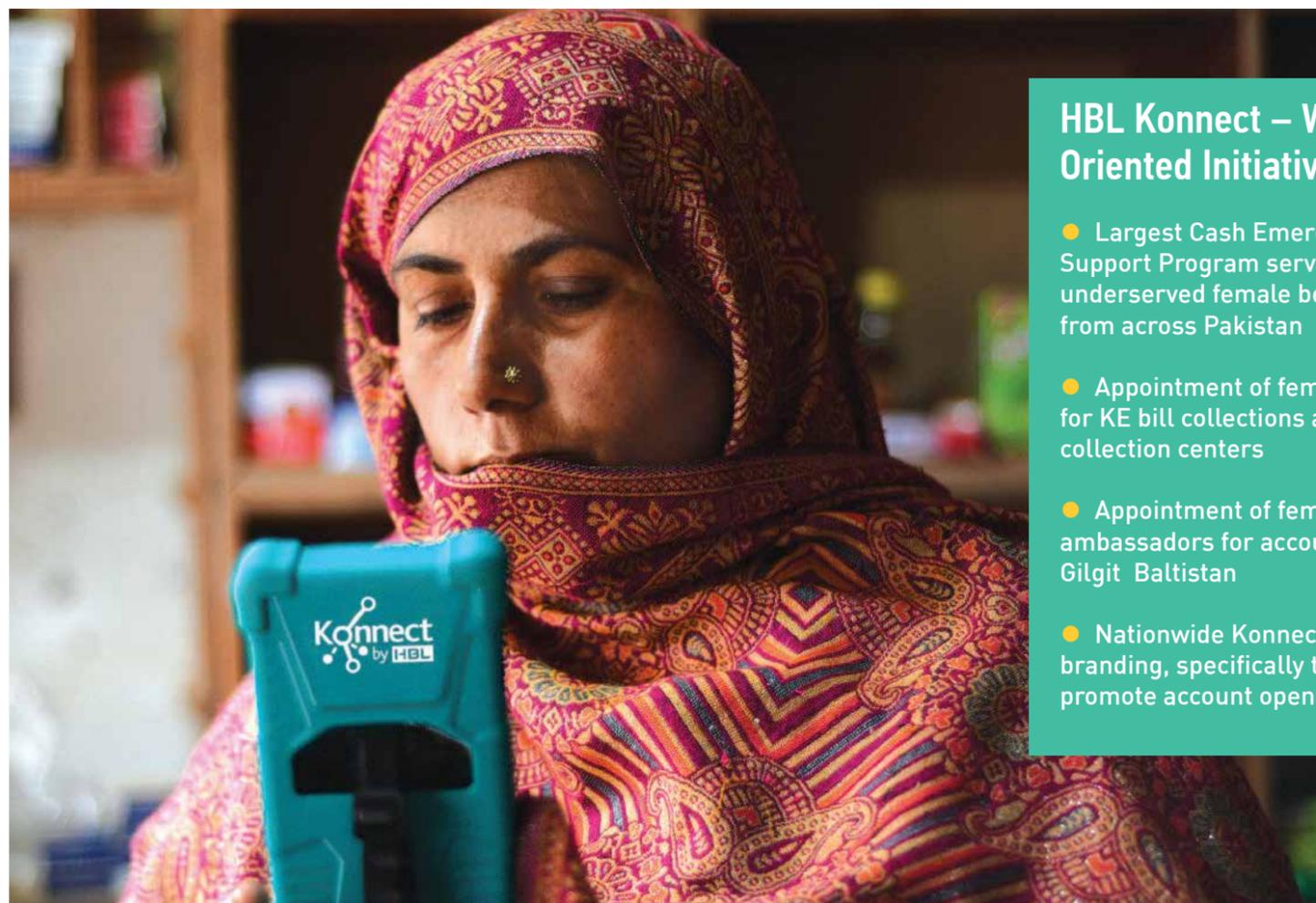
7.1
million
customers

Konnnect by HBL

HBL Konnect remains the primary vehicle for providing easy access to the unbanked and under-banked segments of society. HBL is a bank for the masses and, as such, leverages technology to fuel inclusion by ensuring seamless access to finance. The Konnect model is built on three pillars, i.e., Bank of Relevance to the people of Pakistan, Sustainability, and Financial Inclusion. Since its launch, Konnect has gained excellent traction and now provides coverage through 50,000+ agents across the country, serving 7.1 million customers.

Konnnect serves the financially excluded segments of the society through its digital-assisted banking ecosystem and has spearheaded HBL's drive for expanding financial inclusion,

For increasingly tech-savvy customers with access to low-cost smartphones, Konnect offers an **all-in-one lifestyle**



HBL Konnect – Women Oriented Initiatives

- Largest Cash Emergency Support Program serving 4.3 million underserved female beneficiaries from across Pakistan
- Appointment of female agents for KE bill collections at multiple KE collection centers
- Appointment of female brand ambassadors for account opening in Gilgit Baltistan
- Nationwide Konnect NISA branding, specifically targeted to promote account opening by women.

solution for the unbanked masses enabling access round-the-clock and providing banking freedom without the hassle of long queues, branch visits, and paperwork. In addition, it increases the ease of purchasing movie tickets, ordering food online, transferring funds, paying bills, recharging mobile credit, purchasing insurance, or shopping at a Konnect Shop.

For customers that do not have access to smartphones, Konnect offers a USSD-based service menu enabling them to use feature phones to open their accounts and carry out basic transactions to meet their day-to-day needs.

Konnnect's Extensive Agent Network Supports Community

Konnnect by HBL has been leveraging its extensive agent network to provide cash management and collection services to microfinance banks for loan repayments and to educational institutions for fee payments by students. The vast network of these collection points ensures convenience for borrowers and students. At the same time, it increases the reach of the microfinance sector in reaching the financially excluded, as repayments are made convenient without incurring additional investment in retail infrastructure. HBL is proud of these partnerships as it allows it to play its part in expanding financial outreach.

Konnnect Enabling Small Cash Collections

Since November 2021, Konnect by HBL has extended its cash management services to distributors of consumer-packaged goods, pharmaceuticals, beverages, and other firms that operate in the large but fragmented retail space. This has solved critical challenges for salespeople as they can deposit cash payments at the nearest Konnect agent instead of going to a branch, thus maximizing their time spent on sales and, in return, their commission-based incomes. Moreover, this reduces the cash-carrying risk for salespeople; distributors benefit from reduced insurance costs and real-time funds in their accounts, backed by a robust reconciliation and reporting system.

Punjab Agricultural Department

We disbursed agricultural subsidies worth Rs. 3 billion to over 330,000 farmers in Punjab in collaboration with the Punjab Agricultural department. HBL developed a customized platform to serve financially excluded farmers by eliminating the manual distribution of funds and streamlining the process of reclaiming subsidies.

Smart Disbursement Solutions:

To minimize dependency on a cash-driven ecosystem and leverage digitization, **UN agencies like WHO and World Food Program use the Konnect platform for payments** to their beneficiaries and staff. In addition, EOBI, Railways, PIA, FWO, Traffic Police, Punjab food department, etc., have shown keen interest in transforming collections and payments through HBL's digital platforms.

For example, these solutions enable corporations to disburse funds to their customers, employees, and borrowers (NGOs and Microfinance banks) nationwide. Additionally, in partnership with the **Sindh Education Literacy Program, Rs. 600 million in stipends have been disbursed to fathers/ guardians of over 150,000 girls across 29 districts.**

Furthermore, we are currently facilitating payments for the World Health Organization, which has served over 8,000 polio worker beneficiaries in Gilgit Baltistan, Khyber Pakhtunkhwa, Azad Jammu Kashmir, and disbursed Rs. 125 million to these communities.

With the support of Konnect, the World Food Program has been implementing cash-based interventions under their "Food for Asset Creation" program across the country for food and nutrition-related subsidies. We have disbursed Rs. 100 million to over 10,000 beneficiaries in KPK and Sindh.

Food for Asset Creation
disbursed around

Rs.100 m

to over 10,000
beneficiaries
in KPK
and Sindh.



Ehsas Kafalat Program

HBL's innovation and financial inclusion products have enabled government institutions to use our digital platforms for their financial disbursement and collections in a secure, verified, and convenient manner.

HBL powered Ehsas Kafalat, which focuses on the poorest women beneficiaries across Pakistan, for which Rs.175 billion was disbursed to more than 4.3 million women.

Recognizing our strength and capacity to deliver at scale, in 2020, Ehsaas appointed HBL as a partner during the COVID-19 pandemic to enable the delivery of the Ehsaas Emergency Cash program, the largest social safety net initiative in Pakistan's history. The Government launched the program to support daily wagers and piece-rate workers as they saw their livelihoods destroyed due to the lockdowns. HBL deployed its resources at over 7,000 touchpoints and relief camps nationwide and utilized its 1,685 branch networks and 2180 ATMs. **As a result, the Bank ensured that over 14 million families received a cumulative Rs. 175 billion.**

In 2021, we continued to support 5.5 million underserved families with Rs.120 billion in collaboration with the Government of Pakistan.

Platform Sharing to create value for our customers

HBL supports ecosystem partnerships and enables digital startups by integrating its digital platform with market-ready healthcare solutions to provide our customers easy access to healthcare. The platform gives startups plug-and-play access to HBL's vast customer network to scale their beneficiary ambitions.

HBL has partnered with a women-led healthcare initiative, Sehat Kahani, to connect doctors virtually with patients who have limited access to healthcare facilities. This initiative facilitates our customers and supports 30% of female doctors who do not work physically in hospitals.


