

More than just a bank...



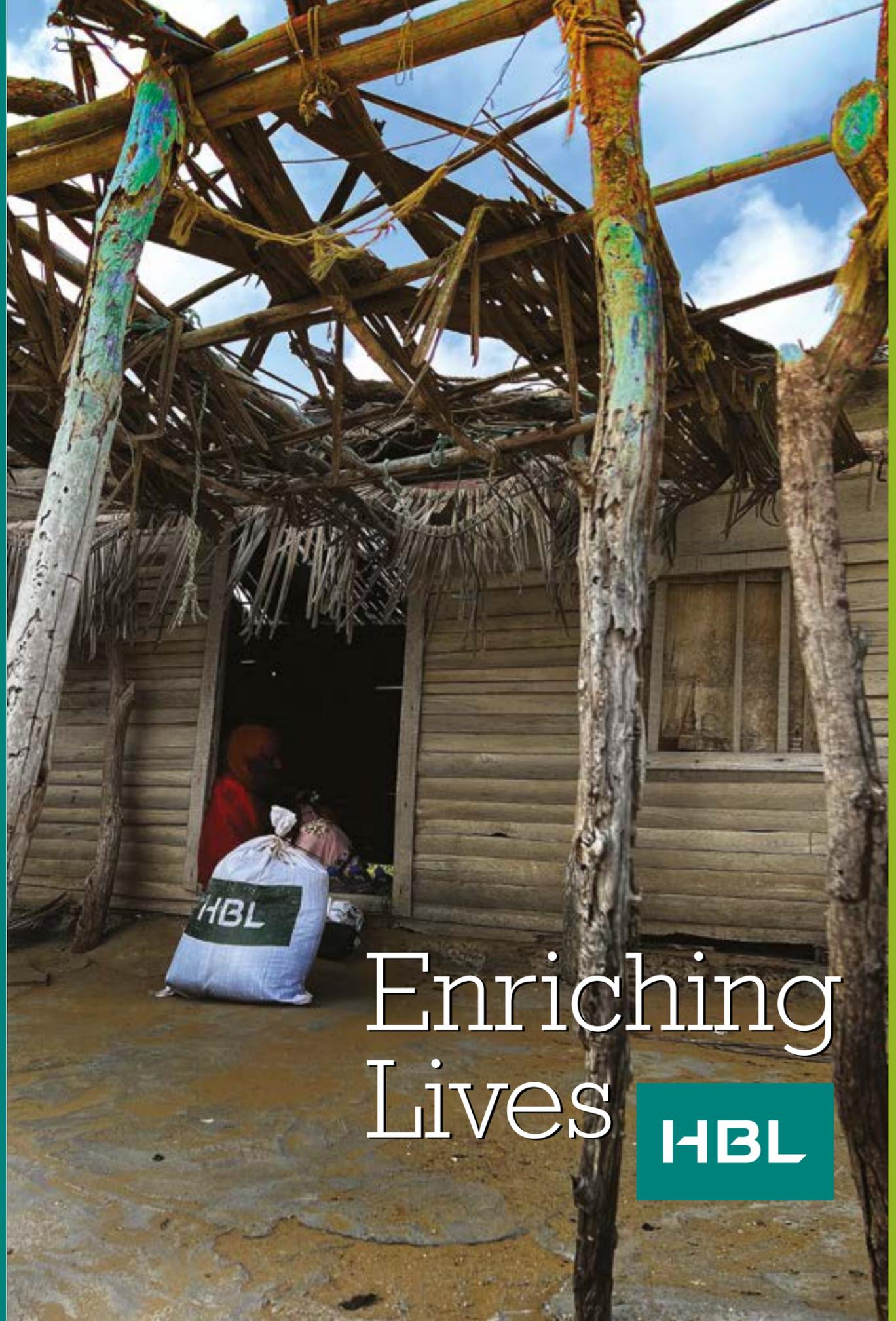
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HBL

Impact & Sustainability Report

Enriching Lives

2022



Enriching
Lives



Impact & Sustainability Report

2022



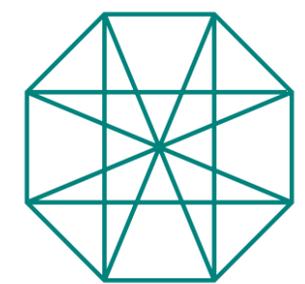
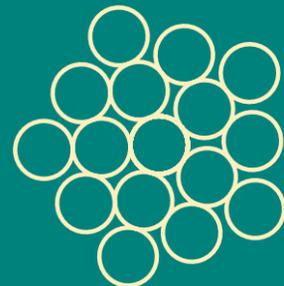
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Humanity’s collective impact on our Earth is changing the climate, which in turn impacts on the sustainability of all our national resources: water, soil nutrients, and food security. Indeed, the well-being of billions of people, as well as our very survival, depends on how responsibly we manage these resources.”

His Highness the Aga Khan IV.

Speech at the Paris Climate Change Conference (COP21), Paris, France, 2015.

2022



Finding Balance

Impact & Sustainability Report

Enriching
Lives

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Chairman's Message

Climate change is here and it's very real. We must do whatever we can to help mitigate the havoc that we have collectively wreaked upon the environment. Last year in our review we emphasized the urgent need to reflect on sustainability challenges in the future. This year, we lived that future as unprecedented flooding devastated the country.

Over one third of the land, including land with standing crops, went under water, leaving over 33 million people homeless and deprived of their livelihoods. But this is only the beginning. Trends and studies indicate rapidly shifting weather patterns that will continue to pose challenges and threaten lives and livelihoods. The situation is alarming and demands our urgent attention. We must come together and commit to positive action if we are to leave a functional planet for our future generations.

Upholding the ethos of the Aga Khan Development Network (AKDN), HBL's good governance and Corporate Social Responsibility is not confined to charitable giving, but also directed at conducting our daily business and living our daily lives with constant care for our physical and social environments. As the country's largest banking group, we can foster positive change by example, leading with our walk as well as our talk.

Through effective collaboration between HBL, HBL Microfinance Bank, HBL Foundation and our sister group companies, including Jubilee Insurance and Serena, we were able to move swiftly and respond to the communities who were totally devastated by the recent floods. As a first step, with the overwhelming support of our staff volunteers, food packages and purpose built tents for shelter were prepared and distributed to families through our branch managers as well as NGOs involved in the relief efforts.

As a second step, we embarked on plans in close coordination with the National Disaster & Management Authority (NDMA) to identify and rehabilitate two villages at the request of the Prime Minister of Pakistan. Work has commenced, and by the middle of 2023 we aim to hand over the newly built homes to families displaced by the floods. The installation of solar-powered water purification plants is also part of the plans for these two villages, so that settlers can have access to clean drinking water.

The HBL Foundation (HBLF), mandated to support a broad spectrum of social causes, has been able to greatly enhance its capacity with the additional allocation approved by the HBL Board last year. With a 27% increase in funding, HBLF has deepened its investment across key areas of need, ranging from health to education.

During the year under review, the HBL Microfinance Bank enhanced its loan portfolio by 50% to touch PKR 85 billion. This phenomenal growth has firmly cemented the bank as the single largest provider of microfinance and SME services in Pakistan. Through technology and mobile banking services, remote communities have been connected to channels of formal economy.

HBL has an abiding interest in Pakistan's future. We firmly believe that in the decades ahead, water and food will remain key national challenges, alongside growing population and climate change. To this end, we have been directing resources towards building capacity in the agricultural sector. HBL has added a dedicated unit with the mandate of helping small and medium sized farmers improve their production through supply-side initiatives and impartial agronomical advisory.

HBL is fully committed to meeting AKDN's Net Zero target by 2030. Work streams are now fully in place, and we remain pledged to achieving landmark progress with every passing year.

Within the HBL community, we continue to foster greater inclusivity as well as personal & professional development. The Bank has undertaken several initiatives deepening our investment in the wellbeing and growth of our people. Most notably, HBL's sustained effort to steadily improve our gender ratio (from 3% in 2004 to 22% in 2022) was recognized at the 2022 GDEIB Awards with the "Most Inclusive Organization" award. We still have a long way to go, and we intend, Insha'Allah, to continue expanding HBL's overall inclusivity.

Our priority remains consistent: to innovate and provide solutions that support growth and improve quality of life for our employees, those we serve, and the people of Pakistan.



Sultan Ali Allana
Chairman HBL





HBL makes a concerted effort to operate in ways that enhance the well-being of society, a spirit that we inculcate in our employees as a socially responsible organization. We believe strongly that a growing economy, a dynamic society, and a sustainable natural environment, all have an interdependent relationship; HBL operates with a 360-degree approach towards achieving impact and sustainability, both within the organization and in the communities we serve.

At HBL, sustainability is not merely a buzzword, but a fundamental pillar of our operations which includes integration of sustainable principles and practices across all facets of our organization, from operations to supply chain to financial services and stakeholder management. We have set up a cross-functional and multifaceted sustainability forum that will pave the way for a resilient future for all.

Being Pakistan's largest Bank, we recognize this position comes with great responsibility. Our unwavering commitment to sustainability is enabling us to play a leading role in developing the agricultural sector and promoting food security through investing in relevant learning and infrastructure and making focused efforts on digitalization as a means to achieve farmer convenience. Agricultural financing is a key priority of the Bank: in 2022, the portfolio reached an all-time high of PKR 50.6 billion, and we also received the Top Agri Lending Bank award.

In pursuance of HBL's commitment to inclusion, sustainability and community development, the Bank is pledged to: reducing its own emissions; expanding our Green Banking portfolio; expanding our women customer base to over 4 million; and contributing to the communities in which we operate by supporting healthcare, education, arts, and social development initiatives.

At HBL we are integrating Diversity, Equity, and Inclusion (DEI) into the talent pipeline and have been recognized as 'The Most Inclusive Organization in 2022' by Global Diversity, Equity & Inclusion Benchmarks (GDEIB).

President & CEO

Leading Purpose-led Transformation



Muhammad Aurangzeb
President & CEO HBL



Values

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



Integrity - Be Ethical and Fair

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



Customer Centric - Deliver Great Experiences

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



Value People - Respect, Empower, Appreciate

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



Progressive - Innovate and Challenge

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



Excellence - Be Your Best

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

1 Relentless focus on customer experience



- Change mindsets and embed *Customer Centricity* into the DNA of the organization
- 'Delighting our customers' is our rallying cry
- Serve customers through 'Technology, with a human touch'

2 People Agenda to be our top priority



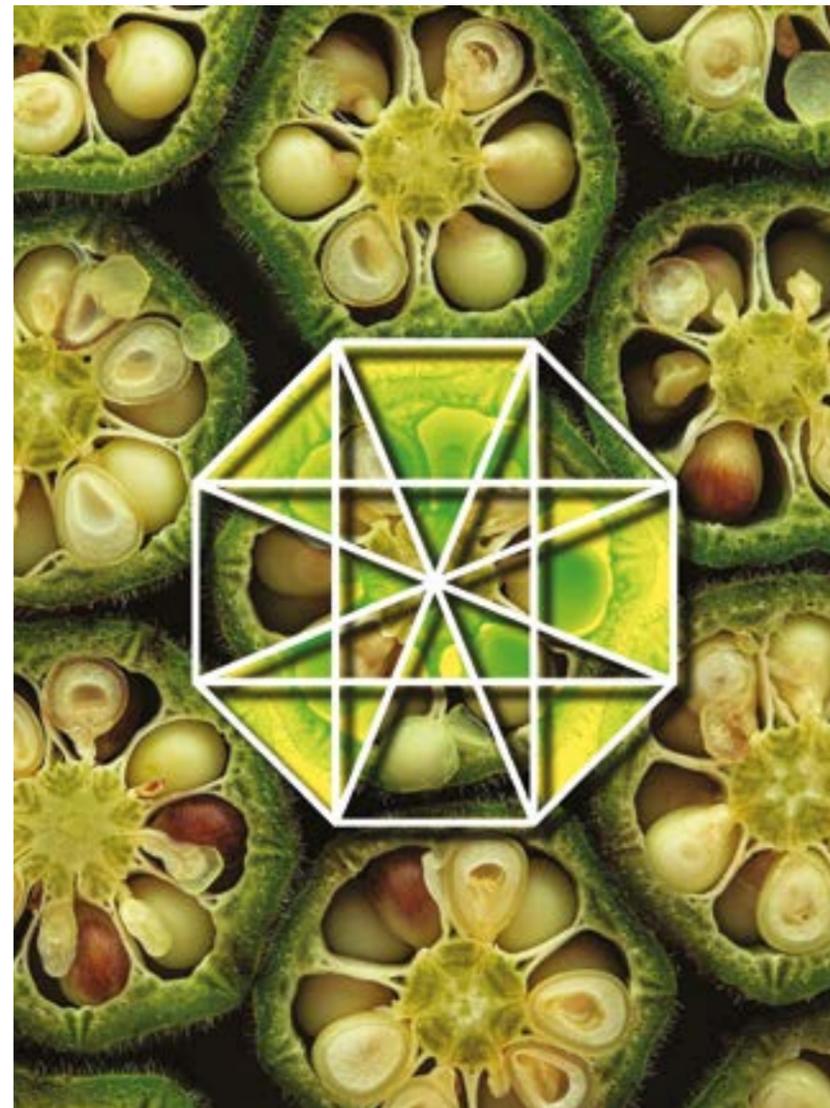
- Leadership Matters – Build enterprise-wide leadership capabilities
- Attract, develop, retain top-quality talent, and succession planning
- Culture change through embedding values-based behaviors across the organization
- Drive synergies through cross-functional teamwork
- Continued focus on gender and differently-enabled diversity

3 Making Innovation the Driving Force



- Imagine, rethink and predict evolving customer needs
- Increase speed of delivery by simplifying, digitizing, and enabling straight through processing
- Optimize talent pool – utilize Robotic Process Automation (RPA) for improving efficiency
- Proactively reinvent to improve solution delivery as we transform into a 'Technology Company with a Banking License'
- Think Again - Continuous process improvement as 'good is never good enough'

6 Point Business Agenda



4 Embedding Risk, Compliance, and Control in our Business Principles



- Embed a compliance & controls culture in the organization covering an enterprise-wide risk spectrum
- Implement robust self-testing through an Integrated Risk & Controls Repository, coupled with Compliance Risk Management framework for identification, assessment, monitoring and reporting of regulatory risks
- Robust third-line supervision to provide assurance of an effective risk management framework
- Augmenting our 3 Lines of Defence across all disciplines to continue 'doing first-class business in a first-class way'

