askari bank
LIMITED

ESG REPORT
2024

As part of our commitment to sustainability and responsible business, our annual Environmental, Social and Governance (ESG) Disclosure Report highlights the Bank's initiatives in environmental stewardship, social responsibility, and strong governance. It provides a transparent overview of our efforts to reduce environmental impact, support inclusive growth, and maintain ethical governance practices.

TABLE OF CONTENTS

01 AKBL At A Glance

02 Governance Structure

04 Our Highlights

05 Environmental Performance

07 Developing a Sustainable Lending & Investment Framework

12 Governance

AKBL At A Glance

Askari Bank was incorporated in Pakistan on October 9th, 1991, as a public limited company. It commenced operations on April 1, 1992, and is principally engaged in the business of banking, as defined in the Banking Companies Ordinance, 1962. The Bank is listed on the Pakistan Stock Exchange (earlier it was listed on Karachi, Lahore and Islamabad Stock Exchanges).

Since its inception, the Bank has concentrated on growth through improving service quality, investment in technology and people, utilising its extensive branch network, which includes Islamic and agricultural banking.

Corporate Social Responsibility is an integral part of the way we do business. In order to fulfil our CSR objectives, we attempt to promote public interest by encouraging community growth and development through sponsoring social service events, supporting education, sports, and the environment, and also contributing in socio-cultural activities. The Bank entity rating was reaffirmed at AA+ (Double A Plus) for the long-term by Pakistan Credit Rating Agency Limited (PACRA), with outlook assigned as 'Stable'.

Vision & Mission

- To be a responsible customer-focused Bank providing inclusive and progressive financial services.

- To build long-term relationships by delivering transformative customer experience, responsible banking, innovative technology, aiming to be the employer of first choice, and shaping opportunities that grow shareholders' value.

ESG at AKBL

AKBL is committed to creating a sustainable future. This encompasses delivering satisfactory returns to shareholders, caring for employees, meeting customer needs, supporting partners and businesses reliant on us, and establishing a robust corporate governance framework. Additionally, we prioritise improving environmental wellbeing and contributing to commitments in alignment with UN SDGs.

Our ESG report for 2024 covers AKBL ESG activities throughout the year. It provides a comprehensive overview of our policies, performance and practices related to Environment, Social and Governance (ESG) matters. Through our ESG philosophy, we aim to ensure the long-term success of the organisation while promoting sustainable economic growth through responsible business initiatives and corporate citizenship.

Core Values

Commitment	Integrity	Fairness	Teamwork	Service
Passionate about our customers' success and delighting them with quality of our service	A distinctive investment, delivering outstanding performance, return and value	Exemplary compliance, governance and business ethics	Caring for our people and helping them to grow	Dedication towards social development and improvement in quality of life

Governance Structure

ESG Governance

AKBL strives to be a catalyst within its operational reach, fostering connections, enriching and actively supporting the communities where it operates. Embracing Environmental, Social, and Governance (ESG) criteria, the Bank aligns its corporate interests with sustainable and ethical impacts. This commitment will be reflected through a robust ESG Risk Management and Governance framework at AKBL, providing strategic guidance. The framework empowers the Bank to make conscientious investment and resource allocation decisions, emphasising purpose-driven initiatives that contribute to the realisation of its long-term sustainability targets.

Environment

The environmental criteria refers to the environmental impacts of the Bank and the measures it takes to address potential environmental risks. This includes efforts towards energy management, GHG emissions and climate change, responsible financing, safeguarding natural resources, and the Bank's overall capability to efficiently respond to environmental concerns.

Social

The social aspect refers to the Bank's ability to maintain favourable relationships with its stakeholders, both internal and external. This includes the organisation's engagement with the community and society, development of people-centric policies and practices, and emphasis on customer needs.

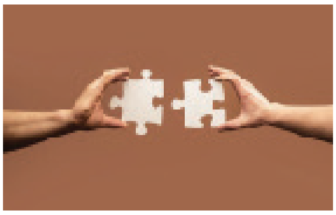
Governance

The third pillar of the framework elucidates how the activities of the Bank are led and governed. We take pride in keeping the interests of our stakeholders at the heart of what we do. Our aim is to ensure good governance, transparency & accountability and ethical conduct. Honesty of purpose is one of our core values and is reflected in all our work processes and practices.