3 PKR bn ▶ **330,000**
 in Subsidises Farmers in the Punjab



Agents to BOP

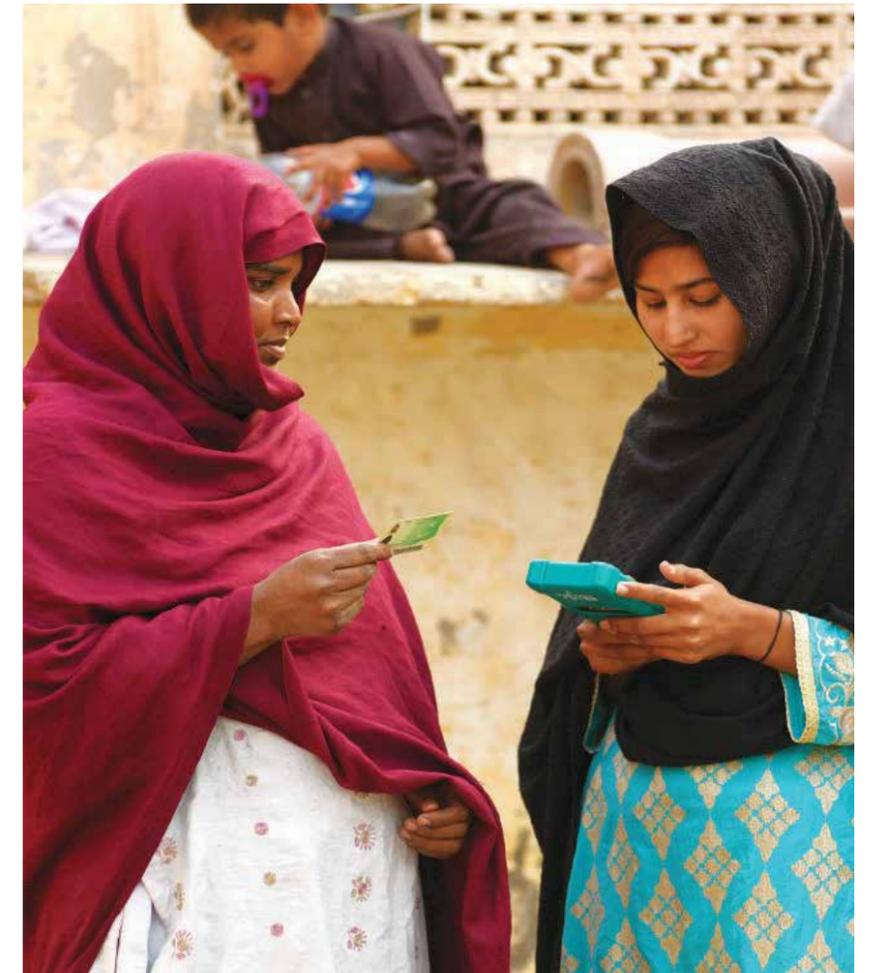
Through our extensive distribution channels and advanced technological capability, we support the Bank of Punjab in disbursing payments on behalf of the Government of Punjab to the elderly and physically challenged.

Kissan Card

We leverage Konnect to improve the standard of living for all farmer communities by helping them procure raw materials at a subsidized rate and simpler loan repayment via the Konnect App. To date, more than Rs. 800 million in repayments have been made through Konnect agents. Moreover, through Kissan Card, we are facilitating the Punjab Agriculture division to create the first all-digital subsidy process for verified farmers to access each other with transparency regarding subsidy disbursement and provisioning without the role of a middleman. **As a result, over 350,000 debit cards have been issued to Punjab farmers, and Rs. 10 billion in subsidies have been disbursed through these cards.**

Asaan Accounts

Inclusion and accessibility to financial services remain a core part of HBL's strategy to serve customers across Pakistan. Supported by SBP's Asaan Account initiative, a low Know Your Customer (KYC) program & easy to open an account that allows customers to conduct transactions up to Rs. 500,000/- per month. In addition, it can maintain a credit balance of a maximum of Rs. 500,000/. **HBL added over 122,000 new-to-bank Asaan accounts in 2021, taking the total number of accounts to over 1.06 million with a deposit volume of Rs. 15 billion.**



HBL Nisa

HBL has been working towards increasing women's financial inclusion. In 2016, HBL launched Nisa, a comprehensive platform that offers women financial freedom and increased opportunities through its diverse range of transactional accounts, women-centric insurance coverage, and consumer lending options. HBL Nisa is a unique initiative designed for women by women; it is dedicated to understanding, educating, and developing services that cater to the financial needs of women and provide them financial freedom and increased opportunities.

The Nisa program was launched after in-depth on-ground baselining of women's needs through focus group discussions across Pakistan. HBL serves and benefits over 3.4 million female customers and 750,000 Nisa customers, including entrepreneurs, homemakers, teachers, and students.

We created HBL Nisa as an ode to the Women of Pakistan, to reach out to all women to understand, identify and meet their financial needs."

Shazia Gul

Head Woman Market Program and NRP





Katalyst Labs graduates raised

USD 7.35 million

Katalyst

HBL has partnered with Katalyst Labs to build and support a community of start-up founders, technology developers, and technology service design experts focusing on women entrepreneurs. The first batch of 10 start-ups from the Katalyst Accelerator Program was incubated and graduated in 2021.

Find My Doctor, Saarey Music, Aabshare, Tello Talk, and Xpertflow; all Katalyst graduates raised a total of USD 7.35 million.

Katalyst also launched the Women Leadership Fellows Program, which has graduated its first cohort of 18 fellows. The overarching vision of this program is to help women-led tech start-ups become self-sustainable while facilitating an ecosystem of digital acceleration. As a result, women entrepreneurs will create more gender-inclusive and sustainable products.



She Loves Tech

In continuation with HBL's Gender Lens Investments, we have been supporting She Loves Tech for the last five years – the world's largest acceleration platform that gives female entrepreneurs a chance to pitch their startups to investors, get access to mentors and take their startups to the next level. The goal is to reach and inspire young women through panel discussions, inspiring talks, digital boot camps, and workshops specially designed for them. Enabled through HBL's support, She Loves Tech Pakistan continues to grow stronger and, since the start, has

benefitted 25,000 women across Pakistan, supported 200+ startups by engaging 50 ecosystem partners and high touch mentorship from 150+ mentors.



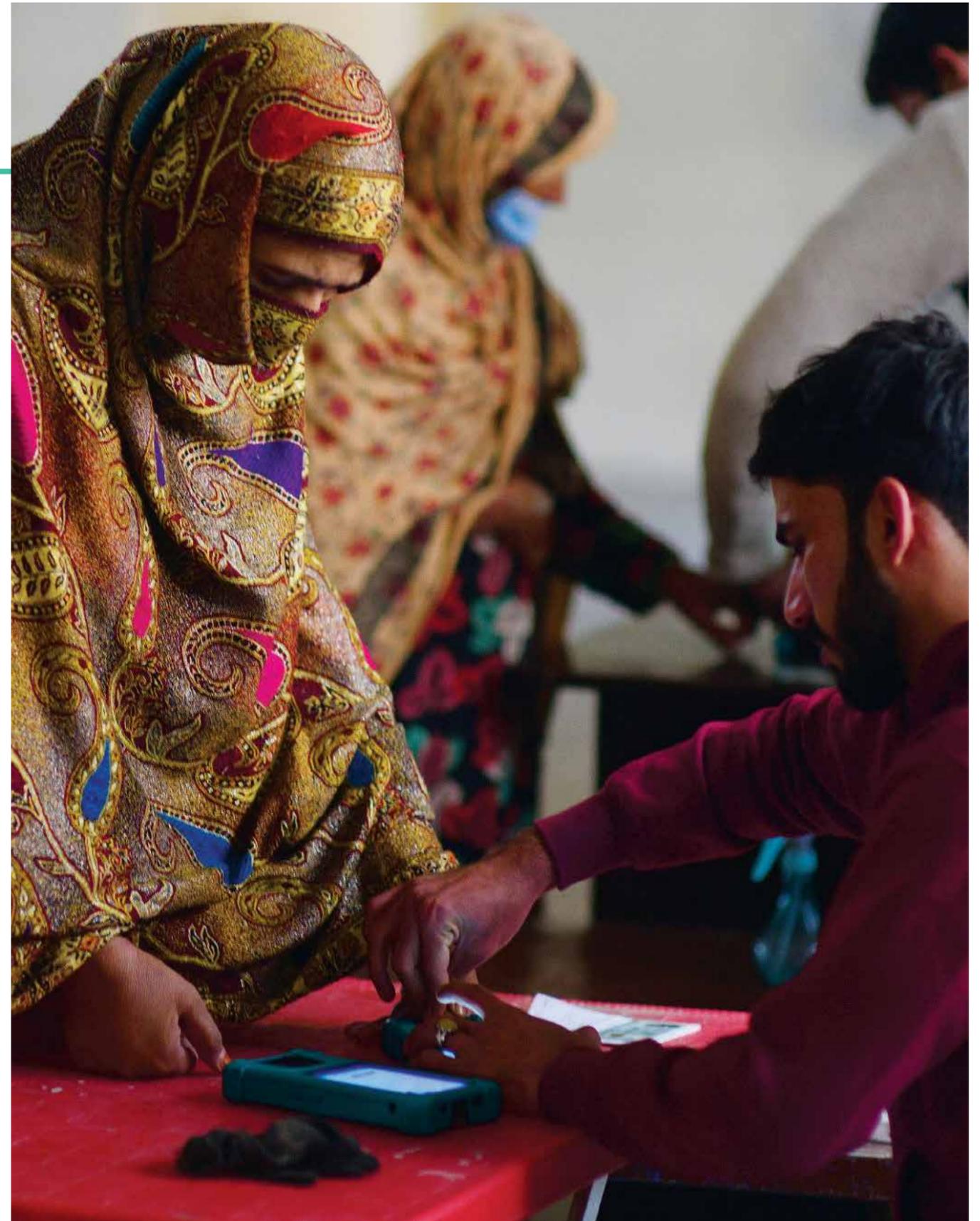
20 National Financial Literacy Program

In June 2018, SBP, in collaboration with 34 banks, launched Pakistan's first-ever National Financial Literacy Program (NFLP) to promote financial inclusion by spreading financial education. This program aims to impart knowledge and understanding of financial concepts of banking / financial products and services to the underserved and unbanked segments of society.

We facilitate behavioral change and practices to improve financial outcomes, including financial well-being through increased savings, improved debt management, and perceived financial stress or satisfaction. The program develops skills and attitudes towards budgeting, savings, investments, and other personal financial management techniques.

Since NFLP's inception, HBL has conducted over 3,000 training sessions with the help of 100 local and international trainers, training more than 92,000 beneficiaries from low-income strata across Pakistan. The training resulted in 71,600 beneficiaries opening accounts, a 77% success rate; women accounted for nearly 50,000 (69%) of these accounts.

In 2021, the financial literacy program continued its outreach. We focused primarily on women factory workers as most factories employ female packers. These women are either daily wagers or salaried but are always paid in cash and have limited or no knowledge of banking or the financial system. A conversion rate of 86% in account reflects the success of this initiative



Section 20 Transforming the SME Landscape

Rs. 1.5 billion
to more than 400 women entrepreneurs




HBL has been awarded “Best Bank for Small and Medium Businesses” at the Pakistan Banking Awards for the last 3 consecutive years.