5 Commitment to deliver on P&L

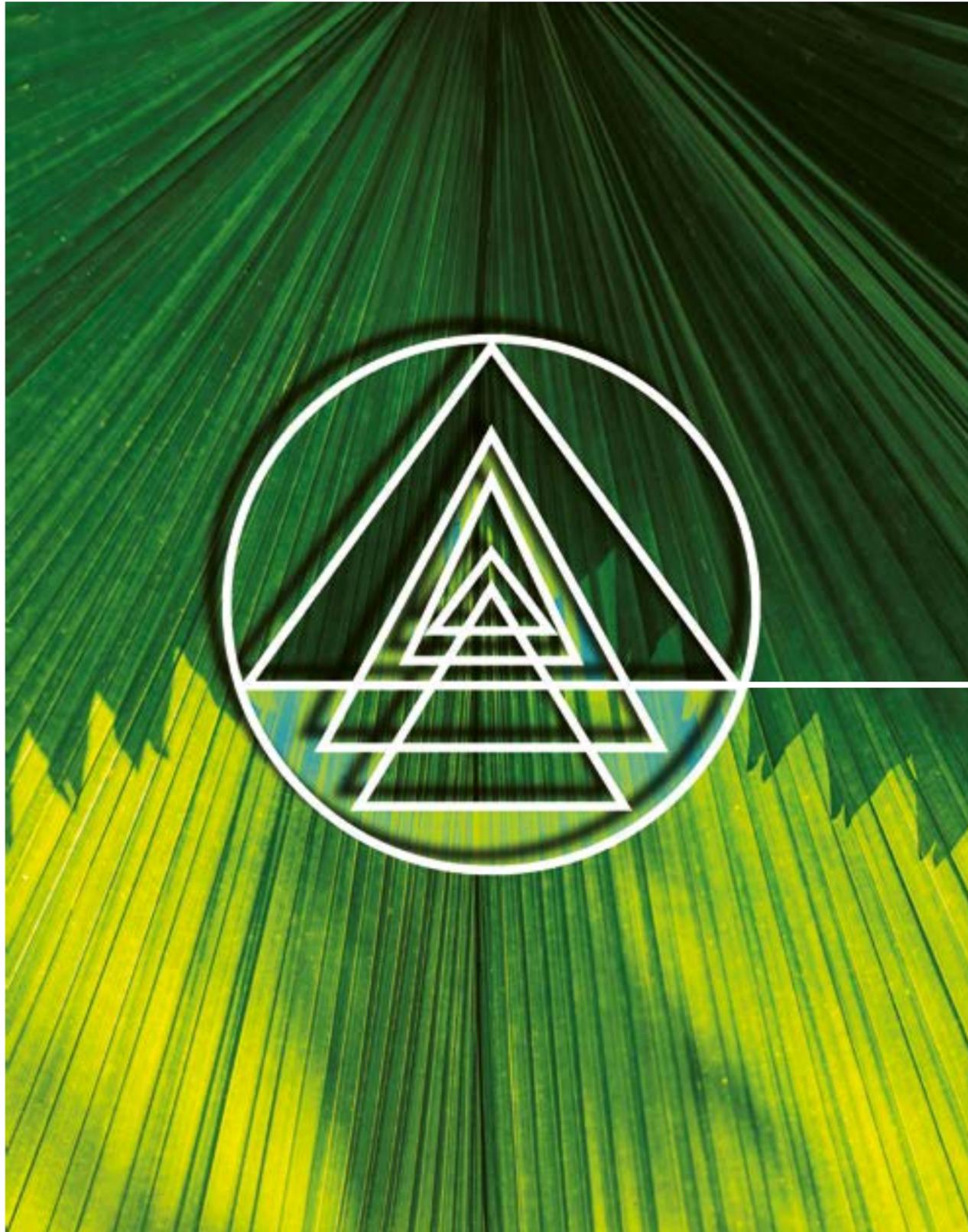


- Sustainable revenue growth on the back of top league-table positions
- Strict cost discipline including cost initiatives
- Optimize the deployment of balance sheet and capital, with an enhanced focus on cross-sell
- Maintain high portfolio quality with a focus on enhancing risk-adjusted return on capital

6 Giving back to the Country and the Communities that we serve



- Focus on national development - lead the way by building capacity of stakeholders in environmental sustainability
- Accelerate the implementation of robust financial inclusion initiatives across the HBL group
- For improving healthcare and education along with social development
- Encourage employee volunteerism
- Embedding ESG goals across our businesses and key decisions



“ Climate change is perhaps the single greatest challenge our planet faces today. The long-term consequences of our actions will have a lasting impact on generations to come, and the time to act is now. [...] My hope is that the institutions of the Aga Khan Development Network can continue to play an important role in supporting the global response to climate change, both through the programs we implement and the partnerships we form.”

Prince Rahim Aga Khan,
The Aga Khan Development Network,
2019, July 17 at National Museum of Kenya.

Finding Balance

through AKDN
Environment and
Climate Change
Commitment Statement



Environment and Climate is a core strategic priority and crosscutting theme for the Aga Khan Development Network (AKDN). Geographies where the AKDN works include some of the world's most vulnerable communities, adversely affected by environmental degradation and climate change. AKDN's environment and climate-related efforts are guided by the following overriding principles:

Responsible stewardship of the environment, ensuring that the Earth can sustainably support future generations.

Focusing on improving the quality of life and well-being (broadly defined) of the poorest and most vulnerable, in geographies of strategic importance.

Demonstrating proactive, socially responsible, and values-oriented leadership on the most urgent civilizational – even existential – issues of our time.

Leading by example, and sharing our experiences with others, to influence policies, raise awareness, increase impact, and effect social transformation.

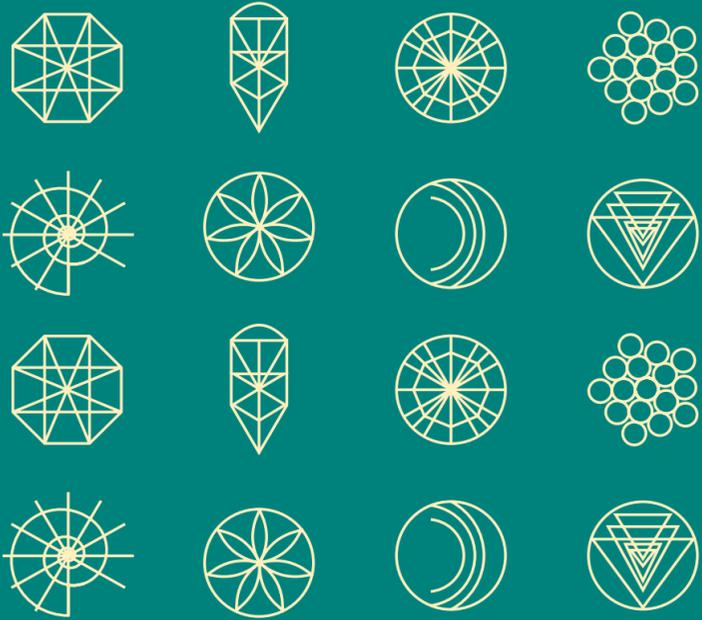
Driving Business towards Sustainability through the SDGs

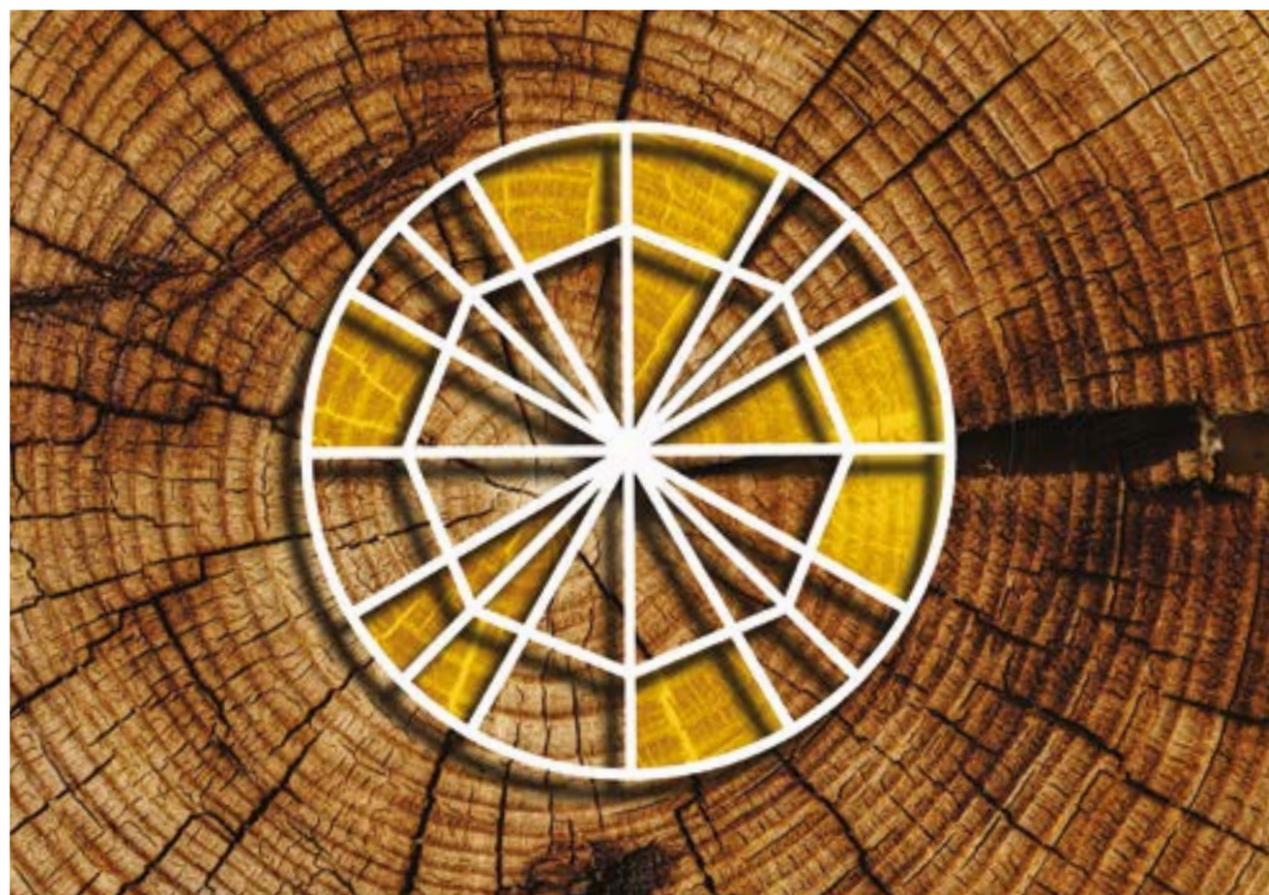
The development of sustainability measures at HBL is rooted in the global ethos of sustainable development and aimed at ensuring the ability of future generations to meet their own needs. The United Nations' Sustainable Development Goals (SDGs) are a blueprint and a call-to-action for securing a sustainable future across a rapidly shrinking and increasingly interconnected world. At HBL we are integrating these SDGs into our core strategies and operations, engaging with stakeholders, developing, and implementing Environmental and Social Risk Management Systems (ESRMs), measuring, and reporting our sustainability performance, and collaborating with other organizations to address shared sustainability challenges.



We remain committed to running our business with responsibility towards the long-term impact on society, the economy, and the environment.

- 1 Transparency to drive brand value:**
By aligning with the SDGs, HBL will be able to demonstrate its commitment and yearly contribution to creating positive social and environmental impact, which is setting an unparallel precedent in the industry to bring transparency across all areas of interventions to the stakeholders.
- 2 Increased efficiency and cost savings:**
Adopting sustainable business practices will help the Bank reduce costs, such as energy and resource consumption, leading to increased efficiency and cost savings.
- 3 Access to new markets and customers:**
There is a growing demand for sustainable products and services across the globe. HBL will be able to tap into this market and attract new customers, alliances, and partnerships all over the world, based on a shared commitment to Sustainable Development Goals.
- 4 Risk management and resilience:**
By addressing sustainability challenges, HBL will be able to mitigate risks on a much deeper, grassroots level, to overcome foreseeable reputational damage, and build resilience and long-term risk management.
- 5 Innovation and competitiveness:**
Embracing the SDGs will spur innovation and lead to the development of new products and services that meet societal and environmental needs. This will enhance HBL's position as a market leader and create long-term value.





To ensure strategic planning and oversight for achieving higher impact and sustainability goals, a cross-functional Sustainability Forum has been initiated. The HBL Sustainability Forum is responsible for managing HBL's efforts towards sustainable development through green banking, and other environmental, climate, and social impact initiatives, with the aim of driving responsible growth and ecosystem restoration across the Bank's domestic and international network.

HBL Sustainability Forum

Key initiatives at HBL for integrating and promoting Corporate Sustainability:

Integrating Corporate Sustainability considerations

HBL is looking at how to make impact and sustainability a critical part of investment decision making. This involves evaluating investments based on their Environmental, Social, and Governance (ESG) impact, whilst engaging with companies/clients to promote responsible ESG practices and encourage transparency and disclosure of ESG data.

Supporting sustainable initiatives

HBL is committed to investing in projects and businesses that leave a positive impact on people and the planet. This includes investing in renewable energy projects, supporting sustainable agriculture, providing loans and credit to companies that have strong sustainability practices, and a firm commitment to "No New Coal" projects.

Promoting sustainable practices

HBL is promoting sustainable practices within the HBL community and across the financial services industry. Through collaborations, we are increasing awareness of our employees, integrating elements of sustainability in our partnerships including the supply chain, reducing the environmental impact of our own operations, and encouraging sustainable practices among stakeholders.

Setting sustainability targets

We have devised a pathway to set sustainability targets that align with the United Nations Sustainable Development Goals (SDGs). These targets include reducing carbon emissions, increasing investments in sustainable projects, promoting sustainable finance and investment practices, and increasing access of financial services to underserved communities. We dedicate 1.5% of our net income, after taxes, to the HBL Foundation that funds healthcare, education, and community development interventions across the country to fulfill our Corporate Social Responsibility (CSR).



1

Sustainable Environment

Operating Within Ecological Borders



Action on climate change is critical to ensuring that we leave a functioning planet for our future generations. Corporate organizations are key players in global climate action, and many have accepted the challenge of survival by innovating,

and transforming operations through responsible investments and ethical decision making that will help to bring about much needed climate change mitigation. The limited window of time to help reduce global warming is rapidly diminishing. Deep decarbonization of our economies is yet to happen and requires transformative thinking and rapid adaptability to the way we produce and consume products.

HBL is following the path that has been defined by the AKDN Environment and Climate Change Commitment, envisaging a Net Zero goal by 2030. The Bank has a strong commitment to environmental, social and governance matters, relevant to its lending and business operations, and conducts its business with integrity. We take decisive measures to protect the environment, which includes not financing projects that are harming the planet, reduce our own emissions across the Bank's network, and support our clients and communities to enhance their ESG practices.

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Social & Environmental Management Systems

Overview of SEMS

HBL has led the way for many international best practices to be adopted by the Pakistani banking sector – the Social and Environmental Management Systems (SEMS) structure came about as a response to our customers who were looking for financing for green banking projects, along with advice and learnings from global development institutions such as IFC and BII (formerly known as CDC UK) who HBL has worked with for many years. With AKFED as the principal sponsor, social and economic development is in HBL's DNA and therefore one of the first tasks of the SEMS team was to work with the State Bank of Pakistan to develop the Green Banking Guidelines.