Our Strategy

"Our ESG strategy is centered on identifying and addressing sustainability-related risks and opportunities across the organisation. It emphasises stronger governance and oversight, integrating ESG considerations into strategy, goal setting, and measuring impact. The strategy aims to define our overall ESG ambition by identifying material issues, assessing our current performance in each area, and outlining a desired future state. From this, we derive key initiatives - such as the adoption of ecolabels - to bridge the gap and drive meaningful progress."

Policies and Frameworks



AKBL is in developing a comprehensive ESG Risk Management and Governance Framework, which will integrate ESG-related risks and controls into the Bank's core business processes. It will be a set of actions and procedures which will be implemented concurrently with the Bank's existing risk management procedures, including Green Banking, Environmental and Social Risk Management (ESRM) Policy and SOPs.

Stakeholder Engagement

By adhering to ESG standards, AKBL not only demonstrates a commitment to responsible banking practices but also integrates sustainability into its core decision-making processes. The Bank's proactive approach to ESG factors not only mitigates risks but also enhances its role as a responsible corporate entity, ensuring positive contributions to both the environment and the communities it serves. The framework helps AKBL better understand and manage risks and opportunities related to environmental, social and governance. As part of this approach, AKBL actively engages with stakeholders - such as customers, employees, regulators, and communities - to align its practices with their expectations and strengthen long-term relationships.

ESG Risk Management

It involves identifying the ESG aspects and impacts from current activities and services where we have exposures. It also involves and then mitigating or minimizing and managing the ESG risks and impacts on the environmental and social receptors, arising from the activities of our existing clients.

Our Highlights

Environment

Water Availability
AKBL served as a joint mandated lead advisor & arranger for the largest water infrastructure project initiated by the Government of Sindh along with Enertech Pakistan to show commitment towards enhancing water security for the Thar Region.

Energy Conservation
Awareness and sensitisation activities are held to ensure the conservation of energy wherever possible.

Discourage Deforestation
AKBL rationalising new financing to clients directly connected with deforestation.

Contribution to Eco-friendly Businesses
We encouraged renewable energy financing under 'Askari Ujala finance'.

Paperless Banking
1308 digital accounts were opened during 2024 under the digital and paperless banking initiative through mobile and web portal.

Branches Converted to Solar
04 branches and 07 ATMs converted to solar from conventional energy.

Digital Banking
AKBL increased digitization through the AKBL digital App to minimise the use of paper and energy.

Social

Gender Equality, Diversity & Inclusion (GEDI) Policy
Implementation of a well-defined GEDI policy. Special emphasis on providing opportunities to minorities is one of our prime agendas for the coming year.

CSR Activities
CSR activities are carried out throughout the country especially in areas of education, community welfare and environmental awareness.

Employee Training and Development
The Bank has an ongoing training and development program for employees where they are encouraged to participate in pieces of training in areas where they want to excel.

Askari Sahar Account and Askari Sahar Finance
Specially tailored products for women with the aim of women empowerment.

Women Representation
Women represent 18.39 % of our total workforce (2024).

Sports Activities
The Bank has organised **Askari Cricket Cup - 2024 #KheloJazbeySe** to strengthen sportsmanship among employees.

Persons with Disabilities (PWDs)
PWDs are employed across the Bank in various roles. Training sessions on disability sensitivity were conducted.

Breast Cancer Awareness
In October, recognised globally as a month of Breast Cancer Awareness, AKBL conducted awareness sessions throughout the month.

World Diabetes Day
Free Medical Camp was arranged country-wide which included blood sugar testing, blood pressure checks and BMI assessments.

Health & Safety
8159 employees have been facilitated with Medical health insurance and children care allowance.

Governance

Governance & Integrity
PKR 750,000 budget utilised for training of 7235 employees on risk and compliance.

Ethics and Code of Conduct
A code of conduct is developed for directors & employees and revised every year. Board approved guidelines for all businesses and departments are in place.

Board Independence and Diversity
2 seats are occupied by female board members and 4 seats are engaged by independent board members.

Regulatory Compliance
Ensure strict compliance with regulatory standards set by local authorities like SBP and SECP as well as regulatory bodies in key international locations like Bahrain.

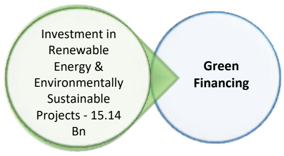
Environmental Performance

AKBL recognises its environmental responsibility and actively mitigates potential risks through strategic measures. These encompass energy management, investments in eco-friendly projects, and safeguarding natural resources. The Bank's proactive policies underscore its commitment, enhancing its overall capability to effectively address and respond to environmental concerns. Through these initiatives, AKBL stands as a steadfast advocate for sustainable and responsible practices.