SME businesses have always been the backbone of emerging market economies, Pakistan being no exception. This sector requires enhanced access to formal finance, conveniently and seamlessly. HBL has taken various initiatives, including collaboration with Punjab Skills Development Forum (PSKF), to support skilled youth starting businesses or scaling up existing businesses under the Prime Minister’s Kamyab Jawan program. We will continue these efforts through existing collaborations and expand our outreach by implementing similar models with other skill development organizations like Hunar Foundation.

Delivering on our financial inclusion aspirations, we conducted awareness sessions on banking products, including subsidized schemes, in Gilgit Baltistan and Chitral. More than 150 entrepreneurs and members of small business organizations have benefitted from these sessions. In addition, capacity-building sessions aimed at women entrepreneurs have also been held in association with Hunar Foundation in Karachi. As a result, HBL has disbursed over Rs. 1.5 billion to more than 400 women entrepreneurs.

In 2021, this focused effort delivered substantial growth of 17% in our SME lending portfolio, which reached Rs. 74 billion. We onboarded over 3,000 new customers and offered them incremental limits of over Rs. 25 billion. We are committed to supporting SBP schemes. We are one of only six banks mandated to disburse Rs. 20 billion to 10,000 customers under the SBP SME Asaan Finance (SAAF) scheme provides collateral-free financing of up to Rs 10 million to small businesses.



HBL is committed to investing and growing the country’s Small and Medium Enterprise sector in a significant and sustainable way. Over the last few years, we have repositioned our business to deliver faster growth with particular focus on small businesses that make a real impact on the economy.”

Aamir Kureshi

Head Consumer, Rural & SME Banking



Section 2

Development Finance

The agriculture sector in Pakistan is the lifeblood of our economy, contributing 18.5% of GDP, providing livelihood to 64% of the country's rural population, and employing 38.5% of the overall labor force. Moreover, this sector is directly and indirectly connected to the growth of multiple other sectors of our economy.

HBL's overall exposure to Agricultural financing increased from Rs. 43.6 Bn (Dec - 2018) to Rs. 46.4 Bn (Dec - 2019), and HBL remains a clear market leader in farmer financing with more than 25% market share.

Augmenting Pakistan's Agri value chain and bring together the 'Farm-to-Fork' ecosystem



Through the Development Finance initiatives, we envision socio-economic uplift of the rural economy, financial inclusion, and food security by improving Pakistan's agriculture and SME sectors. At the same time, the interventions are also designed to contribute positively towards the planet and the environment."



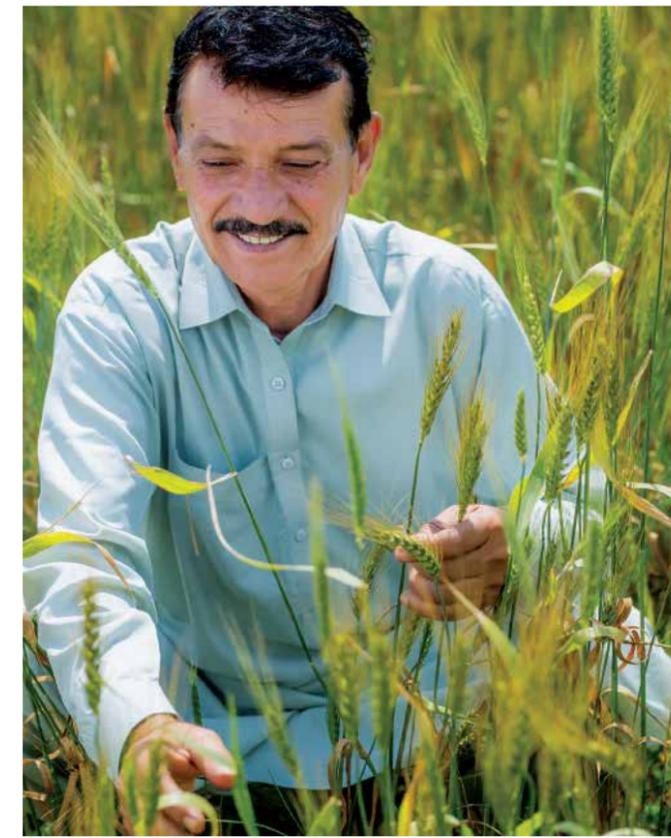
Amer Aziz
Head
Development
Finance

Our Farmer Financing portfolio concentration as a percentage of Domestic Advances is 3.4%, while the commercial banking industry's farmer financing stands at less than 2% of their Domestic Advances. HBL added Rs. 6 Bn in New to Bank (NTB) relationships in farmer financing during 2019 compared to Rs. 4.1 Bn during 2018, thus increasing new business acquisition by a robust 50%. We have the most significant direct

"Farmer Financing" component in our agricultural portfolio, amounting to Rs. 33.7 Bn. Starting from Punjab Agri, we have extended our services to Balochistan & KPK Agricultural departments, with a potential of 200,000 beneficiary farmers.

Therefore, HBL realizes the dire need to implement disruptive interventions to augment Pakistan's Agri value chain and bring together the 'Farm-to-Fork' ecosystem. The aim is to financially include underserved farmers and help them improve & increase farm yields by partnering with HBL agronomists in the field, who provide them expert farming inputs, rental-based mechanized services, and technology-based unbiased advisory priced as "in-kind credit" to small farmers.

This program aims at supporting farmers in securing tenure rights to land and providing them a support system to fall back on in case of any disaster economic losses. Additionally, the program enables farmers by providing loans and funding to increase the productivity of small-scale



food producers leading to increased income and agricultural sustainability at the grass-root level. **Development Finance also uplifts and empowers female farmers by supporting equal rights to land ownership and women's ownership of agricultural land.**

This program also helps remove market inefficiencies and creates direct linkages between farmers and the bulk buyers of their crop production, thus eliminating the influence of intermediaries. Another primary objective of Development Finance Group (DFG) is to utilize modern techniques to lower the cost of production. The cost of capital is reduced by replacing the informal money lenders with growth-oriented strategic funding.

The Bank scaled up its 2020 proof-of-concept interventions over 30 times through mid-scale pilots led by a team of field-based, full-time agronomists who use handheld tablets to digitally onboard farmers onto HBL Pay. In 2021, 150 farmers benefitted from lending about 787 million Rupees with 17,776 crop acres. Compared to the average yield of 89 Maund from the traditional model, the DFG model yielded 106 Maund, reflecting a 22% increase in yearly output. The gross revenue also increased by 22% from Rs. 113,760 earned through traditional models to Rs. 138,907 through the DFG model, whereas the net cost of cultivation was reduced by 41% through DFG, i.e., Rs. 39,856 in comparison to Rs. 76,930. Overall, the net income of the farmers also increased by 116%, from Rs. 45,830 Rs. to 99,052 through the same model.

HBL, the Center for Economic Research in Pakistan, and researchers from Princeton and Yale Universities launched a joint "Lending in Agriculture" project to boost farm productivity through a combination of services. The research showed that HBL's efforts improved farmers' welfare along financial and non-financial dimensions.

Now that DFG is past the proof-of-concept stage, the team has formally entered the scaling-up phase of its strategy. To diversify and expand its operations in 2022, the DFG team intends to initiate interventions in the currently underserved areas of Pakistan, including regions in Balochistan (Sibbi), Gilgit Baltistan, and Khyber Pakhtunkhwa (D. I. Khan), and Sindh (Sukkur). Along with these areas, DFG plans to strengthen its foothold in the current operations sites, i.e., Sahiwal and Gujranwala, and add a few more regions in Southern Punjab (Multan & Bahawalpur). **Overall, the projected land to be financed in 2022 in all these areas is roughly 45,000** crop acres. In addition, the team has recently closed an intervention on Rice and is currently funding and advising farmers to grow Wheat in Gujranwala and Potato and Maize in Okara.

A product on dairy financing is also under development, which will cater to farmers with a herd size of fewer than 40 animals, as most livestock farmers fall in this category.

DFG's journey to impact has just begun. The team is excited about what the future holds for them, with a firm commitment to helping local farmers improve their livelihoods.



Section 2

HBL Microfinance Bank-HBL MfB

“We firmly believe that the disadvantaged amongst us must be able to build a sound and secure future with dignity and pride – and not merely to survive.”

Speech by His Highness the Aga Khan

at the inauguration of the FMFB, Islamabad, March 11, 2002

HBL Microfinance Bank Limited (HBLMFB), formerly known as The First Microfinance Bank Limited, was the first private sector microfinance bank in Pakistan established in 2002, which became a subsidiary of HBL in 2016. The Bank's origins rests in the micro-lending credit and savings program, established by the Aga Khan Rural Support Program (AKRSP) in 1982. In 2000, His Highness the Aga Khan advised the Government about the importance of microfinance and therein started the institutional journey of microfinance in Pakistan. Consequently, the micro-lending credit and savings component of AKRSP was structurally transformed into the First Microfinance Bank.

HBL MfB operates in rural and urban areas of Pakistan, seeking to alleviate poverty by helping to improve income and quality of life through various lending programs, initiatives, and partnerships.

HBL MfB is currently the second-largest microfinance bank in Pakistan and offers financial and multi-sectoral products and services based on the evolving needs of the underserved. The product offering ranges from agricultural/ livestock farming to enterprise and housing loans. Additionally, the Bank implements several community-level interventions specifically designed to raise financial awareness of the masses while encouraging financial inclusion.

Since HBL's investment in 2016, the Bank has undergone a significant transformation. Our relentless focus on technology and digitalization resulted in a continuously growing footprint across Pakistan, from 159 touchpoints in 2016 to 213 touchpoints. HBL MfB has served 0.5 million borrowers, which has resulted in a loan portfolio of Rs. 62.6 billion.

1.8 million customers

with the Bank's deposits book currently standing at Rs. 109.1 billion.



At HBL Microfinance Bank, we stand committed to our vision to enable people to improve their quality of life by offering inclusive and innovative financial solutions. Our mission is to expand outreach sustainably and responsibly by creating financial solutions for our customers.”

Raymond H. Kotwal
Chairman
HBL Microfinance Bank.
& Group CFO, HBL





Over **32%** of the lending portfolio, which translates into **182,226** women borrowers from Pakistan's remotest and far-flung areas.



Women borrowers are over 32% from Pakistan's remotest and far-flung areas. The HBL MfB now serves over 1.8 million customers, with the Bank's deposits book currently standing at Rs. 109.1 billion.