The HBL SEMS team is responsible for providing support and training for HBL's staff across the Corporate, Commercial

1
Sustainable Environment



and Retail bank. With their internally compliant evaluation methodology they ensure that the bank shifts its portfolio to low-carbon and climate-resilient projects.

With changing dynamics and updating policies, climate, environmental, and social risks have emerged as core credit risks. SEMS policy enables HBL to limit credit, liability, and reputational risks caused by climate change, environmental, and social issues on a portfolio and transaction level by anchoring Environmental and Social Risk Management (ESRM) in the Bank's credit policy. SEMS Standard Operating Procedures (SOPs) support this policy, provide a clear road map for day-to-day operations, ensure compliance with laws and regulations, guide decision-making, and streamline internal processes.

AHMAD SAEED

Head of Social and Environmental Management Systems



We incorporate ESG and sustainability considerations into our business activities on a strategic level, live our values, and deliver upon our purpose to drive responsible growth. We want to share our journey of becoming a trailblazer in the ESG space in Pakistan with our clients, communities, and shareholders, as it is how we define ourselves and drive our business.”

Environmental and Social Risk Management (ESRM)

The State Bank of Pakistan launched its “Environmental and Social Risk Management (ESRM) Implementation Manual” in 2022. HBL has acted upon its detailed guidance to banks for establishing and implementing the ESRM system.

HBL systematically reviews, assesses, and manages clients’ environmental, social, and climate risks under the purview of national E&S and climate change policies and laws. IFC Performance Standards screening is also carried out for Project Finance and project-related Corporate Finance.

The ESRM procedure also provides guidelines on how to: screen transactions, categorize transactions based on their E&S risk, conduct E&S due diligence, and monitor the client’s E&S performance through covenants and a mutually agreed Environmental & Social Action Plan.

E&S engagement with IFC & BII

The International Finance Corporation (IFC) continued providing advisory services to HBL in 2022, and supported the development of a roadmap for further E&S amplification – in line with the State Bank of Pakistan’s ESG vision.

Leveraging its ongoing relationship with British International Investment (BII) for capacity building on ESG practices, the Bank also engages with BII to enhance capacity building of HBL’s environment and social due diligence framework.

Green Investment Principles – China

HBL stands as the only Pakistani CIBank to be a signatory of the Green Investment Principles, China. In 2022, the Bank was awarded the Best Progress Award by the Green Investment Principles (GIP) Secretariat at the 4th Plenary Meeting of GIP

for the Belt and Road Initiative. Dr. Ma Jun, Co-chair GIP Steering Committee & Chairman of the China Green Finance Committee, also announced several other awards to recognize the efforts HBL towards becoming Pakistan's first fully integrated Green Financial Institution.

HBL's Green Taxonomy

With the support of Tsinghua University, Beijing, HBL has completed the development of its own Green Taxonomy (GT). HBL's GT is aligned with the Common Ground Taxonomy (CGT) developed by the International Platform on Sustainable Finance (IPSF). The CGT, launched by

IPSF at Conference Of the Parties 26 (COP) in Glasgow, is an in-depth exercise defining areas of commonality between the EU and China's green taxonomies.

Green Taxonomy will facilitate HBL in directing capital flows to green projects that will substantially contribute to environmental sustainability. HBL's Green Taxonomy was finalized in May 2022, and a taxonomy-based green loan management framework was established for identifying green lending activities. The framework will serve as the basis for tracking and disclosing HBL's performance in supporting the green transition of the national and regional economy in the future.

Having its own taxonomy enables HBL to expedite the growth of its green lending activities and create additional values for its banking business through:

- | | |
|---|---|
| 1 Offering green loans | 4 Mitigating climate and environmental risks in asset allocation |
| 2 Issuance of green bonds or asset-backed securities | 5 Supporting existing clients on green transition opportunities |
| 3 Information disclosure | 6 Capacity and reputation improvement. |

HBL's Green Taxonomy will be utilized to support the following environmental objectives through green financing:

Climate change mitigation (CGT aligned):
Reducing the release of greenhouse gas (GHG) emissions that are warming our planet.

Climate change adaptation:
Adaptation and adjustment to actual or expected climate change and its effects, without exploiting the available natural opportunities.

Pollution prevention & control:
Pollution prevention comprises actions seeking to reduce and/or eliminate the chances of pollution at source. Pollution control will take corrective measures to manage a pollutant after it is formed and reduce its impact on the environment and human health.

Resource efficiency:
Sustainable utilization of the planet's limited resources while minimizing negative environmental impacts will allow us to create more with less and to deliver greater value with less input.

Ecosystem conservation:
Restoration and protection interventions will help prevent, halt, and reverse the degradation of ecosystems on land and in the ocean.

No New Coal Policy

In line with the Bank's vision for environmental protection and green financing, HBL has a "No New Coal" Policy, which represents a very significant commitment by the Bank towards reducing greenhouse gas emissions and is the first of its kind by any commercial bank in Pakistan.

Adding on to this commitment, HBL has the following rundown goals:

- 1** To bring down HBL's exclusion list exposure (which includes industries such as tobacco) to zero by 2025.
- 2** To bring down HBL's coal-related exposure to zero by 2030.
- 3** HBL shall refrain from financing any initiatives involving illegal deforestation.

Sustainability Financing Projects – Investment Banking

Green Financing

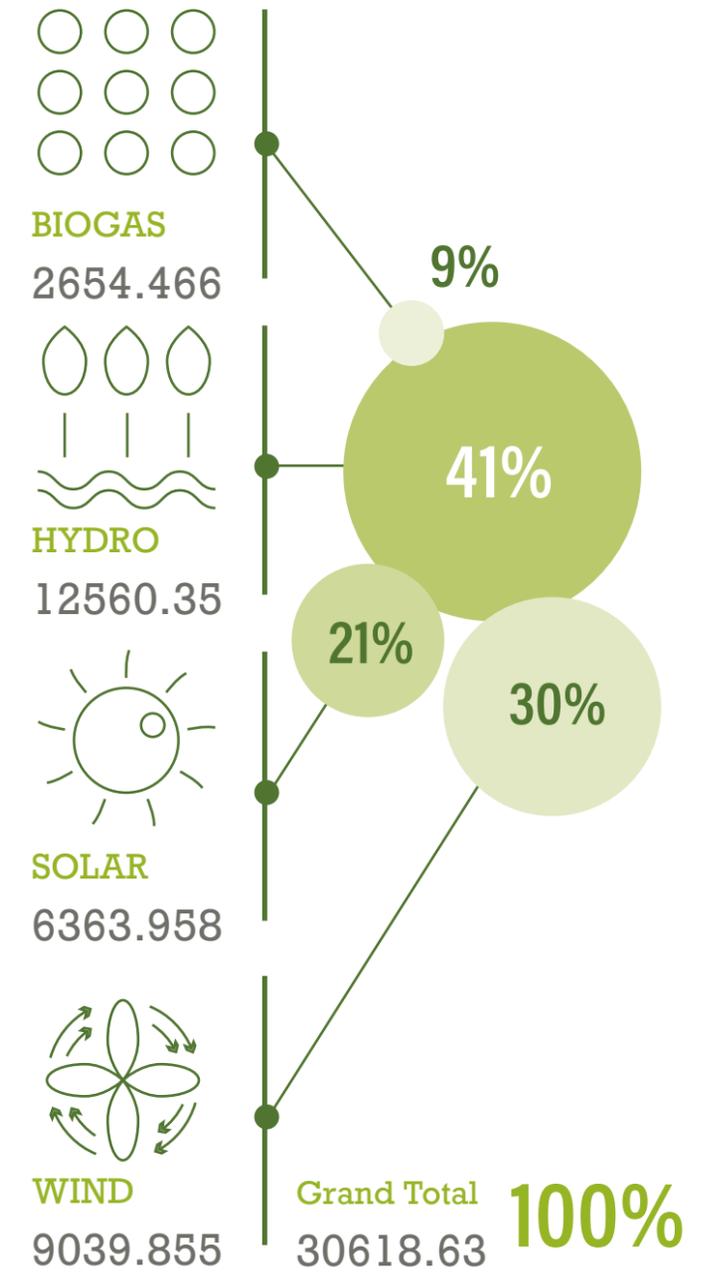
In continuation of HBL's focus on renewable energy initiatives, the Bank's funding and support enabled two wind projects and one solar power project to achieve commercial operations during 2022. These projects provide 200 MW of clean and sustainable energy to the national grid.

Supporting the Government's objectives of growing solar power in the country, HBL is engaged in multiple solar IPP projects. Over the last year, HBL has also been mandated to establish a solar power project under a Bulk Power Consumer (BPC) model, which will act as an enabler of similar projects in the future. Further demonstrating our focus across the renewable energy spectrum, the Bank has also secured a mandate to enhance hydropower potential and capacity for the Khyber Pakhtunkhwa province.





Renewable energy loans outstanding amounts (PKR Mn) 2022:



SBP Financing Scheme for Renewable Energy

Leveraging on the State Bank of Pakistan's Renewable Energy Scheme, HBL utilized the allotted limit by SBP of PKR 7.9 billion. This enables HBL to offer subsidized financing for investing in renewable energy space, leading to the generation of clean energy for the economy whilst improving the composition of the national electricity grid.

Tree plantation

HBL launched an annual nationwide Tree Plantation Drive and planted 25,700 saplings of indigenous plants across Pakistan.

In collaboration with Port Qasim Authority, Karachi, and the International Union for Conservation of Nature (IUCN), we planted 10,000 mangrove saplings. The tree plantation drive for 2022 was concluded with the plantation of an additional 10,000 mangroves at Miani Horr on the coast of Balochistan.

Capacity building

During 2022, over 350 HBL employees received E&S training. The sessions were conducted for different functions at HBL on environment and social governance, green financing, and impact reduction.





It is imperative for HBL to ensure that all our stakeholders, including our clients, communities, and shareholders, understand how we address ESG issues and deliver upon our purpose to drive responsible growth.

Hence, HBL will endeavor to support its clients on green transition opportunities by identifying clients in high-emission sectors and promoting greener technologies and segments. We will also continue to carry out comprehensive capacity building for our staff on ESG, covering climate change, own impact

reduction, environmental and social management systems, and green financing.

Green Climate Fund

Green Climate Fund (GCF) is a global platform that responds to climate change by investing in low-emission and climate-resilient development. GCF was established by 194 governments to limit or reduce greenhouse gas (GHG) emissions in the countries of the Global South and to help vulnerable societies adapt to the unavoidable impacts of climate change. HBL has presented its case to the GCF

Board, Pakistan (established by the Ministry of Climate Change), and has received its nomination letter. In 2023, the accreditation process for HBL will be initiated with the global GCF secretariat.

Sustainable Tourism

HBL is dedicated to finding innovative solutions to environmental degradation and climate change challenges. An important sphere where the Bank works with partners is the promotion of sustainable tourism in Gilgit-Baltistan. HBL, in collaboration with WWF-

Pakistan and Serena Hotels, organized a workshop on 'Defining Sustainable and Responsible Tourism,' working with stakeholders and partners to develop a definition of sustainable and responsible tourism in Gilgit-Baltistan & Chitral as well as a recommended set of standards for the industry.

This program will build the capacity of local stakeholders for sustainable tourism and reduce the negative impact of tourist footfall on the natural environment. The program is designed to facilitate and finance homestays and small home businesses.



Reducing our own Impact

Aligning HBL's operations with Green Banking Guidelines

In light of the rapidly escalating dangers of climate change, HBL is developing and integrating targeted measures to reduce its impact on the planet. We are utilizing energy-efficient technologies, adopting sustainable practices, investing in renewable energy sourcing, and inculcating environmentally sustainable practices across the Bank.

Reduction of our impact in operations includes solarization of branches, implementing light management systems at major buildings, water conservation practices, offsetting through tree plantation, and fuel and energy optimization measures.



Sustainable Environment

AMJAD MALIK | Green Operations Officer



Own impact reduction is crucial for HBL; it has a direct impact on our operating expenses and more so on the environment. Adopting sustainable procurement practices to implement a total life cycle cost approach instead of upfront acquisition. By considering the total cost of ownership of goods and services, we can make more informed decisions that consider the environmental impact of our purchases.”

Key achievements made in 2022 are:

Net Zero by 2030

In response to AKDN's "Environment and Climate Change Commitment Statement," HBL's operations will have net zero carbon emissions by 2030 which requires reduction in emissions by at least 4.2% per year. The Bank is actively working to devise a roadmap that will work towards reducing Scope 1 and Scope 2 emissions by 2030.

GHG Emissions Footprint:

Monitoring Green House Gas emissions per the framework adopted by the Aga Khan Development Network (AKDN) every quarter to reduce HBL's carbon footprint resulted in identifying high-emission activities and subsequent mitigation actions. This ongoing process enables us to continuously improve our environmental performance and reduce our carbon footprint.

- Total Green House Gas (GHG) Emissions of HBL during 2022 were 54,382 MT CO₂ equivalent.
- 96.8% of these emissions (52,637 MT) are generated by buildings. Breakdown is as under:

Scope 1	Generators – 15470 MT CO ₂ e
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Scope 2	Grid Electricity – 29,830 MT CO ₂ e
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Scope 3	Construction – 7,337 MT CO ₂ e
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- Remaining 3.2% emissions (1,744) are travel related emissions:

Scope 1	Own vehicles – 944 MT CO ₂
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Scope 3	Travelling MT CO ₂
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Emission Reduction Measures:

- **Investing in renewable energy** to conserve natural resources with Solar Photo Voltaic solution installations at 232 sites producing 624,713 KWh electricity leading to 433 MT CO₂e savings annually. This investment not only helps reduce our carbon footprint but also contributes to energy cost savings and demonstrates our commitment to sustainable practices.
- **Conducting energy audits** at different facilities to identify the key areas of energy consumption. These audits help us identify opportunities for energy savings and implement targeted measures to reduce energy usage.
- **Deploying light management** systems at 3 major HBL buildings to reduce energy

usage during off-peak hours, resulting in 19.5 MT/ year CO₂e emissions savings. These systems help reduce unnecessary energy consumption and contribute to energy cost savings. Using data analytics to identify hotspots in terms of higher energy consumption at branch level and undertake remedial measures.

- **Disbursing smart fuel cards** across the Bank for a Generating Set (GENSET) and own vehicles refueling, to help optimize fuel usage and reduce carbon emissions from our vehicle fleet and generator sets. It will help reduce 47.7 MT/ year emissions.
- **Opting for products** that use refrigerant gases with zero Ozone Depletion Potential (ODP). Inverter-based technology is preferred for all air

conditioners and refrigerators that are procured for the various bank premises. For light fixtures, the utilization of LED bulbs has also significantly increased.