Environmental Oversight & Operations

Implementation of Green Banking and ESRM policy focused on Environmental and Social Risk Management, Green Business facilitation and Own Impact reduction. The Bank has also defined its sector/industry-wise exposure limits considering Environmental & Social (E&S) Risks and identified environmental risks arising from Bank's exposures in climate-prone geographies.

Green Financing and Sustainability Initiatives



AKBL actively endorses regulatory and national efforts to reduce its carbon footprint. Our commitment is demonstrated through subsidised financing for Small & Medium Enterprises and Corporate clients, especially targeting solar, wind, biomass, biogas, and biofuel projects. The Bank has strategically assumed lending exposure in these sectors, aligning our financial initiatives with environmental responsibility to nurture a greener and sustainable future. The Bank has invested PKR 15.14 billion in various renewable energy projects through 'Askari Ujala Finance' & other environmentally sustainable projects as part of syndicate loans.

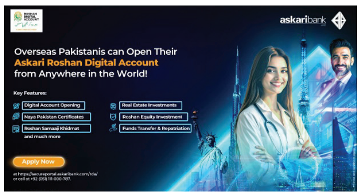
ESG in Lending Practices

In embracing a sustainable future, our commitment extends across various fronts. We actively prioritise lending and investing in eco-friendly projects, supporting initiatives that champion environmental responsibility and innovation. Additionally, our dedication to fostering a green economy is evident in the introduction of new environmentally conscious products, aligning our offerings with the principles of sustainability.

Paperless Banking

AKBL's Digital Banking Practices

To manage our environmental footprint effectively, the Bank has undertaken targeted initiatives, utilising technology as a catalyst for positive change. Through these efforts, we strive to set new benchmarks in responsible and eco-friendly digital banking practices.



AKBL Digital App / i-Net Banking

AKBL has launched a digital app which includes various features such as instant payment system, cardless cash withdrawal, M-tag payments, ticket purchasing, card management, cheque management, payment through scanning QR Codes, and ATM locator. AKBL Digital App brings the exciting features of Digital Banking to smartphones. This app enhances the financial liberty of our customers and enables them to manage their digital lifestyle anytime, anywhere, while on the go. In 2024, a total of 676,556 users have been utilising AKBL Digital App / i-Net Banking. Around 39.2 Million digital transactions worth PKR 1,011 billion have been performed through AKBL's digital channels.

Askari Goes Beyond Banking

After nurturing & adopting the industry's first indigenous biometric verification integrated solution, Askari Digital won/secured a pilot project from Karandaaz Pakistan to launch the country's first-ever all-encompassing Cashless Ecosystem Project in partnership with fintech innovation lab 'Digital Miles'. The successful pilot project will lead to the creation of a National Transformational Asset which can be replicated across other urban communities and residential societies, paving the way for broader adoption of cashless financial services, driving the country towards a more connected and cashless economy.

Strategic Collaboration Between Askari Bank and 'truID'

Askari Bank partnered with 'truID' and introduced "Askari Digital Account Opening App", enabling customers to open Bank accounts from the convenience of their homes. Leveraging truID's advanced technology, the AKBL app offers a secure and efficient account opening process tailored to the customers' needs.

Askari Digital Branch & Cash Deposit Machines – Banking Smarter, Faster, Anywhere!

Askari Bank has launched its first-ever digital branch in PMA Kakul, Abbottabad to facilitate customer migration to the digital frontier and to showcase unhindered digital solutions. Moreover, the Bank has also installed Cash Deposit Machines (at various locations) to promote paperless banking and ensure customer convenience.

Environmental Footprint / Carbon Emission Reduction

Energy Intensity

In 2024, Askari Bank's total electricity consumption across all operations amounted to 17.2 GWh. The Bank's energy intensity, measured as energy consumption per unit of revenue, stood at 0.0002 GWh per million in revenue. This underscores the Bank's commitment to monitoring and managing energy consumption effectively. Optimising energy efficiency and transitioning to sustainable energy sources remain key priorities in minimising the Bank's environmental impact.

Emission Intensity

The Bank has monitored its Greenhouse Gas Emissions to reduce carbon footprint and track high-emission activities. Total Greenhouse Gases Emissions of AKBL were 16735 Metric Tons CO2 Emissions (MT CO2e).