Access and mobility of female customers is a genuine concern in some parts of Pakistan, and HBL MfB has introduced a program for accommodating vulnerable customers titled "Banking on Wheels," where all banking services, as well as financial education, are provided to clients in remote areas through a van bank. This service focuses on remote areas in Gilgit-Baltistan and Chitral where internet connectivity is limited.

Under the National Financial Literacy Program in 2021, HBL MfB directly impacted more than 81,000 individuals across Pakistan, with female participation amounting to 54%. Around eighty percent of these beneficiaries (over 64,000) opened their bank accounts after being part of the program and are now a part of Pakistan's financially included population.

The digitization journey has resulted in a range of in-house solutions that offer full-featured digital applications. Customers are provided with a completely

digital onboarding experience and a holistic, tablet-based Customer Management Solution, enabling us to provide a full array of banking solutions at the customer's doorstep

This includes a digital lending solution that, along with our traditional cradle-to-grave lending model, transforms how we process loan applications, disbursements, and geo-tracking of customers, their businesses, and staff performance evaluations. In addition, we continue to focus on financial inclusion

through digital means aligned with the National Financial Inclusion Policy of the Government of Pakistan.

To facilitate small to medium businesses in the isolated areas of the country, we have also commercially launched our Branchless Banking brand 'First Pay,' enabling our customers to make secure transactions anytime and anywhere without physically coming to a branch. In addition, in pursuit of strengthening its Alternate Delivery Channel, the Bank is also working with HBL Konnect, providing its

customer's accessible remote cash-in/ cash-out services using the vast HBL agent network.

HBL MfB has also been successful in creating a meaningful socio-economic impact on a grassroots level, especially in the rural areas of Pakistan, by supporting many small and medium-sized businesses and providing housing loans through accessible financing facilities to those who otherwise would not have had access to traditional lending facilities through commercial banks.

Section 2f Low-Cost Housing



In October 2020, the Government of Pakistan introduced the Government Markup Subsidy Scheme (GMSS), now commonly known as 'Mera Pakistan Mera Ghar' (MPMG) markup subsidy scheme to benefit the masses in March 2021. SBP stated that this facility would allow all individuals who will be constructing or buying a new house for the first time to avail bank financing at subsidized and affordable markup rates. Available in both conventional and Islamic modes, this Scheme enabled HBL to provide the financing for the construction and purchase of houses at very low financing rates for low to middle-income segments of the population.

HBL MfB

The microfinance banks were also given Government Markup Subsidy Scheme (GMSS) targets to enable access to low cost housing to customers for the bottom of the pyramid in June 2021. This Government-backed initiative resonated with HBL MfB's vision, and the bank stepped up to the challenge.

Demonstrating commendable agility, HBL MfB designed and implemented a comprehensive staff training program and successfully launched the GMSS, supporting community awareness through various media, including the "Banking on Wheels" program. Using its in-house developed Loan Originating System, the Microfinance Bank has disbursed loans amounting to over Rs. 2.5 billion to more than 1,600 borrowers under the GMSS program. About 72% of cases were approved within seven working days, while 89% of applications were approved in two weeks.

HBL Islamic Bank

The Scheme 'Mera Pakistan Mera Ghar' has three different categories of markup subsidy rates for affordable housing finance. It enables the population to avail a maximum of Rs. 10 million with a maximum payment tenure of up to 20 years. HBL Islamic Banking launched the Scheme in October 2020 and, till Jan '22, had disbursed Rs. 2.7 billion, with 1.7 billion disbursed in the last 3 months (Nov '21-Jan'22).



HBL Microfinance Bank has disbursed loans amounting to over **Rs. 2.5 billion** to more than **1,600 borrowers** under the GMSS program.





“ HBL’s true potential lies in the collective force of its people. We believe in developing our people to become high-performing yet socially responsible individuals who work towards serving the community around them with respect and inclusivity. For us, our people are our true representation.”

Maya I. Ismail
Chief of Staff
to Chairman HBL



Walking the Talk of a Sustainable Society

“ For institutions are the vehicles to unleash the creativity and energy of billions of men and women.”

Speech by His Highness the Aga Khan
at the International Development Conference, Washington, D.C., March 18, 1987.

An institution’s collective and collaborative power is what creates magic. HBL’s contributions to sustainable development and nation-building are achieved by the collaborative spirit of its employees and customers, who provide access to inputs, credit, and markets to fuel the economy.

This is where HBL’s role as a thought leader also comes into play. It is not only limited to our work on environmental issues and on mitigating climate change or to financial inclusion powered by digitization. Our thought leadership is apparent in our efforts to promote diversity, instill a strong sense of ethics and conduct in our people, and our role in promoting public engagement of art or in contributing to the restoration of cultural heritage. Our dedication to uplifting communities is also evident in our philanthropic spending in health, education, disaster response, and women empowerment.

Section

03

Section 3

25%
women employees
by 2025



Social Governance & Management Policies

HBL's Social Governance and Management policies lay the groundwork for the Bank to develop a sustainable financial ecosystem that is people-centric and not just profit-driven. To lay the groundwork for a high-performing organization like HBL – achieving goals and long-term success necessitates

meaningful input and support from all levels of the bank. Our long-term objective is to achieve the highest performance and results feasible within our capacity and competence. In a nutshell, for us, governance refers to our procedures for directing, controlling, and holding our internal and external stakeholders accountable



Diversity, Equity and Inclusion at HBL

Diversity, Equity, and Inclusion (DEI) are key considerations in the way HBL conducts its operations. The DEI lens helps us examine our programs, processes, and products in terms of how they are perceived and received by various communities, voices, and viewpoints; it also helps us remove any barriers that may exist and prohibit us from being equitable or inclusive of everyone.

HBL aims to be an employer of choice for all. We are building a gender-inclusive

workplace where we leverage the strength of our rich and diverse culture, talent, and ideas to create the most attractive environment for internal and external stakeholders. We envision ourselves as the benchmark creator and leaders for diversity, equity, and inclusion. DEI is a core ideology at HBL, applied in a top-down, structured approach to help us stay aligned with domestic and international regulatory bodies.

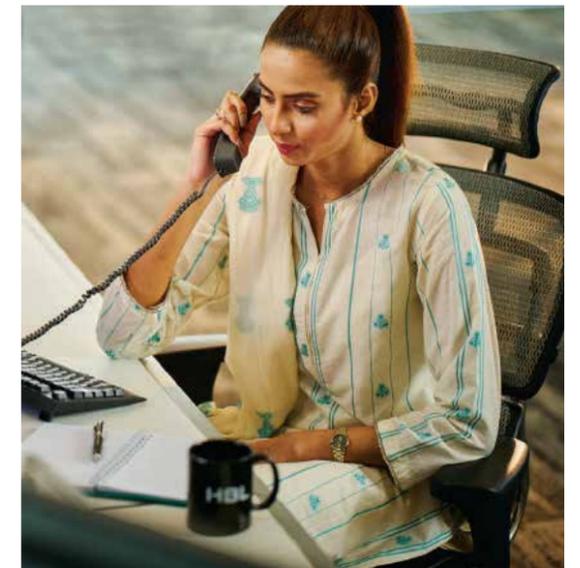
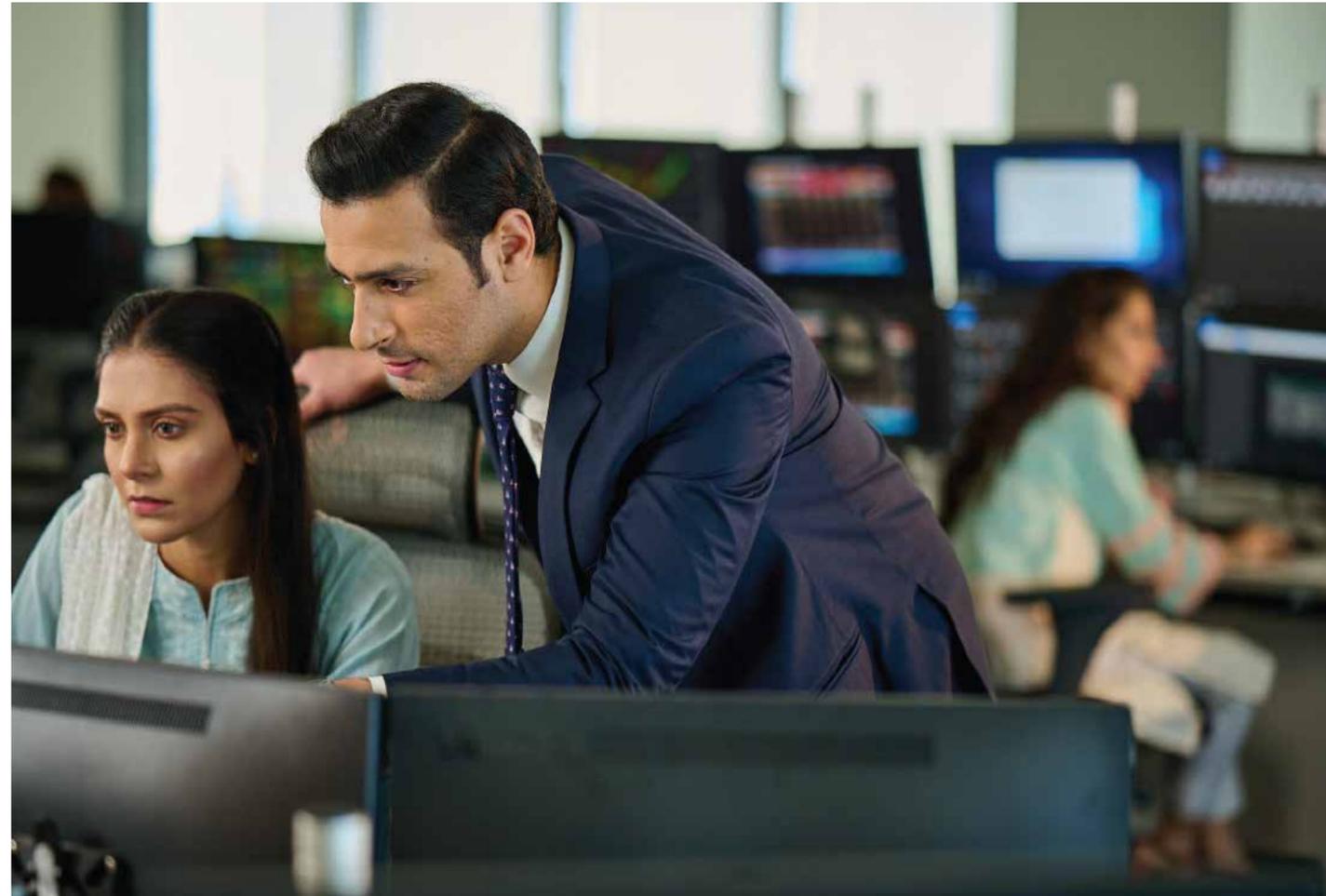
In 2004, when AKFED started managing HBL, the female employee ratio at the Bank was only 3%. After focused efforts, it has reached 20% through targeted hiring of women, including induction of all-women batches in diverse fields from Cash Officers to software developers. We are targeting a 25% diversity ratio by 2025.