- **Requiring assessment of sustainability practices** at the time of vendor onboarding, to ensure that our supply chain partners share our commitment to sustainability and environmental responsibility.
- **Designating select HBL branches as Green Offices**, in collaboration with the World Wildlife Fund, to help us align with international best practices.
- **Instituting emissions reduction** initiatives such as HVAC and lighting rationalization after office hours in major buildings

- **Conducting awareness sessions/ advisories** to increase staff awareness on energy conservation and staff involvement in energy conservation measures. By educating our staff, we can promote a culture of sustainability and encourage the whole HBL community to contribute towards our environmental efforts.
- **Onboarding an international consultant** to help us ascertain our baseline emissions and develop an emission reduction plan, thereby setting an ambitious target for our environmental performance.
- **Adopting AKDN Green Building Guidelines** for all planned and future construction projects.





2

Sustainable Economy

Leading Purpose-Driven
Financial Ecosystems



HBL is spearheading the purpose-driven transformation of the banking industry in Pakistan, offering customers' greater convenience, flexibility, and control over their finances, while improving customer engagement, streamlining operations, and delivering personalized services.

HBL's digital banking ecosystem allows customers to access their accounts, view account balances, transfer funds, pay bills, and apply for loans and other financial products via mobile devices/ websites/ WhatsApp.

The Digital Innovation & Financial Inclusion (I&FI) function at HBL delivers a wide range of online and mobile services across the board. HBL's network of more than 62,000 Konnect agents creates the largest financial services footprint in the country, enabling customers and small businesses in remote and underserved areas across the country to access banking services without visiting a physical branch.

a

Digital Innovation – Enterprise Solutions and Digital Channels

Konnect

HBL continues to leverage technology in innovative ways to widen the web of inclusion and provide seamless access to financial services to underserved communities across the country.

HBL Konnect remains the primary vehicle to reach the country's unbanked and under-banked segments. The Konnect model is built on three pillars: Bank of relevance to the people of Pakistan; sustainability and financial inclusion.

Since its launch, Konnect has gained impressive traction, serving **8.2 million customers** by providing coverage through **62,000+ agents** across the country.

HBL Konnect has introduced lifestyle banking for our tech-savvy customers, making bookings and transactions easier for them by enabling access to desired platforms around the clock, without the hassle of long queues, branch visits, and paperwork. This year, 205,747 transactions were conducted and a total of

ABRAR MIR

Chief Innovation & Financial Inclusion Officer



Digital transformation can help organizations address some of the world's most pressing sustainability challenges, from climate change to social inequality, by unlocking new insights and driving innovation."

PKR 981 million was moved through HBL and Konnect mobile in lifestyle payments.

In 2022, HBL Konnect also facilitated over 81 million plus transactions, **supporting a volume of PKR 6.6 billion in education payments.**

HBL Konnect Women oriented initiatives

HBL Konnect implements Pakistan's largest Cash Emergency Support Program, **serving over 5 million women beneficiaries.** We have **more than 1,600 female Konnect agents** across the country, working in Konnect retail shops, or as brand ambassadors in colleges, universities, and commercial centers. The Bank has also appointed female agents for Karachi Electric (KE) bill collections at multiple KE collection centers. The onboarding process of these agents entails enhancing their financial literacy, including Branchless Banking transactions.

Enabling digital payments for women-led/ owned businesses

We execute campaigns for women-led and women-centric businesses such as beauty parlors, home chefs, boutiques, and other small businesses, in order to promote female inclusion in the economic structure of the country.

Konnect Agent support to the communities

Konnect has been leveraging its extensive network of over 62,000 agents to **provide cash management and collection services to microfinance banks for loan repayments, and to educational institutions for student fee payments.**

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 us to play our part in expanding financial outreach.

Konnect enabling small cash collections

Since November 2021, Konnect by HBL has extended its cash management services to Fast Moving Consumer Goods (FMCGs) distributors of consumer-packaged goods, pharmaceuticals, beverages, and other firms that operate in the large but fragmented retail space. Introducing this service has solved critical challenges for salespeople as they can now deposit cash payments at the nearest Konnect agent instead of going to a branch, thus maximizing their time on sales, and, in return, increasing their commission-based incomes.

This service also reduces the cash-carrying risk for salespeople; while distributors benefit from reduced insurance costs and real-time funds in their accounts, backed by a robust reconciliation and reporting system. Through Konnect's network, collections of PKR 172.7 billion and disbursements of PKR 9.3 billion

were made. 120 new accounts were added to disbursements, and 316 new accounts have been introduced for collections.

Punjab Agriculture Department - Kissan Card

HBL developed a customized platform to serve financially excluded farmers by eliminating the lengthy manual distribution of funds and streamlining the process of reclaiming subsidies. HBL developed 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.

In partnership with the Punjab Agricultural department, HBL Kissan Cards are being issued to verified farmers. **Subsidies worth PKR 7.9 billion to more than 382,000 farmers in Punjab were distributed through 1.8 million Konnect transactions in 2022.**

Smart Disbursement Solutions

To minimize dependency on a cash-driven ecosystem and to leverage digitization, HBL Konnect has been enabling many corporations and development organizations across the country to disburse funds to their customers, employees, borrowers, and beneficiaries.

In partnership with the Sindh Education Literacy Program (SELP), **educational stipends worth PKR 600 million have been disbursed to the guardians of over 150,000 girls across 29 districts.**

UN agencies like WHO and World Food Program use Konnect to make payments for their social support programs.



[WHO]

WHO leads global efforts for the United Nations to expand universal health coverage. The Agency also directs and coordinates the world's response to health emergencies. In 2020, HBL **served over 5000 beneficiaries of WHO's quarterly payments in KPK, Sindh, and Baluchistan.**

In 2022, HBL **disbursed a total of PKR 162 million to 20,550 WHO social support program beneficiaries in Pakistan.** These funds are helping to strengthen health systems and improve access to essential health services, focusing on maternal and child health, and disease prevention & control. The beneficiaries withdrew funds using NADRA biometric authentication on a real-time basis from Konnect agents.

[WFP]

The World Food Programme (WFP) is the largest humanitarian organization, working to save lives in emergencies, and providing food assistance to build pathways to peace, stability, and prosperity. WFP focuses on hunger and food security and is the largest provider of school meals.

In 2022, HBL **served more than 45,000 beneficiaries for quarterly payments in Khyber Pakhtunkhwa and Azad Kashmir for the World Food Programme, disbursing a total of PKR 1.23 billion** through 116,000 transactions.

[BISP]

The Benazir Income Support Program (BISP) is Pakistan's flagship social protection program, the primary safety net for underserved populations, providing cash support for emergency relief, rapid food inflation, and to improve the overall well-being of the lowest-income strata of the country.

Recognizing our strength and capacity to deliver at scale, BISP (then Ehsas Kafalat Program) appointed HBL in 2020 as a partner during the COVID-19 pandemic. We supported BISP through our digital platforms for their financial disbursement and collections in a secure, verified, and convenient manner.

In 2022, through 8,000+ touchpoints, and 21.8 million transactions, **PKR 214 billion were disbursed to over 6.7 million beneficiaries of BISP across Pakistan.**

[Flood Relief Efforts]

As a part of wider community support initiatives, HBL partnered with the Government of Pakistan and the National Disaster Management Authority (NDMA) to assist flood-affected families through the Benazir Income Support Programme (BISP). As a result, the Bank disbursed **PKR 25 billion in relief to one million flood affectees. PKR 25,000 per family was disbursed across Sindh, Baluchistan, and Punjab** during Phase-I of the Programme, rising above the challenges of mobility and accessibility during and after the floods. In Phase-II, BISP further allocated PKR 29 billion for disbursement through HBL.

*Bank wide flood relief efforts can be found in Section 3 – Sustainable Society under Corporate Philanthropy





Asaan Accounts

Supported by SBP's Asaan account initiative, in 2022, HBL launched Asaan Mobile Account USSD (AMA USSD), a low Know-Your-Customer (KYC) product to increase access of 2G telco users to financial services. Out of 193 million mobile cellular subscribers in Pakistan, only 54.43% are mobile broadband subscribers, leaving a huge gap of accessibility to financial services for this population. These customers can now create a Konnect account from their feature phones through AMA USSD accounts.

The account allows customers to conduct transactions up to PKR 500,000 per month and maintain a credit balance of maximum PKR 500,000. This year, 31,000+ new accounts were opened digitally, **adding a total of 1.5 million + accounts to the banked population.**

Supporting Digital Innovation Ecosystem

Katalyst Labs

HBL Innovation and Financial Inclusion function has fostered a primary partnership with Katalyst Labs, a technology accelerator and innovation hub, to support the best Fintech, eCommerce, Food & Agri Tech, Ed Tech, Health Tech, and other key verticals. These fellowship and accelerator programs, as well as the +92Disrupt Conference funded by HBL, all work towards enabling female entrepreneurs to enter the startup ecosystem of Pakistan.

The accelerator program has touched 15 different verticals, graduating 3 cohorts, in which 40 startups were accelerated. 30+ sessions were conducted by nearly 40 mentors, investing 400+ hours in high-touch, 1:1 mentorship of entrepreneurs. **13% of the graduating founders have already secured funding in the form of equity and grants.**

3 cohorts have completed the Women Fellowship Leadership Program, graduating 60+ women: 30% entrepreneurs and 70% professionals. In this program, Katalyst conducted 30+ training sessions with the fellows on self-branding, working in teams, goal setting, and leadership.

Three +92Disrupt Conferences were held, attended by 2000 individuals from the Information & Technology industry. The conference mentored 213 startups, investing over 160 hours in the sessions and 472 hours in office meetings and mentorship sessions.

10

Platform Sharing to Create Value for Customers & Staff

HBL App provides easy integration services for clients and is one of the largest payment platforms used by over 2200 billing partners, and 620 IPG merchants, majority of which are nano, small and medium scale organizations, or budding businesses. This digital platform also ensured safe transfer of nearly **PKR 1 billion in the form of donations through 100,000 transactions from 37 organizations across the country for healthcare, education, and community development** initiatives. HBL App also provides health insurance subscriptions on the App, enables seamless education fee collection, education fee insurance for students from underserved communities can be purchased on the App, partnerships with key retail and e-commerce businesses and ensuring access of Tap n Pay to small businesses.

HBL supports ecosystem partnerships by ensuring significant mobilization of resources through its digital channels and enables digital startups by integrating HBL App with market-ready healthcare solutions to provide our customers easy access to healthcare. In addition, the Application gives startups plug-and-play access to HBL's vast customer network to scale their beneficiary ambitions. **HBL partnered with a women-led**

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healthcare initiative, Sehat Kahani, to virtually connect doctors to patients with limited access to healthcare facilities. This initiative facilitates our customers and supports 30% of female doctors who do not work physically in hospitals. All HBL employees can use Sehat Kahani's digital health services completely free of cost.

In 2022, HBL partnered with another health tech platform, "Oladoc," the leading player in the digital health space. Oladoc offers online consultations with doctors across major hospitals in the country, and also allows customers to book appointments with doctors directly through Konnect and HBL Mobile App.

HBL has also started providing health insurance through the Konnect agent network in Pakistan. These are low-cost insurances that are available through all Konnect agents nationwide.

C

HBL NISA

Despite making up nearly half of the country's population, women make up 82% of the unbanked population in Pakistan. HBL Nisa is a one-of-a-kind, multi-faceted program that goes beyond banking for women. A dedicated initiative targeted towards developing financial solutions for women across Pakistan, the program has been constantly evolving to improve outreach and bring more women into the financial sector. In its aspiration to become a household name synonymous with Banking for Women, HBL NISA added Asaan Account to its list of financial solutions, specifically created to address the banking requirements of low-income women across Pakistan.

The account was introduced to target the untapped/underserved female segment of the country that is largely unbanked due to lack of documents/ source of income and promises easy account opening with a simplified due diligence process. With the launch of the Asaan Account, HBL Nisa successfully provides women nationwide with financial solutions cutting across different income segments ranging from low-income individuals to priority banking solutions with its Nisa Prestige. **Within six months of its launch,**

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HBL Nisa opened over 22,000 Nisa Asaan Accounts with a volume of approximately PKR 586 Mn as of December 2022, helping the previously underserved women to become part of the financial services industry.

Cognizant of the varied financial needs of women across the country, the program collaborated with HBL Asset Management to design a competitive savings solution in the form of a Mutual Funds scheme for women interested in a long-term savings plan that encourages them towards saving while offering lucrative returns.

To create a meaningful impact in the lives of women across the country, the program conducted multiple financial literacy sessions at schools, colleges, nursing institutions, and

vocational centers in Northern Pakistan to educate young women about the importance of saving, as well as various financial services and products available at the Bank. These sessions follow a two-pronged approach of educating the masses and offering the ability of on-site account opening through the use of Digital Tabs.