Per person MT CO2e		
Scope 1	Generator Fuel Consumption & Own Vehicle	**0.85**
Scope 2	Electricity Consumption	**1.04**
Scope 3	Paper Consumption	**0.13**

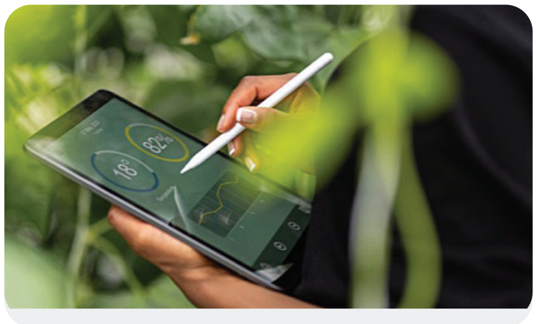
To minimise our carbon footprint, we have implemented solarised branches, harnessing renewable energy sources to power our operations. Beyond that, we continuously explore energy efficiency measures, adopting technologies and practices that reduce our overall environmental impact. By integrating these elements into our core practices, we strive to contribute meaningfully to a greener and more sustainable tomorrow.

Environmental & Social Awareness – Green Advisory Services

The Bank has in place an Advertisement & Media Management Policy which ensures environmental awareness and adherence to the values of gender sensitivity and inclusivity. The International environmental and social Awareness days are communicated internally through corporate communication and posted on the Bank's social media handles for sensitising clients and the general public on environmental issues. These include World Population Day, World Ozone Day, Earth Day, World Nature Conservation Day and International Day for the Eradication of Poverty, among others.

Developing a Sustainable Lending & Investment Framework

As a socially conscious market player, our long-term lending and investment strategy prioritises the development of a robust, sustainable lending and investment framework.



- **Sustainable Lending and Investment Policies:** Establishing clear lending and investment objectives, preferences, and streams to guide decision-making.
- **Sustainable Lending and Investment Facilitation:** Providing a defined policy for business units, guiding day-to-day conduct, and facilitating expansion while maintaining sustainability standards.
- **Sustainable Development Impact:** Evaluating outcomes to foster growth without compromising natural ecosystems, ensuring our business practices align with sustainable goals.
- **Sustainable Finance Mobilisation:** Making strategic financing decisions to efficiently utilise resources, ensuring finances contribute to positive business outputs in line with sustainability principles.

Go Green Banking

- **Go Green E-Statement**
  Printed bank statements provide a track of transactions to the customers, but to safeguard our environment, we encourage our customers to shift towards electronic statements rather than printed ones.
- **Go-Green SMS Alerts**
  The Go-Green SMS Alerts feature aims to reduce carbon footprints by encouraging customers to avail themselves of the instant SMS alerts facility for the transactions they make, instead of visiting a bank branch to get information regarding their transactions.

Other Sustainable Practices
Solarisation of Branches and ATM

In pursuit of sustainable energy practices, AKBL has made significant strides in adopting renewable technologies across the branch network. Currently, 04 branches and 07 ATMs are powered by solar energy, in line with our commitment to reduce our carbon footprint and the Bank has defined its target to increase the number of solarised branches to 25 by 2025. Moreover, all branches are utilising energy-saving LED lights, contributing to overall energy efficiency.

Water Conversation

Water conservation has become more important than ever. AKBL served as Joint Mandated Lead Advisor & Arranger for the largest water infrastructure project initiated by the Government of Sindh, along with Enertech Pakistan (wholly owned subsidiary of Kuwait Investment Authority). This project shall enable a firm water supply of up to 45 cusecs in a water-scarce region of Thar, Sindh.

Social Performance

The social aspect of ESG framework refers to our ability to maintain favourable relationships with our stakeholders, both internal as well as external. AKBL prioritises the well-being of people associated with it in any capacity by putting great emphasis on human capital management as well as managing external partners. AKBL is cognizant of the impact it makes on the communities it operates in by ensuring strict adherence to social and ethical standards.

Employees at AKBL

Askari Bank (AKBL) strongly believes that a positive and inclusive workplace culture fosters a satisfied and engaged workforce. By nurturing an environment where employees feel valued and connected to their purpose, the Bank opens the door to greater diversity, inclusion, and workplace fulfilment. As part of our commitment to social equity and responsible governance, the Bank annually discloses the President & CEO's pay and gender pay gap in its Financial Statements.