Female Representation at All Levels

HBL has active female participation on its Board and senior management, although there is room for improvement. We are creating a friendly environment for our women- leaders while enabling their career progression through mentoring. HBL has several inspiring women leaders; Fauzia Janjua is responsible for the largest job family in HBL as Head of Branch Operations with over 7,000 people reporting to her. Lubna Shahid heads our Credit Cards, one of our most successful consumer bank products. Faria Shahid is responsible for our premium banking product HBL Prestige while Shazia Gul spearheads HBL Nisa programs. Additionally, to ensure a strong talent pipeline and more women representation at all levels, various initiatives are underway; from developing university linkages to recruit new talent, batch hiring, and entry-level training geared towards women universities, as well as efforts to design curriculum encouraging female students to aim for professional growth.

Diversity Council

HBL's Diversity Council has 44% female representation and is cross-functional; it is mandated to drive HBL's gender diversity strategy to steer the bank's vision. The council ensures that a balanced, goal-oriented approach is followed, meeting diversity targets every year.



Women Friendly Policies

At HBL, women are increasingly becoming a progressive part of the workforce and trust the Bank with their well-being and safety. We reciprocate with appropriate measures and policies to provide them with the ecosystem they can thrive in. HBL has carefully crafted and implemented several policies that ensure women's safety and encourage their retention at the Bank. Some of our key gender-lens policies are:

Gender Mainstreaming - Banking On Equality

- This policy aims to provide a clear framework to enhance women's financial inclusion and provide women-friendly banking & work practices. It ensures the provision of a systematic approach to mainstream and monitor gender diversity within the Bank. The purpose is also to provide guidelines for the Management to integrate a gender perspective in its policies and practices and for the employees to implement gender diversity practices in an equitable manner, without any discrimination

HBL provides Equal Employment Opportunity

and does not tolerate discrimination against any person based on race, religion, color, gender, marital status, national origin, sexual orientation, disability (where the applicant or employee is qualified to perform the job), or any other basis prohibited

by law in recruiting, hiring, placement, promotion, or any other condition of employment. We provide a workplace free from unlawful discrimination, i.e., employment and advancement opportunities to all are based on ability, merit, and qualification.

Special Leaves for females:

On the death of her husband, 'iddat' leave on full pay for up to 130 days and Maternity leave for 120 days on full pay. In 2021, 220 female employees at HBL were granted fully paid maternity leaves.

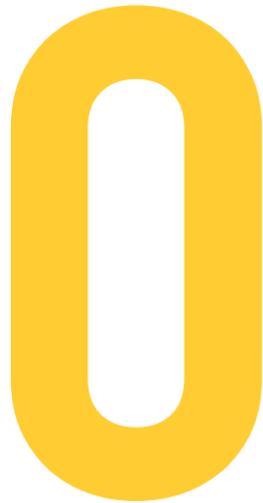
Flexible Work Arrangement Policy - HBL allows employees to adopt flexible work arrangements to balance work and personal responsibilities. HBL values employees' well-being and promotes a culture of flexibility without compromising work responsibilities or service delivery to our clients. Flexible work arrangements also augment HBL's commitment to promoting diversity and inclusion whilst facilitating retention of employees and enhancing productivity and engagement

Anti Harassment Policy

ensures that, in the workplace, no Employee/ Individual / External Service Provider harasses another Employee / Individual / External Service Provider based on gender, sexual orientation, race, color, ethnic background, or minority status, disability, or personal likes and dislikes. Moreover, the policy aims to ensure that harassment and sexual harassment are not tolerated.

A focused communication strategy is in place to celebrate diversity, increase staff awareness about gender equality and integrate inclusivity across the Bank. Success stories of female employees at all levels are regularly highlighted to appreciate their contribution and serve as an inspiration to all HBL women.

Zero Tolerance for GBVH



Gender-Based Violence and Harassment (GBVH)

HBL's ethos is enriching lives, the practice of which begins at home. We strive to ensure a workplace for our women staff that is free of intimidation and hostility and to eliminate various unwelcome forms of sexual conduct, exploitation, abuse, and harassment. In collaboration with British International Investment, UK, HBL is a signatory to the GBVH multinational agreement. We have a zero-tolerance policy for any form of GBVH – regular reporting ensures oversight of all gender-related issues and concerns.

Gender Sensitization Training & Engagement

We recognize the need to increase men's awareness of their actions and / or any comments they could potentially make that would negatively target working women. To combat this, HBL has been focusing on sensitizing men through mandatory training.

We partnered with British International Investment, UK, on developing a Gender Sensitization Training that has been rolled out across the Bank; 160 senior managers were trained in the initial phase and are now conducting a train the trainer program to ensure all men across HBL now receive this training.

We are developing a comprehensive training titled 'Professional Code for Women Bankers' in 2022. The program will enable women in banking and financial services to conduct themselves professionally and stand out in their jobs.



People with Disabilities (PWDs) at HBL

HBL's diverse workspace is one of our most valuable assets. **We are a disability confident organization and aim to create an inclusive environment that embraces and enables all employees to reach their full potential.** HBL partnered with NOWPDP (Network of Organizations working for Persons with Disabilities) to include PWDs as part of the workforce and sensitization of staff. Leveraging technology in times of COVID, HBL also designed and launched a comprehensive e-learning module on Disability Inclusion which is mandatory for all staff. We have a zero-tolerance policy for discrimination against PWDs.

For year-round awareness and emphasis on inclusion, extensive internal and external communication campaigns are designed to focus on disability inclusion and the concept of equity. An annual internship program has also been launched that hires, trains, and places PWDs across diverse functions. For the integration of PWD employees into the bank, a Buddy program attaches an employee with incoming PWDs to support them for 3 months. We now have **80 Persons with Disabilities working for HBL** and have an approved Disability Inclusion framework (as mandated by SBP) to direct a concerted approach for the inclusion of PWDs as employees and customers.

Identifying accessibility as a major challenge for PWDs, HBL is continually focusing on infrastructural upgrades across its network to offer convenient access to our differently-abled employees and customers –

with a successful installation of ramps in 910 branches and 393 offsite ATMs. For persons with visual impairment, we have Braille forms available in all our regional headquarters and 184 talking ATMs.



Code of Ethics

Preserving and nurturing our reputation and commitment to our core values is of utmost importance. HBL expects all employees to conduct themselves in accordance with the Code of Ethics and Business Conduct which provides guidelines to employees and the Board of Directors in their actions and serves as a declaration of the 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.

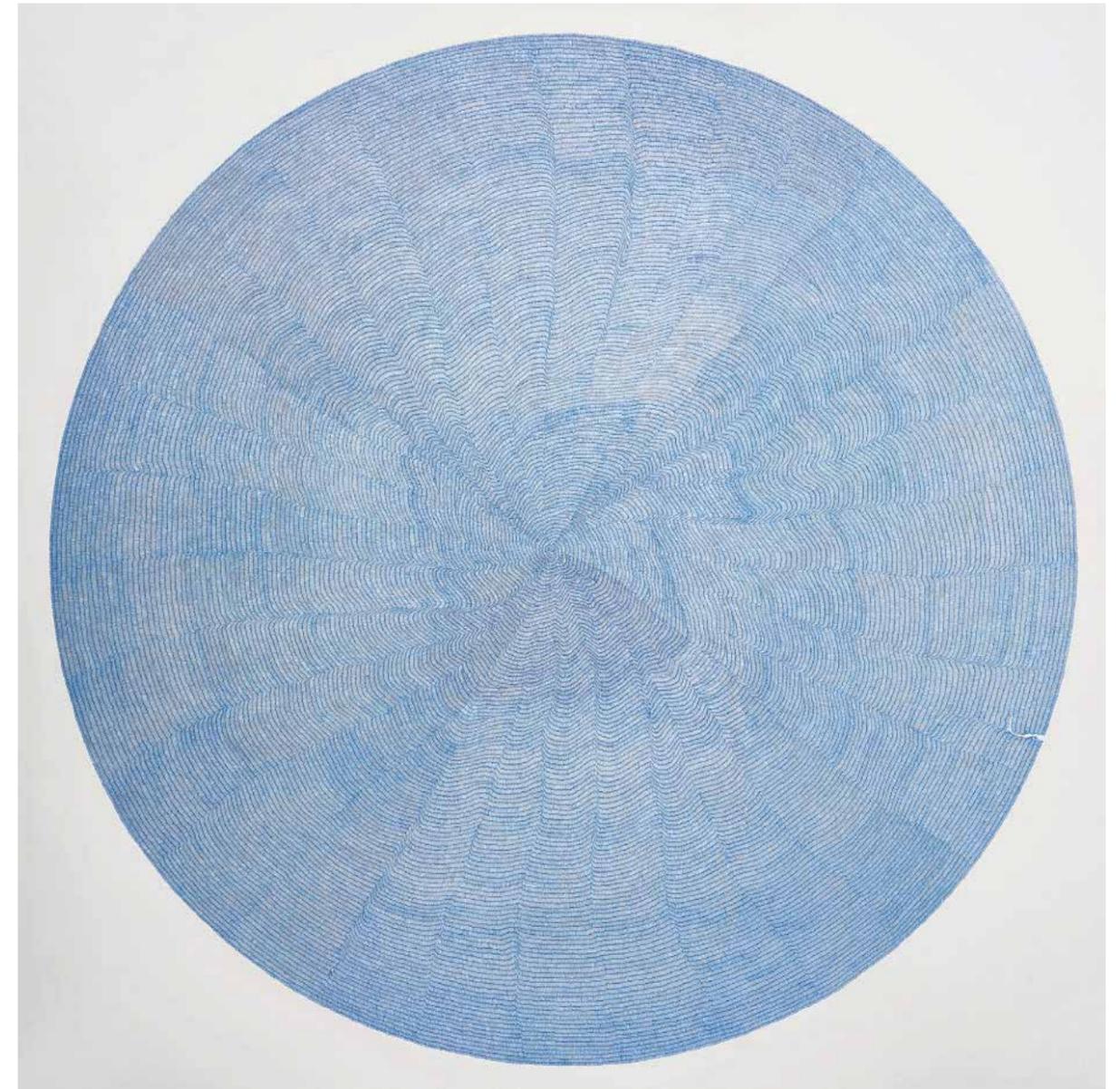
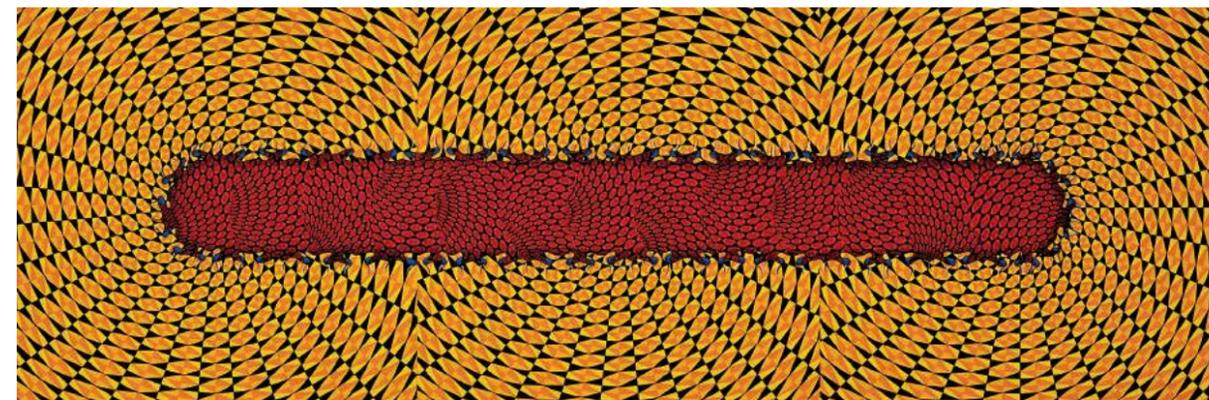
We are a people-focused organization and expect our employees to promote transparency, manage conflicts of interest, instill trust and integrity across all functions, promote equality and meritocracy, and stay committed to creating and maintaining a safe workplace.