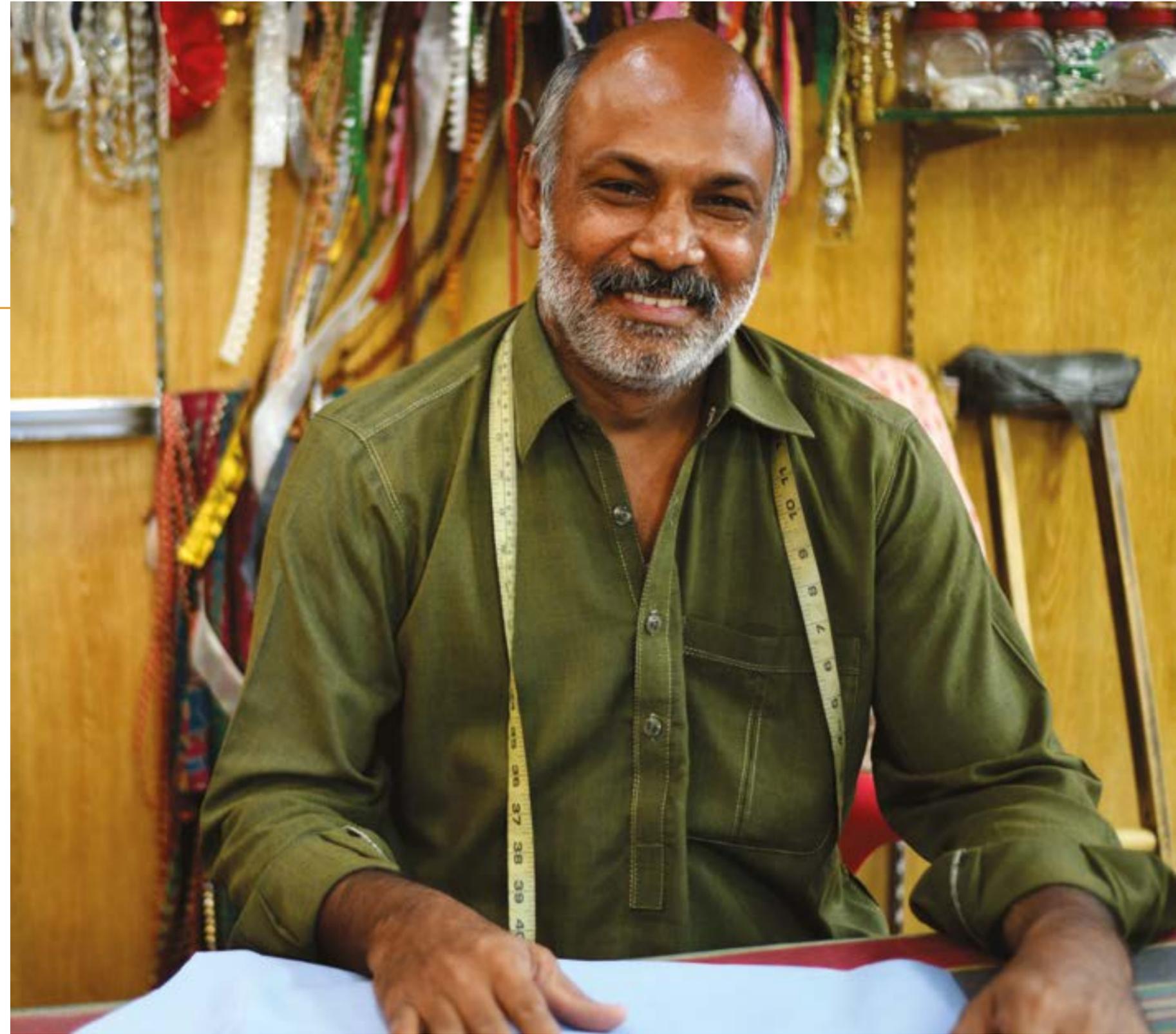
The program launched a series of animated videos in Urdu to increase its outreach further. These have been deployed in the rural branches within the HBL network, designed to educate customers walking into branches on the importance of saving and other banking concepts. **HBL Nisa crossed over 950,000 customers in Branch Banking at the end of 2022 with a volume base of PKR 129 billion.**



d

National Financial Literacy Program

State Bank of Pakistan launched a 'National Financial Literacy Program' (NFLP) in 2012 to promote financial inclusion by increasing financial literacy across Pakistan. **HBL conducted 552 financial education sessions in 2022, serving 13,800 individuals across the country, with an 86% conversion rate for women and 14% for men, i.e., accounts opened as a result of NFLP training.** In the last 5 years, HBL has conducted over 3,700 sessions, benefitting more than 92,000 individuals, of which 72,000 opened accounts with HBL.



e

Transforming the SME Landscape

In 2022, HBL emerged as a market leader in the SME sector, achieving remarkable growth of 20% in advances to PKR 89 billion touching new limits of PKR 35 billion, that is 26% higher than in 2021. The SME customer base crossed 15,000, an impressive growth of 25%. Driven through enhancing sales capabilities, process simplification, use of technology and implementing scoring models for quick decisioning. HBL's particular focus on small businesses contributed massively to this growth.

New products, focused on cashflow based lending, were designed specifically for small and medium businesses that lack collateral and formal documentation. This model is delivering results as HBL has already disbursed more than PKR 7 billion to 2,400 customers under collateral free lending. The Supply Chain Financing, grew by 50% to nearly PKR 10 billion, which is also a cash-flow based financing solutions for the SME Value Chain.

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AAMIR KURESHI
Head Consumer, Agriculture & SME Banking



HBL remains fully committed to investing in and growing Pakistan's Small & Medium Enterprise sector in a significant and sustainable way. We continue our journey to deliver accelerated growth, especially through our focus on the small business segment to make a real impact on the economy."

In addition, HBL collaborated with a fintech to offer digital lending to small retailers and is actively participating in SBP-led schemes, disbursing over PKR 5 billion during 2022.

HBL conducted various financial literacy sessions on banking products especially for women entrepreneurs from underserved areas. This effort resulted in HBL disbursing over PKR 1.7 billion to more than 450 women entrepreneurs by the end of 2022.

f

Development Finance

Breaking the bedrock of conventional agriculture in Pakistan.

HBL's first-of-its-kind Farm-to-Processor initiative was implemented through a variety of pilot projects to uplift Pakistan's agriculture sector. The first pilot program was introduced in May 2020. Through this initiative, HBL has been more than a lender. We have helped farmers improve their production through supply-side initiatives and impartial agronomical advisory. Under the aegis of HBL, 17 pilot projects were completed.

The program started out in 2020 with 5 farmers and 444 acres; by 2022, we were able to scale up in-kind financing to 550 farmers for crops spanning over 45,000 crop acres.

HBL's Development Finance interventions are led by a team of 80 agronomists and field officers who guide farmers on best practices. The Bank has launched a digitally enabled





farmer onboarding system to reduce time away from farm activities through HBL Pay. As a result of HBL's interventions, farmers with relatively small land and lease-holdings – who represent the majority of the country's farmers – achieved an average increase of 46% in crop yield (highest 118% in the case of hybrid rice) with an impressive average increase of 195% in net income (highest 611% in case of hybrid rice). These results demonstrate a double bottom-line impact for the Bank

and the farmers and have been independently validated by development economists from Princeton & Yale Universities.

Development Finance is ushering in a new era of national development and growth, while promoting sustainable and traceable agriculture and green banking portfolios along with contributing to food security. With HBL's increasing focus on resolving problems related to the agriculture sector of Pakistan, the Bank intends to scale up the Development Finance initiative.

AMER AZIZ | Head of Development Finance



The only way forward for Pakistan's Agriculture Sector goes through sustainability and responsible farming methods. Introducing sustainability at every stage eventually leading to traceable crops will help Pakistan unleash the true potential of our agricultural produce in international markets and take us beyond food security. HBL is perhaps the only player undertaking concrete measures towards this goal. These efforts will eventually prove to be footsteps for all followers."





HBL Microfinance Bank

HBL Microfinance Bank Ltd. (HBL MfB) was established in 2002 as Pakistan's first nation-wide microfinance bank, licensed by the State Bank of Pakistan. HBL MfB was created through a structured transformation of the credit and savings section of the Aga Khan Rural Support Programme (AKRSP), an integrated development programme that pioneered the microfinance sector in the country, operational in Gilgit-Baltistan and Chitral since 1982. HBL is the majority shareholder (79.9%) in HBL MfB as of January 2023.

HBL MfB was established with the mission to respond to poverty and contribute to the social and economic well-being of society by providing opportunities to thousands of under-served households that access to financial institutions and services. The Bank strengthens the entrepreneurial base of its clients by helping them build their financial, physical and human capital to secure the future of these small, medium, and micro enterprises.

HBL MfB works on reducing barriers to financial inclusion through promoting financial literacy, ensuring wider access to financial services, facilitating effective utilization of the Bank's financial services by clients, and, most recently, integrating ESG into its operations.

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RAYOMOND KOTWAL
Chairman HBL Microfinance Bank
& Group CFO, HBL



Ensuring access to financial services is not a privilege reserved for a few but a fundamental right of every individual in today's times. To ignite the spark of entrepreneurship, and provide proper tools for economic independence, we must empower the marginalized and underserved communities."

In 2022, HBL Microfinance Bank cemented its position as the Best Microfinance Bank of Pakistan, winning the Best Microfinance Bank accolade from two prestigious organizations: the Institute of Bankers, Pakistan, and the CFA Society, Pakistan. These awards are a testament to the Microfinance Bank's growth from pioneers to leaders in the microfinance space.

In its journey of over two decades, HBL MfB has been instrumental in improving the quality of life of marginalized communities and individuals. Our customers won 37 Citi Micro-entrepreneurship Awards (jointly hosted by Citi Foundation and Pakistan Poverty Alleviation Fund); these awards focus on honoring the success stories of Pakistanis who turn their lives around as entrepreneurs.



Financial Inclusion

The Microfinance Bank's financial inclusion mandate has a comprehensive governance structure. The Board of Directors of the bank closely monitors progress on this agenda and steers the bank's strategy for accelerated efforts toward increasing access to and usage of financial services. During the year 2022, the bank faced serious challenges in the post-Covid scenario, followed by the catastrophic floods, and the overall economic down-turn. The exponential rise in the cost of living has hit microfinance customers hard.



Despite these challenges, the bank delivered significant milestones under its financial inclusion mandate, and was effective in creating social impact in following areas: -

- Cumulatively, since its inception, **HBL MfB has furthered financial inclusion by disbursing loans of PKR 278 billion to 4.2 million borrowers.**
- At the close of 2022, the status of outstanding loans status under different categories is:
 - Total borrowers 496,987, of which **136,566 (27%) were women**
 - Total **MSME Borrowers 33,945 (6.8%)**
 - Total **borrowers under Housing Finance products 34,916 (7%)**
- HBL MfB developed an E-Wallet App named **FirstPay**, which had **984,272 signups during 2022**, and **78,805 Nano loans**, with disbursed amount of PKR 460 million through FirstPay.
- Under agency arrangements, HBL MfB customers conducted over **1 million transactions through HBL Konnect and UBL Omni.**
- HBL MfB issued more than **150,000 Debit Cards** to its customers across Pakistan during 2022.
- HBL MfB stands as Pakistan's largest **PayPak Debit Card issuer** in the microfinance industry.



Ensuring Access to Financial Services

HBL MfB's financial inclusion strategy encompasses a crucial objective: to enhance the availability of physical and digital financial products and services to a population that does not have easy access to financial services. Our aim is to foster a financially inclusive society that is resilient and well-informed. To achieve this, we have focused on improving accessibility to financial services and products.

As part of our efforts, HBL MfB has significantly expanded its presence across the country to cater to underserved communities. In 2022, we successfully established three new branches in rural areas, plus one in an urban area, addressing the banking needs of previously overlooked regions.

Through these initiatives, HBL MfB is committed to bridging the gap and ensuring that individuals, regardless of their geographic location, have convenient access to the financial tools and knowledge they need for economic empowerment.

These Alternate Delivery Channels provided by HBL MfB ensure that customers have multiple options to conveniently access and utilize financial services, meeting their diverse banking needs.

Since 2016, the Microfinance Bank has focused on using technology to provide financial services at the customers' doorsteps.

Customer Management Solution

HBL MfB has developed an innovative and cutting-edge customer solution called the Customer Management Solution (CMS). This indigenous platform has had a significant social impact by offering enhanced convenience in terms of time and location. CMS serves as a distinctive platform for seamless customer onboarding through a digital process, right at the customer's doorstep. The solution incorporates the use of tablets and other devices carried by the bank's field staff to facilitate loan processing for customers.

CMS is seamlessly integrated with various essential systems including NADRA Verisys, Core Banking Solution, and the customer's Credit Information Bureau (CIB). This integration ensures real-time access to crucial information regarding the customer's background and creditworthiness, providing the field officer with immediate insights. Within minutes, the relevant data is inputted into the

system, incorporating the customer's business information, and calculators evaluate their loan requirements based on the provided input. The loan application then undergoes a streamlined workflow, where different officials can review and process it using their respective devices such as tablets, laptops, or desktop computers. Ultimately, the loan is approved by the designated approving authority within a timeframe of 48 hours, ensuring efficient and timely decision-making.

Another noteworthy feature of CMS is the geo-tagging of field staff. This functionality provides real-time monitoring of field officers' movements on a map screen accessible to managers. Key variables such as distance traveled, number of customer meetings, visit routes, and travel time are captured, enabling branch managers to evaluate the efficiency of their teams.

The implementation of Customer Management Solution has been a resounding success for the bank. It has proven to be a vital tool for digitally onboarding customers, with a remarkable 529,000 loans processed through CMS by the end of 2022. This achievement exemplifies the bank's ability to create a positive social impact in the lives of its customers.



Digital Customer On-Boarding	Performance Management	Geo Tracking	Collections Management System
<ul style="list-style-type: none"> Digital onboarding of loan customers Realtime connectivity with NADRA eCIB portal Realtime customer screening during on boarding 	<ul style="list-style-type: none"> Dashboards for performance monitoring of customer on-boarding, application approval & disbursement process Branch level dashboards for monitoring process performance and tracking turn around time 	<ul style="list-style-type: none"> Geo coordinates of each branch Geo tracking system of field teams Geo Tagging of Customers Location 	<ul style="list-style-type: none"> Automated workflow for recovery process Realtime Collection Management System
<p>Impact</p> <ul style="list-style-type: none"> 95% of loan processing within 48 hours Increase in loan officers efficiency 	<p>Impact</p> <ul style="list-style-type: none"> Workload assessment Improved data integrity Monitoring application processing time 	<p>Impact</p> <ul style="list-style-type: none"> Zone management Monitoring staff movement Tracking of customer business points residence 	<p>Impact</p> <ul style="list-style-type: none"> Proactive follow-up Promise to Pay records Geo tagging Reports & analysis





Reducing Barriers through Financial Literacy

Barriers are obstacles hindering the financial inclusion of unbanked individuals and communities. These barriers may be voluntary or involuntary financial exclusion. HBL MfB strives to reduce both types of financial exclusion, by ensuring seamless information dissemination of its products and services to the widest possible audience. The Bank is also extensively working on increasing the financial literacy of people following the SBP's mandate on Fair Treatment to Customers (FTC), Conduct Assessment Framework (CAF), and financial inclusion for Persons With Disabilities (PWDs) Framework.

Between 2017 and 2022, HBL MfB achieved following remarkable milestones on financial inclusion:

NFLP Assigned by the SBP	Male	Female	Total
No. of NFLP Sessions Conducted			3,271
No. of Beneficiaries/Participants in the Sessions	34,220	47,450	81,670
No. of Beneficiaries Accounts opened on the spot	27,455	37,487	64,942
No. of Districts Covered			54
HBL MfB's Own Initiatives in Financial Literacy		# of Activities	# of Participants
HBL MfB Staff Training on Financial Literacy		18	208
(FFLP) Former Financial Literacy Programmes with SBP		4	650
Clients Education through "Banking on Wheels" in GBC		229	1,113
Seminar on Microfinance Opportunities at GCU-Faisalabad Sponsored by HBL MfB on Feb 21, 2019		1	1,000
Clients Education through regular SMS on Frauds, Currency Notes, Phishing, Misuse of PINs and proper use of ATM etc.		1	575,000
Training on Entrepreneurship, Financial know-how & record keeping imparted to HBL MfB Clients by the ECI in Karachi		16	240
Conducted Street Theaters in collaboration with the SBP and PMN		20	2,788
Other Client Awareness Session for MSME Entrepreneurs		4	406
LED TV provided to HBL MfB Branches to play Financial Literacy animation on it		212	212
Clients Education on Financial Literacy through HBL MfB provided Booklets on "Malliati Samug Bouj"		6	185,500
Total No. of Training/Sessions		511	767,117

Reaching out to Unbanked and Under-banked Communities through Financial Literacy Sessions and Road Shows

The bank has undertaken a rebranding initiative for its "Banking on Wheels" program, now named the National Financial Literacy Program-II. This mobile unit is equipped with resources such as a projector screen, laptop, sound system, UPS, cable connectivity, and financial literacy literature. The program utilizes this specialized vehicle for conducting road shows and street theaters, enabling the bank to engage with diverse communities in and around cities. Through these interactive events, the program aims to raise awareness and promote financial literacy.