Section 3b HBL Art

Building a Collection

Art in all forms is a deliberate act, it is a process forged by special people who have an awareness of things that others don't. Art is not a mere reflection of a way of life, it is an active action – it is a comment, an intervention, it is a mirror which communicates to those who come into contact with it a consciousness of the world as it is, but also a consciousness of the possibility of a world that could be.

It is incumbent for the societies to recognize, the tremendous value of the arts and the need to honor and nurture artists. This is where the critical role of the patron comes in. Patrons become facilitators for artists to grow and develop. HBL being a patron of art in Pakistan shares the burdens of the artists and nurtures them so they can excel.



The HBL Art Collection has a multifold purpose. The collection comprises of works created by contemporary artists of Pakistani origin and is on display around the Bank's prominent office buildings and Prestige lounges across Pakistan. This enables our employees and our customers to engage with art.

The HBL Art Collection has commissioned works from Waqas Khan, one of Pakistan's

most celebrated and internationally acclaimed contemporary artists. We are also proud custodians of several works of Aisha Khalid, one of Pakistan's most recognised contemporary woman artist. Other internally acclaimed artists whose works reside in the HBL Art Collection include Imran Qureshi, Rashid Rana, Mohd Ali Talpur, Adeela Suleman, Wardah Shabbir, Tazeen Qayyum and Talha Rathore.



Public engagement with Art

HBL is committed to encouraging more opportunities for the public to engage with art and celebrate the outstanding artists that the country has produced. The Bank organizes a monthly interactive art series, which HBL's art consultant Asad Hayee leads. This series is an interactive session conducted remotely for the bank's staff, their families, and friends. The series includes art history, art education, and focused sessions on specific artists. The participants often include our employees' children, budding artists who display the work they have made after being inspired by the previous month's session. The series is recorded and then uploaded onto the HBL's intranet portal to make it available for any employee who may have missed a session.



HBL has partnered with the Lahore Biennale since its inception to promote art and culture on a public level in Pakistan. The Biennale in Lahore is attended by millions of people.

In 2021, HBL sponsored the first major public retrospective of a woman contemporary artist, Aisha Khalid, in Pakistan. As part of this exhibition, HBL supported the restoration and renovation of the Galerie Sadequain at the Frere Hall in Karachi, enabling it to become a permanent, international standard exhibition space at a public venue. Over 30,000 visitors from all walks of life and all ages visited the exhibition during its nearly two-month stint at the Frere Hall.

HBL also supported the publication of the catalog and a children's workbook related to the exhibition. In addition, children's art workshops were held during the exhibition, attended by children from underprivileged schools in Lyari and Korangi areas of Karachi.



Section 30

A Decade of Giving back to the Community



HBL Foundation's philanthropic funding has impacted **9.5 million** lives over a span of 10 years

HBL Foundation

HBL is an institution with a soul – its philanthropic funding for social development is based on the AKDN ethos and ethical framework. This framework emphasizes the ethics of compassion and sharing, a spirit that we try and inculcate in our employees by encouraging volunteerism.

Realizing the dire need for improvements in education and healthcare that are integral to improving the quality of life of communities that we operate amongst; the Foundation was created as an irrevocable trust by HBL in 2010. The HBL Foundation specifically monitors and evaluates the grants, donations, and funding that it provides annually to multiple organizations across Pakistan. HBL Foundation has distributed

Rs. 2.67 billion to over 200 government, non-government, and non-profit entities working in Healthcare, Education, and General Welfare all over Pakistan, impacting around 9.5 million lives over a span of 10 years.

HBL Foundation has a strict evaluation criterion for grant approvals to maintain transparency, quality, and legitimacy of our allocation practices and ensure that the funding is utilized effectively through registered and legitimized organizations, primarily involved in education and health.

HBL Foundation's geographical giving is reflective of the Bank's nationwide presence. Our donees include large public sector hospitals in Karachi, Lahore, Peshawar, Quetta, and Islamabad and a state-of-the-art tertiary hospital in Gilgit that caters to the entire Gilgit-Baltistan region. In education, the Foundation has contributed to school improvement initiatives, endowment funds, and scholarships in Punjab, Khyber Pakhtunkhwa, Azad Jammu Kashmir, Sindh, and Balochistan.



We seek organizations, institutions, and community leaders helping the underserved communities, navigate forward and envision the future where basic individual needs are met. Doing this work for over a decade has enabled us to see the benefit and impact of our programs across Pakistan. Knowing that the work we do is directly helping millions of individuals across the country is the force that keeps us going."

Abid Rafiq Ghazi
CEO HBL Foundation





Healthcare

Pakistan is a country with over 200 million people - a mere 2% of Pakistan's GDP is allocated to healthcare. This creates a significant mismatch in providing quality healthcare and access to basic medical infrastructure for the masses. Over the past 30 years, public, private partnerships across Pakistan have resulted in significant improvement in healthcare facilities from the remote desert of Thar to the mountainous North.

HBL Foundation, since its inception, has prioritized its giving toward health and education. Since 2010, 58% of HBL Foundation's grants - more than Rs. 1.5 billion have been directed to healthcare. This funding has benefitted more than 8 million lives by improving lifesaving medical infrastructure, construction of hospital complexes, acquisition of advanced machinery to deliver radiation treatment in the fight against cancer, establishing and funding endowment funds for hospitals, surgical eye and medical camps in remote areas all over the country, ambulance/ mobile health clinics, medical equipment, and dialysis machines, to name a few.



39.3%



Population living below the poverty line do not have access to healthcare

In 2021 alone, we disbursed Rs. 243.78 million to 12 hospitals and healthcare institutions. Some of the significant institutions that received the funds in 2021 are the Patients' Aid Foundation at Jinnah Postgraduate Medical Center (JPMC); the largest public sector hospital in Pakistan for procurement of a Tomotherapy machine that treats all stages of cancer in Karachi, Marie Adelaide Leprosy Centre for conducting free surgical eye camps across remote locations in Baluchistan, Sindh, Punjab, KPK and Gilgit Baltistan. In addition, we also funded Shaukat Khanum Memorial Cancer Hospital and Research Centre for the construction of the Karachi complex, Indus Hospital for their 1000 bed expansion project in Karachi, and procurement of benches for waiting areas at Public Welfare Hospital SUI, Balochistan.

One of our most prominent healthcare support stories that benefit millions of patients yearly includes the surgical block at JPMC. We also funded the Tomotherapy machine at JPMC, which treats cancer patients free of cost from all over Pakistan.

Another impactful beneficiary of the HBL Foundation is Foundation for Poor Souls (FFPS), established in 2004 to help those who cannot afford quality education and healthcare. In addition, HBL Foundation has been funding their Mobile Hospital vans and advanced lifesaving equipment. These mobile hospitals are now serving 400-500 patients per week in the remotest areas of Punjab, where healthcare facilities are not available.

The Saidu Teaching Hospital, Swat, was funded by HBL Foundation; they utilized Rs. 15 million funds to purchase medical equipment, dental/ Maxillofacial & Pathology Units, automated Chemistry analyzer, Blood Gas analyzers, etc. This machinery is helping them treat over 1700 patients every month. One of our most impactful partners is Marie Adelaide Leprosy Centre (MALC), whom we

Funding of over Rs. 1.5 bn. 85% of HBL Foundation funds since 2010 to several hospitals and medical centers



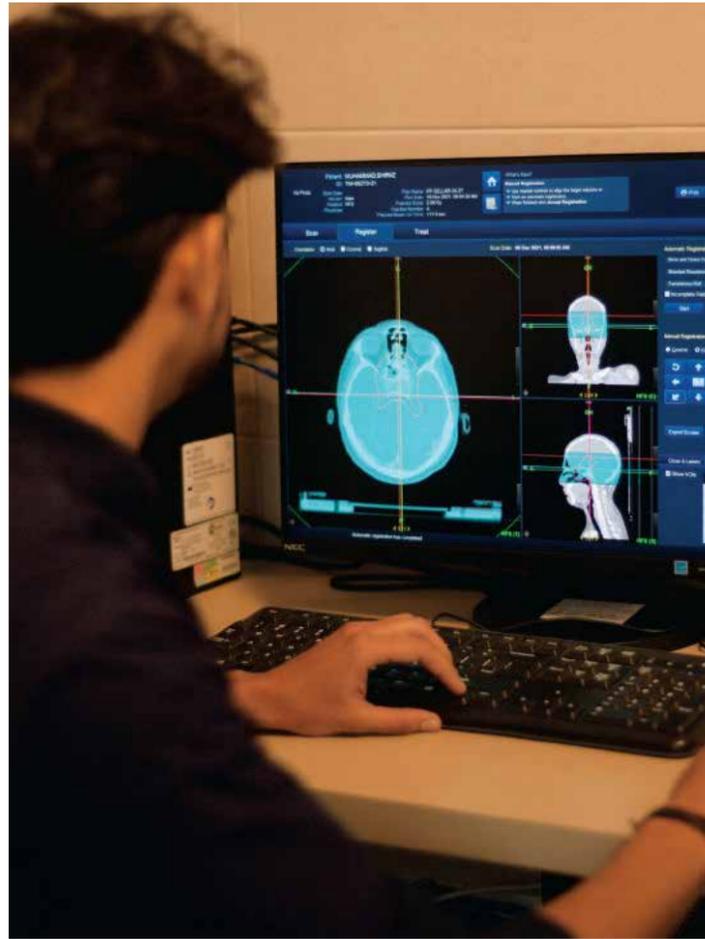
have worked with since inception. HBL Foundation has given more than Rs. 45 million over 10 years for establishing their endowment fund and funding surgical eye camps. MALC has been conducting these surgical eye camps for the last 6 years with our support in the remotest areas of Pakistan, where no healthcare services are available for the communities on ground.

In 2015, we supported Mayo Hospital, Lahore, one of the largest hospitals in South Asia, serving humanity since 1871 and providing healthcare to more than three million lives a year. HBL Foundation provided

an Anesthesia machine to the hospital, carrying out nearly 100,000 surgeries a year.

HBL Foundation funded Rs. 60 M for the renovation and expansion of the old OPD building at Lady Dufferin Hospital, Karachi. Construction completed in 2020, this facility provides services in obstetrics, gynecology, pediatrics, and diabetes clinics and is expected to serve around 60,000 patients in a year.

One of our most prominent Donees is Gilgit Medical Center, state of the art, 60 bedded hospital in Gilgit. HBL Foundation funded the entire project, brought to life by Aga Khan Health Service, Pakistan. The Foundation is now funding its phase 2 expansion. This medical center serves as a hub for 26 Basic Health Centers of AKHS,P, and surrounding government facilities in the Gilgit region, focusing on the Gilgit, Hunza, Nagar, and Ghizer regions of Gilgit and Baltistan. Since 2011, GMC has served over



500,000 beneficiaries in these remote areas of Northern Pakistan.

Since its inception, the Foundation has also supported The Indus Hospital (TIH), a non-profit healthcare institution, providing free-of-cost healthcare to millions of patients irrespective of their religious, social, linguistic, or financial background. The hospital has now transformed into a national-level health network that runs 11 public and private hospitals across Pakistan. HBL Foundation has been supporting several initiatives at TIH since 2013. We are currently funding Rs. 262.64 M as a multi-year commitment for the Pediatric Intensive Care Unit as part of their 100-bed expansion project in Karachi. This intensive care unit provides dedicated intensive care facilities to the children with state-of-the-art technology, 20 critical care beds, and three isolation beds.

In 2017, we funded the "Certification Program in Emergency Medicine" at The Indus Hospital, a 12-month competency-based training program to equip 27 trainees working in emergency departments with the fundamental knowledge and clinical expertise in the practice of emergency care. The Foundation also funded Rs. 15 M for major renovations & up-gradation of DHQ – Civil Hospital, Badin, taken over by The Indus Hospital. In addition, we provided grants for establishing Hospital Management Information Systems, 24-hour pharmacy, blood bank, ER Triage services, resumption of ambulance services, and improvement of the general hospital and its compounds.

HBL Foundation also funded the takeover of The Indus Hospital Al-Ghazi campus, Bhong, Rahim Yar Khan, and in the phase 2 provided funding for ultrasound machine and midwife antenatal clinic. The clinic has also been running a midwife training institute, which graduates a batch of 15 to 20 trained community midwives every two years who then work in the adjoining areas of Punjab, Sindh, and Balochistan.



HBL Foundation has funded over a hundred healthcare institutions in the last decade; some of them are:

- Dar ul Sukun Karachi
- Sahil Welfare Association, Karachi
- Gulab Devi Hospital, Lahore
- Bolan Medical Complex, Quetta
- Gangaram Hospital, Lahore
- Sundas Foundation, Islamabad
- Muzaffarabad Physical Rehabilitation Center



Rs. 797m
30% of the total
funding benefitting
550,000 students.

Education

Education is the cornerstone of a country's political, social, and economic development. A viable education system enables a nation to achieve high literacy, which produces a more informed population. Therefore, education has been the other high-priority area for HBL Foundation since its formation.

The education giving has supported university endowment funds to ensure the sustainability of their scholarship programs. The Foundation has also supported school improvement programs and technology aids for curriculum development and given grants for providing underprivileged school children access to quality education.

Since 2010, we have supported over 100 education institutions across Pakistan with over

Rs. 797 million, 30% of the total funding benefitting 550,000 students.

In 2021 specifically, we funded 16 organizations & institutions from across Pakistan, distributing Rs. 56.5 million. Some of the institutions are The Citizens Foundation (TCF) to manage 257 Government adopted Schools in Punjab, and University of Engineering & Technology Khuzdar, Balochistan, for the establishment of a computer lab, The Noorani Foundation Trust for Construction of a school for underprivileged boys in Faisalabad, Network of Organizations Working for People With Disabilities, Pakistan (NOWPDP) for providing training to disabled persons, and Friends Welfare Association, Mansehra (KPK) for girls education.



Scholarships

To ensure perpetuity and availability of funds for operational costs of educational institutions, we support in the form of endowment funds for education as well as scholarships for students from underprivileged and remote areas.

In the last 10 years, we have invested Rs. 281 million in endowment funds for 34 institutions across Pakistan, directly benefitting more than 82,000 students in Sindh, Punjab, Islamabad, Azad Jammu & Kashmir, Khyber Pakhtunkhwa, and Balochistan.

Contributions towards endowment funds have been given to Khyber Girls Medical College, Peshawar, Sardar Bahadur Khan Women University, Quetta, Balochistan, for providing HBL Platinum Scholarships to the students in need. We have also provided financial support to Friends Welfare Association for quality education for girls in Manshera-KPK; more than 350 female students are getting a free education at Manshera. HBL Foundation has also funded the Hunar Foundation to establish the Vocational Training Institute for women at Delhi Colony, Karachi.

We are launching a new stream of scholarships in partnership with higher education institutes in Pakistan to provide financial support to deserving students coming to the cities from far-flung areas and disadvantaged communities. This intervention has just been launched, and a dedicated amount of HBL Foundation funds will be routed towards these scholarships every year.



Some other institutions that we have supported in the past are:

- Institute of Business Administration (IBA)
- National University of Science & Technology (NUST)
- The Citizen Foundation
- Government College University, Lahore
- Mirpur University of Science & Technology, Mirpur AJK
- University of Azad Jammu & Kashmir
- Dar-ul-Sukun, Karachi
- Quaid-e-Azam Medical University, Bahawalpur
- Nishtar Medical College, Multan
- University of Engineering & Technology, Lahore (UET)
- GIK Institute of Engineering & Technology, Swabi, KPK
- Quetta Institute of Medical Sciences, Quetta
- Professional Education Foundation

 **more than 350**
female students
are getting a free
education at Manshera

Community Development & Emergency Relief



We work directly with the communities to help improve their socio-economic conditions and enable the utilization of existing resources in an improved manner. We collaborate with the communities to identify their needs for water, sanitation, hygiene, training, capacity building, etc., and fund the relevant organizations to implement those programs.

As a socially responsible organization, HBL and HBL Foundation also support various other causes where there is a dire need to inject funds and support the development of the communities for emergency relief. To date, 12% of HBL Foundation funds have been distributed for different community development interventions.

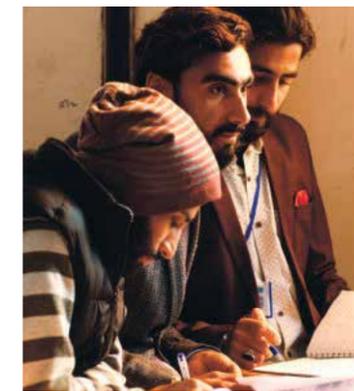
In 2021, the grant was given to Urban Forest to procure and install a water filtration plant for Urban Forest Park, Karachi, with a capacity of 5000 gallons per day. Another funding was granted to facilitate the dependents of dedicated civilians who died during the national service.

We have also provided a total of Rs. 329 million to several institutions providing services to approximately 74,000 individuals for poverty alleviation, disaster relief, and humanitarian disaster response training. To combat natural disasters, we helped improve disaster risk resilience in 2 villages in Gilgit - Baltistan and two villages in Chitral.

HBL Foundation also provided financial support to Taraqee Foundation, Quetta, for their project "Ultra Filtration Water Purification Plant and Solar System" at Ziarat Balochistan. More than 3,400 people (150 Households, 1750 females and



1715 Males) benefit from this project. We also provided financial support to Indus Earth Trust for their Project "Safe Drinking Water" in coastal communities of Thatta-Sindh; it helped five villages, 161 households, and more than 700 people to access clean and safe drinking water. This water supply availability in all five villages meets the World Health Organization standard. HBL Foundation provided financial support to Aga Khan Planning and Building Service Pakistan for improved access to clean and safe drinking water for over 4000 people in 14 villages across Gilgit-Baltistan and Chitral.



Water Purification Plant and Solar System benefit

3400 people



Section 3

Support during Covid-19

From when Corona Virus was first discovered to the first wave of the outbreak, which led to the COVID-19 pandemic, we prioritized the well-being and protection of our staff and the communities we work with. HBL took it upon itself to develop a humanitarian response for our people and implemented it nationwide. We formed a Human Resource COVID-19 Support Team comprising members from various divisions of the Human Resources function, primarily HR Operations; we also recruited medical consultants to fulfill the Medical Facilitation and Advisory role as part of the Support Team.

Covid Support for Employees

PCR/ Antibody Testing

Staff members who had either contracted the virus themselves or had an affected family member were given support to get tested and medical advice by the Medical Facilitation and Advisory team. The HR COVID-19 Support Team members stayed in touch with the staff until they fully recovered, giving instructions on the safety protocols to be followed. An emergency hotline was also introduced to provide online consultation to our people. Sehat Kahani was taken on board further to facilitate the employees and their families for 24/7 support.