The utilization of road shows and engagement sessions as a medium to provide financial literacy is an effective approach. These initiatives aim to educate communities about banking products and services, with a particular focus on teaching them how to open Asaan Mobile Accounts or access other banking services. This is another important step towards achieving the bank's financial inclusion targets. This commitment to financial inclusion reflects the bank's dedication to promoting economic empowerment and fostering a financially inclusive society.





Environmental, Social & Governance (ESG)

The global economy has undergone significant changes, with a shift in focus from profits to people. Global institutions are recognizing that economic impact is best achieved by prioritizing human impact. The COVID-19 pandemic has further accelerated this paradigm shift, emphasizing the importance of factors such as human equality, healthcare, community development, and the environment in the overall economic equation.

In line with this evolving landscape, HBL MfB has implemented a Board-approved Financial Inclusion Policy, driven by its Financial Inclusion Committee. This policy encompasses various aspects of financial inclusion, including a mandate for the bank to undertake initiatives under Environmental, Social, and Governance (ESG) practices. These initiatives are aimed at ensuring a positive impact on the environment through the bank's operations. The policy also includes measures to promote employee well-being and community development.

One notable demonstration of HBL MfB's commitment to sustainability is the establishment of a green building for its GB Headquarters, which proudly holds the distinction of being AKDN's first Leed Gold and Edge Advanced Certified building in sustainable construction.

Under its Environmental Policy, the bank focuses on Green Banking Operations and categorizes its operations into three scopes based on the level of their direct or indirect impact on greenhouse gas (GHG) emissions. These scopes include the bank's own GHG emissions (Scope 1), purchased electricity (Scope 2), and purchased products and services (Scope 3). HBL MfB is dedicated to reducing GHG emissions in alignment with AKDN's Environment and Climate Commitment statement. To fulfill this commitment, the bank measures, monitors, and reports on GHG emissions, establishes reduction targets and decarbonization plans, and invests in the knowledge and capacity of its staff.

Additionally, the bank undertakes various initiatives such as solarization of premises, energy conservation, water conservation, waste management through the principles of reduce, reuse, and recycle, procurement of green products where feasible, optimization of travel, compliance with applicable regulations, and community-related environmental projects.

Through these efforts, HBL MfB continues to work towards environmental sustainability, aiming for a Net Zero Environment, prioritizing employee welfare, fostering gender and cultural diversity, and contributing to community development.

Sustainable Development Goals (SDGs)

The bank is firmly committed to the United Nation's Social Development Goals (SDGs).



Good Health and Well-Being:

Micro-entrepreneurs are especially vulnerable to emergency situations. Micro-enterprises are short of capital, face liquidity crunches, and therefore carry a greater credit risk. One of the drivers of this credit risk is emergency health expenses. In this regard, the bank has introduced health insurance product packages, in collaboration with insurance companies, to offer to its customers. This increases their resilience during troubled times and ensures continuity of their businesses. During 2022, 72,000 customers enrolled for Health Insurance through the bank's outreach efforts.

financial and digital awareness. The bank is now targeting about 9,500 beneficiaries for the year 2022-23 under NFPL-II.



Gender Equality:

The bank has been undertaking multiple measures to improve gender equity. In recognition of best practices, the bank won GDEIB awards in 10 different categories for supporting the development and implementation of diversity, equity, and inclusion. The bank has a strong governance structure to ensure gender equality, including a diversity council chaired by the CEO. The bank has set targets for diversity and inclusion amongst its employees as well as its customers.



Quality Education:

HBL MfB offers loans for the education of children, as well as financial assistance to students for tertiary education. The bank's enterprise product for women, under the brand "Mashal," also offers loans for vocational training. Additionally, the bank provided loans to the Education Sector by providing financing facilities to low-cost private schools (LCPS). By the close of 2022, the bank has 743 outstanding loans, amounting to PKR 76 million, in the education sector. These include loans on the demand side as well as the supply side.

The bank has also undertaken interventions to improve the quality of life of its women clients. Towards this end, the bank has launched a joint project with Japan International Cooperation Agency (JICA) for women empowerment: "Financial Inclusion of Home-based Workers' Enterprises through Business Booster Loans & Training (FBLT)." Under this project, the bank is targeting identified home-based women workers to provide financial literacy and help them become bankable customers after availing loans from HBL MfB. The aim of the intervention is to provide these women access to finance and to evaluate issues faced by them through post-loan studies. Based on the findings of these studies, JICA shall engage decision-makers, including regulators, recommending policy changes – thus, the project will ultimately contribute towards creating an impact at the macro level.

Apart from loans for education, the bank has also been undertaking financial literacy sessions. Over the last five years, under SBP's NFPL-I, the bank has targeted 82,000 beneficiaries who have been educated for





Industry, Innovation and Infrastructure:

HBL MfB has emerged as a key player in supporting industry, innovation, and infrastructure development. The bank has been instrumental in catering to the financial needs of micro entrepreneurs and the MSME (Micro, Small, and Medium Enterprises) segments operating in various sectors, such as housing, agriculture, and enterprises.

As highlighted in the earlier section on "Financial Inclusion," HBL MfB has made significant contributions by providing financial assistance to different sectors of industry and infrastructure. These contributions include facilitating access to credit for individuals and businesses, promoting growth, and driving economic development.

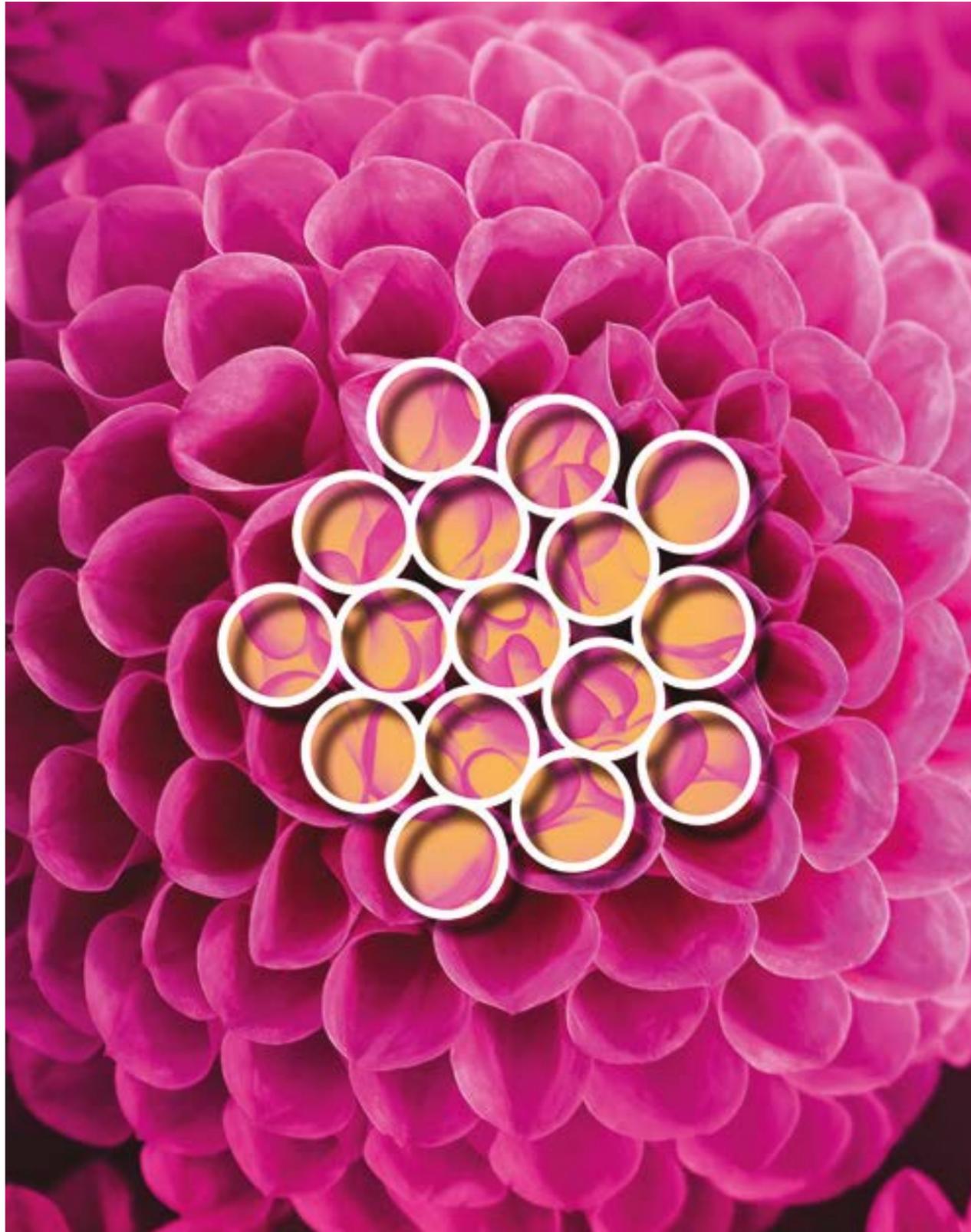
The bank's commitment to serving industry, innovation, and infrastructure aligns with its broader vision of driving economic growth, supporting sustainable development, and empowering businesses at the grassroots level.



Climate Action:

Aligned with the AKDN Environment & Climate Committee Statement, HBL MfB is actively engaged in mitigating greenhouse gas (GHG) emissions. In line with Board directives, the bank has formulated and obtained approval for an Environmental Policy for Green Operations. As an initial step, HBL MfB has successfully implemented solar power systems in 8 locations. Furthermore, the bank has plans to continue the solarization of its branches in the upcoming year.

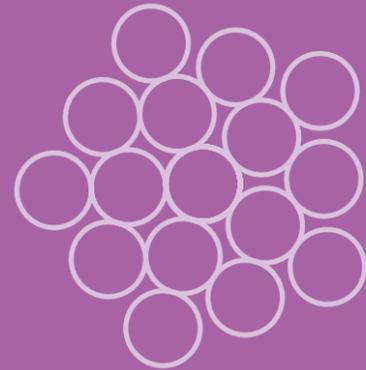




3

Sustainable Society

Fostering deep-rooted transformation in society



There is dignity in the individual's ability to manage his or her destiny. That being the case, the best of charity, in Islamic terms, can go beyond material support alone. It can take the form of human or professional support such as the provision of education for those otherwise unable to obtain it, or of the sharing of knowledge to help marginalized individuals build different and better futures for themselves. Thus conceived, charity is not limited to a one-time material gift, but can be seen as a continuum of support in a time frame, which can extend to years. This means that multiyear support for institutions that enable individuals to achieve dignity by becoming self-sustainable holds a special place amongst the many forms of charity in the eyes of Islam."

His Highness, The Aga Khan
Conference of Indigenous Philanthropy, 2000

HBL is Pakistan's largest Bank and the direct employer of more than 22,000 individuals. We ensure that our business is committed to improving the lives of the people we serve and the people we work with, by creating more jobs, promoting economic stability, and providing access to improved healthcare, education, and training.

In addition to our emergency relief interventions and direct giving, we believe in empowering people with the skills and knowledge to pursue their own paths to success. Our responsible stewardship allows us to maintain the highest level of integrity in the management of our resources. The programs for employees and our giving back to the communities is a form of continuous support, enabling the individuals and the organizations to become self-sustainable in the long run.

a

Life at HBL

Diversity, Equity and Inclusion

Diversity, equity, and inclusion (DEI) are the bedrock of HBL's growth and business outcomes. DEI allows us to have a wider range of perspectives, experiences, and skillsets, which leads to better decision-making and an improved working environment at the Bank.

DEI has never been a tick in the box for HBL; we are in fact **the Most Inclusive Organization of 2022, having won awards in all 15 categories for Global Diversity, Equity & Inclusion Benchmarks (GDEIB).**

Disability Inclusion - Together We Are Strong

Building on from 2021, the year 2022 has been about culturally embedding disability inclusion in the Bank's DNA and encouraging a mindset that embraces differences. The Bank strongly believes that the first, most important, step for becoming truly inclusive is transformation of the mindset; it is a top priority for HBL.

3

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Society

JAMAL NASIR | Chief Human Resource Officer (CHRO)



We at HBL believe in equal opportunity for all and are committed to fostering a culture of diversity, equity and inclusion.

We ensure our policies, processes and infrastructure design reflect this commitment.

For HBL, gender diversity and disability inclusion programs are an asset; the core of this philosophy lies in our appreciation of the value every individual brings forth. We believe in facilitating their journey in reaching their full potential alongside strengthening the bank's composition, expanding our learning opportunities and elevating value-creation for our customers."





[Goal Leader - SDG 10]

HBL is the proud **goal leader for Sustainable Development Goal 10 - "Reducing Inequalities"** – with the Centre of Excellence in Responsible Business, whereby we are sharing our learnings with those starting out on their journey of inclusion.

[Awareness & Sensitization]

Extensive awareness campaigns are designed year-round so that our stakeholders retain the importance of inclusion, and subconsciously remember disability inclusion whenever they read/hear 'Together We Are Strong.' Bite-sized sensitization sessions are conducted for line managers where employees/interns with disabilities are placed in addition to the mandatory **Disability Inclusion e-learning module; undertaken by 12,000+ employees** till date. The Bank annually celebrates the International Day of PWDs (December 3rd); taking it a step further, this year entailed a highly engaging panel discussion attended by 200+ employees and a call-to-action of wearing purple (the color of inclusion).

[Expert Organization Partnerships]

In an effort to diversify our reach, the Bank also partnered with ImInclusive in 2022 for sourcing talent with disabilities; this is in addition to our long-lasting partnership with Network of Organizations Working for Persons with Disabilities (NOWPDP) and Special Talent Exchange Program (STEP).

[Annual PWD Internship Program]

HBL's flagship annual internship program for PWDs **trained 5 interns with disabilities in 2022**, each in a different function. This program's philosophy is two-way learning; for the interns to gain corporate sector exposure, and for the teams to bust myths associated with disability through experience of working with PWDs.

[Grant Facility for Assistive Devices]

The Bank has learnt along its journey that assistive devices are an extension of PWDs and are crucial to make the environment accessible for them. Therefore, HBL now offers a one-time grant facility to its employees with disabilities to upgrade/purchase assistive devices; 6 of our employees have already availed this facility.

[Basic Sign Language]

For seamless integration of PWDs in the workforce, basic sign language sessions have been conducted for preliminary words and sentences; **over 200 employees were trained in 2022**. This is particularly useful when dealing with colleagues/customers with speech/hearing disability.

[Infrastructure Accessibility]

HBL is proud to have successfully completed **35 model branches for PWDs with features including: talking ATMs, tactile flooring, dedicated parking, braille stationery, ramp, accessible washrooms, low height counters, preferential queue and accessible entrance.**

Waapsi

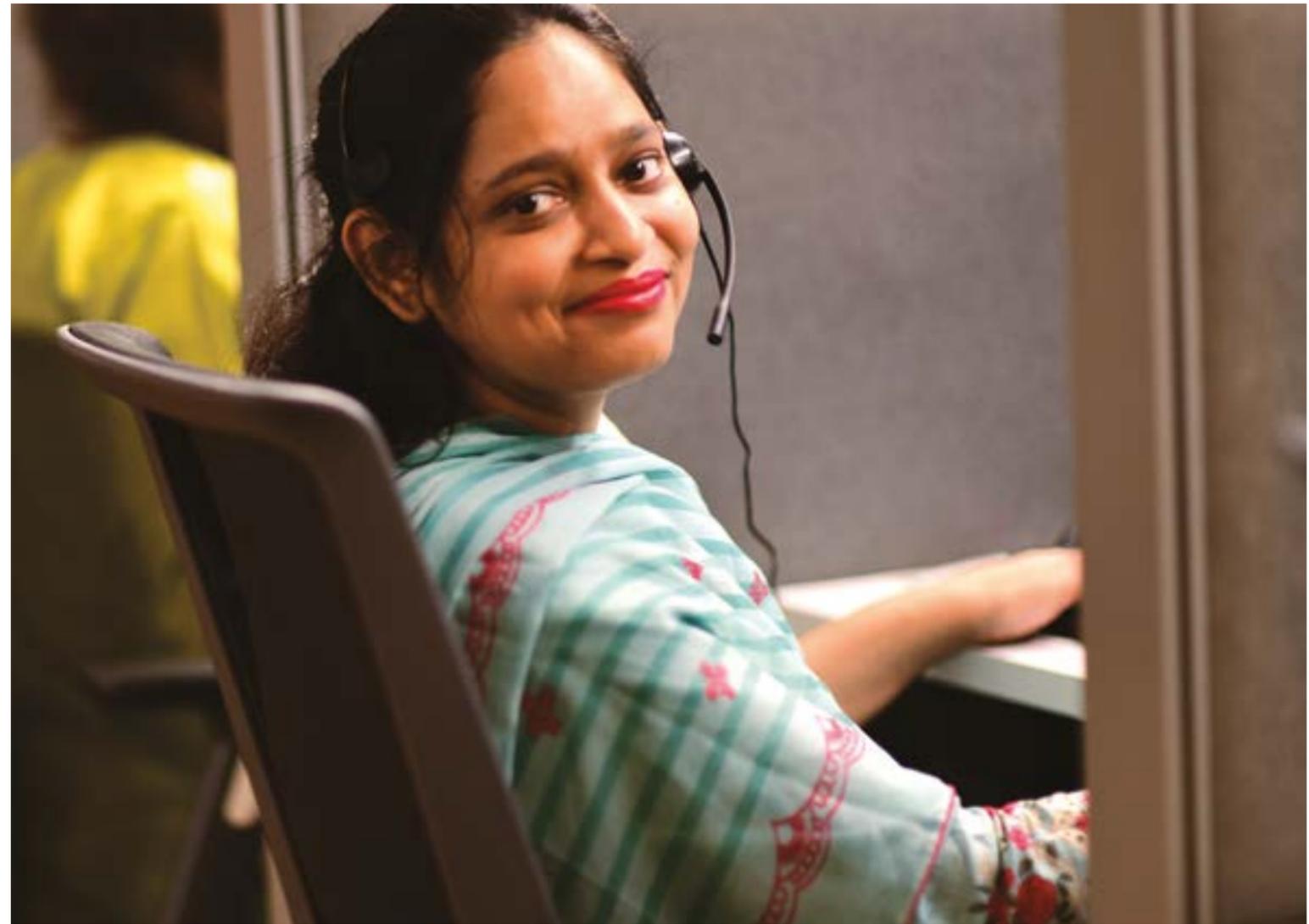
HBL has implemented a pioneering Female Returnship Program that offers professional opportunities for women who have taken a break from their careers and are seeking to restart them. Since its inception in June 2022, **the Waapsi Program has welcomed 26 highly skilled and talented women who have successfully reintegrated into the workforce after a prolonged hiatus.** This program is a testament to HBL's unwavering commitment to gender diversity and inclusion, providing a supportive and nurturing environment for women to develop and grow their careers. Through the Female Returnship Program, HBL demonstrates its leadership in promoting gender equality and empowerment, while also tapping into a highly skilled and valuable talent pool.

Falak Mentorship Program

The bank has implemented a bespoke mentorship program, creating a robust support system for its women employees. By granting them exclusive access to select mentors from the Bank's senior leadership team, this initiative creates a synergistic environment that fosters growth and development. A culture of mutual learning is promoted, as participants are given the opportunity to exchange valuable experiences and insights, thus fortifying the bank's commitment to empowering its workforce.

Women Wellness Programs - HBL Raabta

HBL is committed to promoting the physical, mental, and emotional well-being of its women employees, and has partnered with Saaya Health to provide a range of online wellness sessions tailored specifically to women. Through these sessions, employees are able to gain valuable insights and tools to support their holistic health and well-being. In addition, the Bank offers a platform for confidential one-on-one consultations with qualified psychologists, further demonstrating HBL's commitment to fostering a supportive and inclusive workplace culture.



Day Care Allowance

Recognizing the distinctive challenges faced by working mothers, HBL has taken a proactive step towards reducing the burden on these individuals by implementing a Day Care Allowance as part of its larger diversity strategy. **This initiative provides all permanent female employees financial support for childcare services for children between the age of 0-3 years, thereby enabling mothers to balance their professional and personal responsibilities more effectively.** HBL's commitment to supporting women employees extends to expectant mothers as well, as the Bank offers a Maternity Gift to help ease their journey towards motherhood. These initiatives underscore HBL's unwavering dedication to empowering women in the workplace and promoting gender equality.

Gender Smart Banking

HBL recognizes the importance of acknowledging and addressing the unique financial needs and behaviors of women and men, and how these disparities can impact the broader economic landscape. To tackle this issue, the Bank has implemented an innovative Gender Smart Banking Program, aimed at raising awareness and promoting sensitivity towards gender-related issues among its employees. **Developed in collaboration with British International Investment, UK, this comprehensive training program focuses on the strategic advantages of catering to a larger female audience, both within and outside the organization. Since its launch in 2022, over 50% of HBL's workforce has undergone this training,** reaffirming the Bank's steadfast commitment to fostering gender equality and empowering women in the financial sector.



Professional Code – Successful Women Bankers

Women bankers possess a wealth of unique perspectives and experiences that can drive innovative strategies. Moreover, successful women in leadership positions can serve as role models and inspire other women to pursue their professional aspirations, thus fostering a more diverse and equitable workforce. In recognition of these realities, HBL has implemented a targeted program specifically designed for junior to mid-career level female employees. This initiative aims to provide critical guidance and support to female professionals as they navigate their careers at HBL, empowering them to achieve their full potential and make meaningful contributions to the Bank’s ongoing success.



In 2022, HBL reached **22% Female** employee ratio.

Female Representation

Following are the numbers and percentage of women in senior management roles at HBL.

Women Representation

Grade	Female	Male	Female %	Grand Total
068-SM I	100	1059	9%	1159
072-SM II	101	802	11%	903
076-DGM I	50	418	11%	468
080-DGM II	27	255	10%	282
084-GM I	12	85	12%	97
086-GM II	8	41	16%	49
088-GM III	0	6	0%	6
090-GM IV	0	15	0%	15
Grand Total	298	2681	10%	2979



Flexible Working Policy

HBL is inculcating work-life balance in employees' lives. Our Flexible working policy allows the employees to vary their start and end times, work remotely, and exercise compressed work weeks, enabling the staff to work a traditional 35–40-hour work week in less than five workdays to fit their work schedules around personal and family obligations. The Bank recognizes that when employees have control over their work schedules, their well-being improves, leading to more productive and efficient work hours.



65 years – Staff Service Age

In a significant move aimed at supporting its experienced workforce and promoting job security, HBL extended its staff service age from 60 to 65 years in 2022. The Bank recognizes the potential anxiety and uncertainty that the prospect of retirement can pose for employees, and this new program seeks to address those concerns by enabling workers to extend their service for a longer period. By doing so, HBL is demonstrating its steadfast commitment to supporting its employees' financial stability and well-being, while also retaining the knowledge, skills, and expertise of its experienced workforce for the benefit of its customers and the broader financial sector.



b

Corporate Philanthropy – A driver to Enable Lives

Corporate Social Responsibility at HBL is a high-ranking and performance-oriented agenda—a key driver of our business and community relations. HBL is a socially responsible enterprise that makes a synergistic effort to operate in ways that support social development and improve the well-being of individuals. The Bank's philanthropic responsibility is a pillar of our strategic agenda and is also managed by HBL Foundation.

In 2022, HBL gave back a total of PKR 580.9 million through multifaceted interventions and funding verticals: PKR 348.9 million through the HBL Foundation; and PKR 232 million in direct community development funding and donations.



3

Sustainable
Society

MAYA ISMAIL | Chief of Staff to Chairman HBL



“

We are not doing enough if we do not leave a legacy of compassion and kindness. True fulfillment for us lies in not what we earn but what we give back. We uplift and support our communities; we stand by them and hold their hands in the times of need. We are who we serve.”



Employee Volunteering Program

As an organization, HBL strongly believes in the philosophy of giving back to the community. True to this belief, the Bank launched its Employee Volunteering Program in June 2022 with a clean-up drive at the Frere Hall gardens, Karachi. Through this program the Bank aims to motivate and enable the HBL Family to participate in creating value for our communities.

The Volunteer Program successfully completed the following initiatives within 2022:

- 1** Clean-up Drive, Karachi: this program kicked off with cleaning the Frere Hall gardens; 65 employees collected garbage bags.
- 2** SOS Village, Karachi: 21 HBL employees engaged with 80 children, drawing posters, reciting poems, and singing songs.
- 3** Eye-Surgical Camps, Multiple cities in Baluchistan: 12 employees volunteered in 3 HBL Foundation supported MALC Eye-Surgical camps, facilitating 110+ cataract surgeries and 1526+ eye OPD assessments.
- 4** Development in Literacy School, Rawalpindi: 20 employees engaged 80 children at DIL School in various interactive activities.
- 5** Children Emergency Rooms, Lahore & Karachi: 14 employees spent time with the children and distributed toys in pediatric emergency rooms being managed by Child Life Foundation in Lahore and Karachi.
- 6** Blood Donation Camp, Multan: 18 employees donated blood in a drive organized in partnership with Indus Hospital.
- 7** Donation Drives, Bank-wide: 1000+ children's books and 150+ toys were collected from across multiple regions, and then distributed to 6 non-profit schools for the underprivileged.





9 Initiatives and Number of Employee Hours

- 183** Employee Volunteers

- 22** Family Member Volunteers

- 340** Employee Volunteering Hours

- 52** Family Volunteering Hours

- 6** Host Cities

- 2** Regional Donation Drives.

- 18** Blood Bottle Donation

- 1000+** Children's Book Donation.

- 150+** Toys Distributed

HBL's Direct Giving

HBL directly gave PKR **132.8 million** to fund different initiatives under donation and sponsorship programs. Following are the major areas in which HBL's philanthropic funding was invested in the year 2022.



PKR **1 million** was given to People's University of Health and Science for Women to repair the girls' hostel facility.

Al-Shifa Trust was awarded PKR **1.2 million** for the upgradation of their new building complex.

The National Institute of Child Health (NICH) Trust was granted PKR **300,000**, through OAKS Foundation, for the High Dependency Unit (HDU) at NICH PKR.

Hope Uplift Foundation was granted PKR **500,000** for education scholarships for children from low-income areas of Lahore.

A women empowerment program at Depilex Smile Again Foundation was funded with PKR **500,000** to support the rehabilitation of Female Burn victims.

A contribution of PKR **700,000** was made for the development of solutions to support farmers by the Pakistan Agricultural Coalition (PAC).

PKR **600,000** was granted to Development in Literacy (DIL) to establish an IT lab in DIL Junior School, Orangi Town, Karachi.



Flood Relief

Notwithstanding the fact that Pakistan contributes less than 1% to global greenhouse gas emissions, climate change has hit the country exceptionally hard. The torrential rains of 2022 displaced over 8 million people and put more than 33 million people underwater.

HBL's paramount concern in 2022 was the emergency relief of communities hit by the floods. **As an immediate response, the Bank approved PKR 150 million for relief and raised an additional PKR 100 million + in partnership with Jubilee Life Insurance, Jubilee General Insurance and HBL Microfinance Bank to distribute relief supplies**, which included dry food ration, water proof tents and mosquito nets to over 10 districts in Naseerabad, Uthal, Lasbela, Jafferabad, Dera Murad Jamali, Jhal Magsi, Larkana, Daadu and many other small communities across Baluchistan and Sindh.

As part of its rehabilitation efforts for the flood affected areas, **HBL at the request of the Government of Pakistan has agreed to fund the building of two purpose-built villages, comprising of 100 homes each in Qamber Shabdakot and Larkana in Sindh.** The cost of these refabricated villages that are equipped with solar panels is over PKR 264 million. The process has been under the oversight of the NDMA. The cost of the first of these prefabricated villages that are equipped with solar panels and which nearing completion is PKR 128 million.

C

HBL Sponsorship Programs

As a proud patron of art, culture, sports, and entrepreneurship in Pakistan, HBL supports a variety of events and initiatives. HBL's patronage positively impacts society by promoting education, creativity, and cultural exchange. This is done through events like HBLPSL, She Loves Tech, Karachi Literature Festival, Lahore Biennale, and the Faiz International Festival.

She Loves Tech

HBL has been a committed supporter of She Loves Tech, the world's largest acceleration platform for female entrepreneurs, for the past six years. Through HBL's backing, She Loves Tech Pakistan has witnessed remarkable growth. It has expanded to over 40 locations and benefitted 25,000 women across the country with a reach of 7.5 million through social media and influencers. Through engaging with 50 ecosystem partners and providing high-touch mentorship from over 150 mentors, She Loves Tech Pakistan has successfully supported more than 200 startups. This impactful partnership has created a ripple effect that inspires and motivates countless young women. This has been done through panel discussions, inspiring talks, digital boot camps, and workshops designed specifically for them. HBL's unwavering support has driven the success of She Loves Tech Pakistan and empowered women entrepreneurs across the country.



HBLPSL

The HBL Pakistan Super League (HBLPSL) is a professional Twenty20 cricket league founded in Pakistan in 2015. HBL has sponsored the league since its inception. In 2022, HBL extended its founding support of the HBLPSL to a full decade, helping to put Pakistan back on the map of world cricket and bringing joy to tens of millions of Pakistanis. The HBLPSL is not just a cricket league, but it is also a source of pride for the people of Pakistan, promoting sportsmanship and national unity.