Financial Coverage & Expenditure

All COVID-19 medical expenses for employees, their spouses, and dependent children were completely covered by the Bank irrespective of the hospitalization limit specified by the medical insurance company. This included tests, any specialized treatment, and hospitalization required. The Bank bore any amounts required beyond the insured limits for COVID-19 related expenses. The Bank also covers the costs of the PCR and antibody tests whenever required and as recommended by the Bank's doctors.

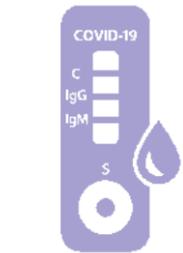
To assist employees in covering any potential COVID-related hospitalization expense for their non-dependent close family members, a temporary and markup-free "Emergency COVID Hospitalization Loan" was introduced.

Rs.240 million invested in healthcare support of employees, their families and community at large



COVID-19 is a crisis that directly or indirectly touched every life. We had to fight on all the fronts as people were struggling and reacting to the global health disaster. It was an opportunity for us to support our employees and deliver abundant benefits that fueled the people to survive the pandemic and overcome the crisis without any financial burdens.

Jamal Nasir
Chief Human Resource Officer



Vaccination Camps & Drives

HBL was the first in the industry to arrange, at its own expense, a sizeable number of vaccines made commercially available in Pakistan. We have a 100% staff vaccination rate of permanent, outsourced and contractual staff, including security guards today. HBL continues to facilitate staff members and their families with COVID-19 related support.



● In-House Vaccination Program:

The vaccination camps were arranged in 5 of the biggest cities. The HR COVID-19 Support Team successfully facilitated the vaccination process for registered staff members

● Vaccination Awareness:

The team circulated bank-wide emails advising and facilitating staff to get vaccinated through the government vaccination centers and the in-house program.

● In-House Vaccination Facility:

HBL organized an in-house COVID-19 vaccination drive nationwide. HBL's vaccination drive was the first-ever in the industry. This facility did not only benefit HBL employees and their families but also other individuals related to HBL through outsourced service providers, subsidiaries, and associates.



Awareness & Education of Staff

Virtual COVID-19 awareness sessions were arranged for staff and their immediate family members giving them a platform to raise their COVID-19-related concerns and queries and seek advice from HBL's Medical Advisors.



Health & Safety (Guidelines, Protocols & Follow-ups)

During the pandemic, HBL remained involved in developing a communication campaign to educate staff and keep them updated on the latest COVID-19 developments. Emails on COVID-19, Health and Safety Guidelines, and Protocols were circulated regularly to all employees. Additionally, we now have a fully equipped ambulance on-site at our office buildings in Karachi, Lahore, and Islamabad.



Covid Support for the Communities

HBL fought the Covid battle with the communities on the front line. We put together a team for ration bag distribution to deserving families.

The contents of the ration bags were prepared following guidelines provided by global experts in humanitarian relief. HBL staff volunteers undertook the entire effort of ration bag preparation, while HBL's branch network pan Pakistan led the distribution. The ration bags were distributed to daily wage earners whose livelihood had been disrupted because of the lockdown and who were in a vulnerable financial state.

Over 180,000 people, pan Pakistan were supported through this effort.

We partnered with Serena Hotels to provide **30,000 meal boxes over one month across seven cities to medical professionals battling at the frontline of the COVID-19 crisis in Pakistan.**

In addition, the collaboration provided specially prepared meal boxes at 20 COVID-19 designated hospitals and health camps twice a day. HBL also donated masks to the National Disaster Management Authority as part of our relief efforts.



In 2021, HBL, in collaboration with the Government of Sindh, launched a **COVID-19 drive-through vaccination facility at the National Stadium Karachi.** This free for the general public vaccination drive was organized by HBL with Aga Khan Health Services (AKHS) as service providers.





The Way Forward...

We strive for a world in which all capital flows towards achieving the Sustainable Development Goals (SDGs) while giving back to improve the living conditions of the societies and environment that are the backbone of our businesses. HBL works towards long-term value creation, and this value is integrated into our sustainability strategy to give all our stakeholders an overall picture of our impact & sustainability compass. We aim to embed sustainability into every aspect of our business through our environmental, economic and social impact measurement, management, and reporting.





4 Section

Social Impact & Sustainability Strategy at HBL

Every time we invest a Rupee in a program, it funds activities that positively and negatively impact people and the planet. As a bank, every Rupee or dollar we invest might create a job or fund automation that displaces jobs. Besides our financial returns, we need to measure our programs' impact at the community level. Is our investment helping people we care about, or is it making their lives worse in some ways? Are our clients benefitting or damaging the planet? Our businesses might be making money for the bank, but what impact are they having on the lives of individuals we are trying to benefit?

HBL is not just a financial institution working towards economic growth; we meticulously design programs based on the needs of the communities we serve to improve their lives. We are providing financial solutions and running community development programs that are solely curated

according to the needs of our target beneficiaries for each program. We aim to catalyze private sector investments towards achieving SDGs while defining the impact measurement standards for each initiative to improve our reporting.

SDG impact measurement provides the bank and its businesses the clarity, insights, and tools required to strengthen and validate their contribution to achieving carefully selected SDG for each program/ business/ intervention.

Our ambition is to measure more in-depth impact that HBL is having on its internal and external stakeholders. It will help identify partners interested in



impact investing, sustainable financing, social impact measurement & management of their programs, and tracking yearly impact on the people and the planet for each SDG.

We aim to align all our interventions with UN SDG Impact Standards and share our yearly progress transparently with all stakeholders. In 2022, we are setting the stage for HBL's Impact and Sustainability Measurement & Management Strategy to be implemented across the bank to define the impact and sustainability frameworks for each program, to be measured, evaluated, and reported based on the global UN SDG Impact Standards and highlight our contributions towards equitable environmental, financial, and social development.

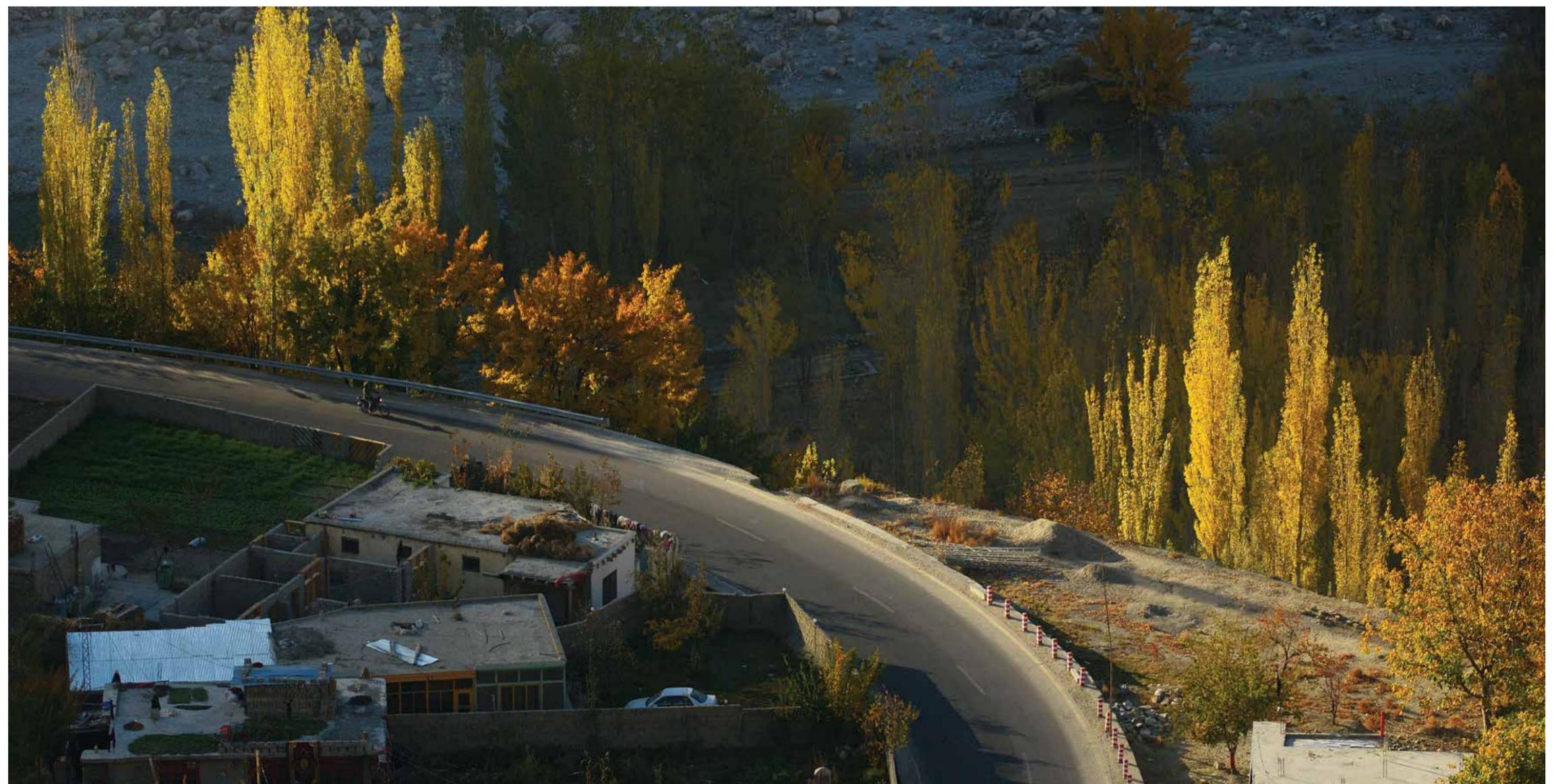




We are putting proper reporting methodologies for each function to collect, monitor, analyze and evaluate the data. This engagement will set concrete yearly targets to lower or increase specific KPI rates or percentages based on linked SDGs and their targets and report them based on Global Reporting Index in the long run. The impact learnings then help identify the best impact journey for each program and the bank.



The process will entail the identification of key performance indicators directly contributing to the SDGs, while laying out their impact measurement methodology. Through this data-driven exercise, we will analyze, evaluate and report the progress of each program periodically. In addition, annual processes will entail engagement with critical stakeholders, including beneficiaries, staff, community members, and external partners, to gather input and feedback on the programs.





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More than
just a bank...