Over the years, the HBLPSL has grown in stature and popularity, attracting top cricket talent from around the world. It has become the premier cricket league globally. The league provides a platform for young Pakistani talent to showcase their skills and compete with the leading players in the world. HBL is proud to have played a part in reigniting the passion for cricket in Pakistan and enabling the dreams of young cricketers to become international cricketing stars through this platform.

The HBLPSL has been instrumental in promoting cricket in Pakistan and restoring the country's image as a safe and viable destination for international cricket. The league has also played a significant role in the revival of international cricket in the country, with several foreign players and coaches participating in the league.

HBL's association with the HBLPSL goes beyond just the title sponsorship, as the Bank has been actively involved in promoting the league and its values.

In 2022, HBL activated its flagship HBLPSL platform via the advertising campaign "Jahan Fans, Wahan Stadium," celebrating the spirit of the game and millions of cricket fans worldwide. This was the seventh edition of HBL's sponsorship of Pakistan's largest and most popular sporting event. HBL's digitally led entertainment show attracted more than 25 million views and won the prestigious Effie Award in the Influencer Marketing category. HBL takes pride in dedicating this platform to its clients and the dreams of the people of Pakistan, given the Bank's presence in every nook and corner of the country.





Karachi Literature Festival

HBL has been the title sponsor of Karachi Literature Festival in the past and has once again revived the sponsorship. The KLF is a three-day festival celebrating literature and ideas. It serves as a platform for local and international writers, scholars, and artists to exchange knowledge and engage in intellectual discourse. HBL's sponsorship of the event underscores its commitment to fostering cultural and intellectual exchange in Pakistan. It also marks a significant step towards promoting education and learning in the country.

The KLF is renowned for its diverse and enriching intellectual discourse, covering a wide range of topics spanning literature, politics, history, and the environment. With thousands of attendees each year, the festival draws a vast and diverse audience.

HBL's sponsorship of the KLF in 2023 testifies to its unwavering commitment to supporting education, culture, and intellectual discourse in Pakistan. HBL being the title sponsor of KLF, also showcased its Art collection in a special exhibit curated to showcase the women artists in the HBL Art collection and conducted a panel discussion on Art with leading contemporary women artists.

Faiz International Festival

The Faiz International Festival, organized by the Faiz Foundation at Alhamrah Arts Council in Lahore, testifies to Pakistan's rich and vibrant culture. It is a celebration of art and culture that brings together a diverse group of people. HBL, a champion of diversity and inclusion sponsored the Faiz Festival. As part of the sponsorship, HBL organized a panel discussion on Art. HBL believes in supporting initiatives that celebrate different cultures' beauty and uniqueness. This festival provides a platform for artists, musicians, poets, and writers to showcase their talent and share their work with a wider audience.

HBL's commitment to promoting arts and culture is reflected in its association with the theatre, arts, culture, and creativity showcased at this event. By sponsoring the festival, HBL has demonstrated its commitment to supporting the arts and promoting cultural exchange. This event has been an excellent opportunity for HBL to connect with its customers and the wider community. It has also demonstrated its commitment to supporting Pakistan's cultural heritage.

d

HBL Art

At HBL, we take pride in Pakistan's vibrant art scene. A robust tradition of producing and teaching art continues to bring forth generation after generation of internationally acclaimed talent from Pakistan. HBL Art provides patronage to Pakistani artists, supports local and international platforms to promote Pakistani talent, and works year-round to create moments and spaces for an ever-wider public to interact with art in Pakistan.

Our growing collection of the best of Pakistani art is displayed in public spaces across our offices and branches. In previous years, HBL has showcased and collected work by major Pakistani artists, including Rashid Rana, Imran Qureshi, Aisha Khalid, Adeela Suleman, Mohammad Ali Talpur, and Waqas Khan. In 2022, we celebrated the lifetime achievement of senior artist Mussarat Mirza, producing a monograph on her art practice; we are also proud custodians of her works in our art collection.

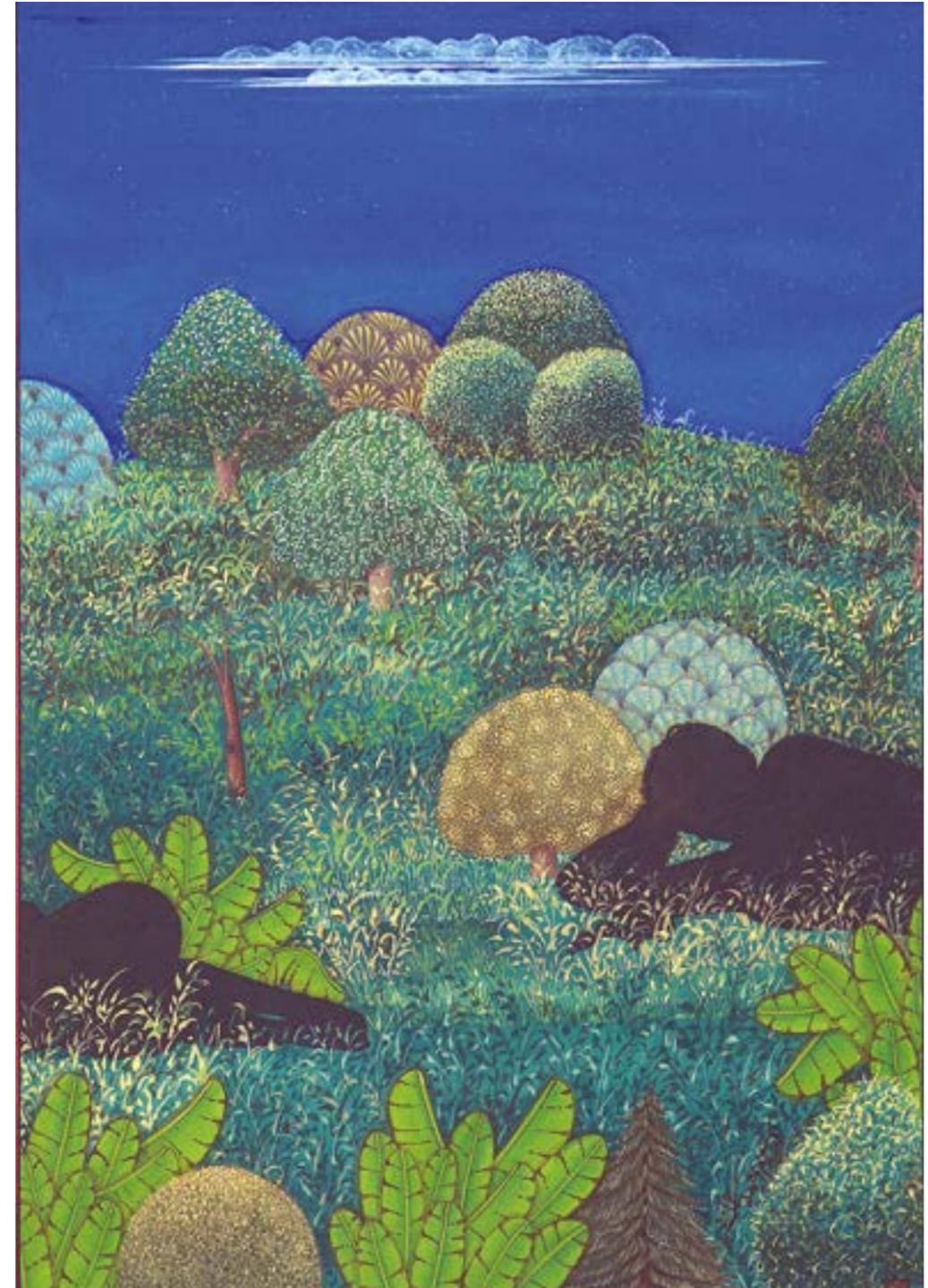
"Life isn't about finding yourself. Life is about creating yourself."

George Bernard Shaw

3

Sustainable Society

Waseem Ahmed
Untitled
Gouache on wasli paper
11 x 8 inches
2017





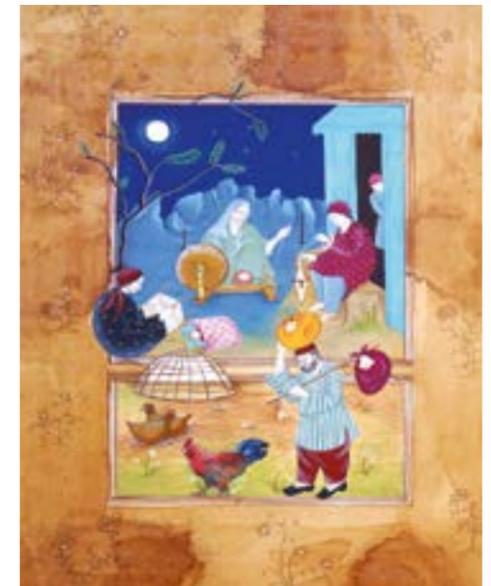
Sumaira Tazeen
Kashmiri Shawl series
Gouache on wasli paper
11 x 9 inches each (set of 8
works), 2002

facing
Ghulam Muhammad
Ilham (Intuition)
Iranian ink and paper collage
on wasli paper
22 x 16.5 inches, 2022

This year the HBL Art collection focused on acquiring the works of young and mid-career artists. These include Sajjad Ahmed, Nadia Khawaja, Waseem Ahmed, and Naveed Sadiq. The most notable acquisition was by Sumaira Tazeen, a project done in 2002 for a publication on the history of the Kashmir shawl: it consists of a remarkable series of 8 works describing the process from the first stage of making the thread/ yarn through to the completion.

The HBL Art committee also provides patronage to emerging talent by supporting artist's residency programs at Vasl Artists' Association; this year, we facilitated two artists at the Vasl Taaza Tareen 14 Residency Program (one of whom has been recently accepted at the Royal College of Arts, London, for further study).

One of our main activities is an ongoing monthly interactive art series. These interactive sessions on art and history are open to all the bank's staff, their families, and friends; they are conducted online and cater to all age groups. Over time, they have become extremely popular amongst the wider HBL community. The series aims to look at Pakistani artists and the world from a larger perspective, and to bring back the success stories of Pakistani art to our local audiences. The sessions are recorded and uploaded onto HBL's intranet portal and remain available to all our employees.



e

HBL Foundation (HBLF)

In 2022, the total giving by HBL Foundation since inception in 2009, reached PKR 3 billion.

The HBL Foundation donated PKR 348.9 million to 32 organizations operating in healthcare, education, community development, arts, and culture across Pakistan in 2022.

From 2023, the Foundation's philanthropic funding has increased to 1.5% of HBL's profit after taxes.

Healthcare

The Foundation has contributed PKR 252.49 million to the healthcare sector through 15 organizations for lifesaving medical equipment, tertiary healthcare for children, mobile hospitals, telemedicine centers, eye and surgical camps, nutritional camps, and non-invasive diagnostic instruments for retina imaging.

Among many others, we have supported: the Foundation for Poor Souls mobile hospital, which benefits 500 people per week in the remotest areas of Punjab; and the Resus Block for Child Life Foundation's telemedicine

3

Sustainable
Society

ABID RAFIQ GHAZI | CEO HBL Foundation



For the HBL Foundation, supporting communities is not a matter of charity or visibility of our philanthropic funding; it is about being able to understand the needs of people and support them as much as we can through long-term and sustainable programs.”



center in PIMS Islamabad for preventive, emergency, and primary child healthcare; benefiting nearly 3300 children every year, and the Sundas Foundation's Iron Chelation Therapy program for Thalassemia patients, covering 200 patients in a year.

Education

The Foundation donated PKR 75.91 million to 14 organizations working to provide education, technical and vocational programs. These include: the Karachi Down Syndrome Project, Khpal Khor Foundation (Swat); the Imkan Welfare Trust; the Karigar Training Institute; the Friends of Education Foundation (Skardu); the Charter for Compassion, Pakistan; and, the PAF Welfare Education System (Quetta).

In 2022, HBLF also launched Science, Technology, Engineering Arts, and Mathematics (STEAM) scholarships for girls from disadvantaged communities across

Pakistan. Through this initiative, 5 recurring undergraduate scholarships were given to the National University of Sciences and Technology (NUST), and 4 undergraduate and one masters scholarship to the Lahore University of Management Sciences (LUMS).

Community Development

PKR 5.5 million was granted for procuring and distributing rations to marginalized communities, including fisherfolk, khwajasara communities, and religious minorities. These disbursements were carried out with the support of the Gender Interactive Alliance and Tehrik-e-Niswan, providing sufficient food for a month to 1000 families.





A grant of **PKR 10 million** was given for procuring and distributing **2500 water filtration kits** amongst **flood-affected families in Sindh and Balochistan**. The recent floods of 2022 acutely exacerbated the problem of access to safe drinking water in both provinces. The HBL Foundation has provided instant off-grid and chemical-free water filtration kits to 2500 families that purify 60 liters of water per hour.

Music & Culture

Keeping our cultural heritage alive fosters a sense of identity and belonging, and helps to create connections between generations. Producing and participating in arts and culture activities is essential to the holistic well-being of individuals and communities. **In support of Pakistan's culture and heritage, the HBL Foundation granted the All Pakistan Music Conference (APMC), a Karachi-based not-for-profit, a 3-year grant for an archiving project, "Living Masters."** This initiative aims to document the art and journey of legendary musicians in Pakistan, through intimate interviews and masterclass baithaks, to be shared with music students worldwide.



4

Forging a Path to Progress... Committing to the SDGs

Incorporation of ESG factors into the investment process

HBL's Social and Environmental Management Systems (SEMS) is developing tools and mechanisms to integrate ESG factors into its Investment Policies and Risk Management Process. A major policy shift is underway which focuses on promoting sustainable investments across HBL. Part of it has already been implemented in the form of 'No New Coal Policy,' 'No Coal by 2030,' and several other interventions under Sustainable Financing. The aim of this ecosystem change is to reorient HBL's capital flows towards more sustainable investments, placing environmentally friendly investments as a top priority.

SEMS is currently in the process of mapping all on-going HBL investments and tagging them based on their impact on the environment.

Corporate Sustainability & Impact Reporting

At HBL, we are incorporating SDGs and Global Reporting Initiative (GRI) frameworks into our yearly Impact & Sustainability Reporting. Both the standards will enable the Bank to benchmark our performance against industry peers and global standards while identifying the areas where our ESG and CSR performance can be improved.

By adopting UNDP's development SDGs Impact Measurement and Management methodology, we will be reporting our yearly progress across all 17 SDGs and publishing yearly SDG factsheets. GRI frameworks will enable us to communicate our ESG performance and risks to our stakeholders, including our investors, customers, employees, and regulators.



www.hbl.com/sustainability



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Pakistan

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