The Bank is committed to upholding ethical labour practices by ensuring that individuals below 18 years of age are not hired. Additionally, we strive to support responsible business practices by not financing organisations where child labour is present in the supply chain or operations. Through targeted hiring, capacity-building programmes, and leadership development, the Bank actively promotes local employment and career growth. Its commitment ensures a sustainable workforce while complying with local employment policies. In 2024, Askari Bank recorded a 5% overall increase in full-time employees compared to the previous year, reflecting its commitment to workforce expansion and stability. The employee turnover rate for full-time employees is as follows:

- **Voluntary turnover:** 5.25% of females and 23.20% of males left the organisation.
- **Involuntary turnover:** 0.57% of females and 3.92% of males exited the organisation.

Age-wise Breakdown of Male and Female Employee Turnover.

Description	Female	Male	Grand Total
Under 30 Years Old	99	186	285
30 - 50 Years Old	127	789	916
Over 50 Years Old	8	126	134
Grand Total	**234**	**1101**	**1335**

Employee Wellbeing and Development

AKBL believes that the Bank's employees across the country are the cornerstone of our success. Their engagement and commitment make us who we are. The Bank has a comprehensive, board-approved Human Resource Policy that includes a Health & Safety Policy and a Staff Healthcare Policy. Our robust, bank-wide HR policies framework is designed to foster a safe and respectful workplace environment while ensuring an efficient system for reporting grievances or misconduct. Additionally, it includes an effective mechanism to promptly escalate any violations to the relevant authorities without causing distress.

Gender Equality, Diversity & Inclusion (GEDI)

Putting our vision into practice within the organisation is the first step towards advancing to a more diverse and inclusive world with equal opportunities. We have taken several initiatives that translate our commitment to our objectives of gender equality, diversity and inclusion. Over the past year, we have identified/declared key focus areas and established milestones to track progress in the coming years. One of our priorities is increasing female representation in the workforce. The Bank has 1.56% of minorities in the workforce that reflects the Bank's commitment towards inclusivity. Moreover, we are committed to advancing women into senior roles through internal processes, merit-based promotions, and the identification and development of female talent for leadership positions. AKBL has 20% female representation in the workforce: 09 females are at senior executive level, 366 females at mid-level positions, and 1141 at entry-level positions (2024). However, the Bank is committed to increasing its female representation to 25% for the year 2025.

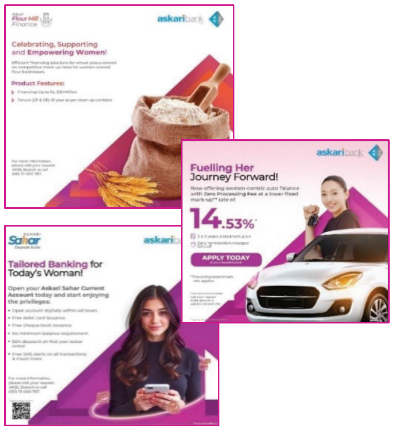
Women Champions – SBP's Banking on Equality Initiative

According to the State Bank's "Banking on Equality" policy, every female customer should feel comfortable in contacting AKBL and receiving financial solutions as per individual requirements. The Bank has been striving to build an inclusive environment where all customers are always dealt with respect, regardless of their gender orientation. Capacity building and preparing AKBL personnel on an ongoing basis to actively engage them in building a bank-wide inclusive culture and combat workplace discrimination are amongst top priorities at AKBL. In this regard, training sessions titled 'Inspiring Inclusion' were held. The sessions helped better explain harassment myths, encouraged escalations instead of keeping grievances & grudges, and discussed the organisational channels to raise a voice.

Empowering Women Entrepreneurship

The Bank has celebrated SME Women's Week 2024 from 21st to 25th October. Moreover, AKBL participated in celebrating Women Entrepreneurship Day on 23rd September 2024. The event was held at the Sialkot Chamber of Commerce in close liaison with SBP team. AKBL stall was one of the major stalls displayed and helped to inculcate the spirit of entrepreneurship amongst women. Additionally, the Bank has also conducted the Business Idea Competition in alliance with SBP's #Businessideacompetion to celebrate Women Entrepreneurship Day.

Financial Inclusion for Women



To enhance our outreach to women customers, we are committed to developing tailored gender-inclusive products. Business teams are actively involved in product design, while outreach targets for women-centric services are prioritised in sectors such as car finance, agricultural finance, and personal finance. We are offering 'Askari Sahar Finance (ASF)' for women-owned small and medium enterprises. The product programme has been developed in line with the SBP's Refinance and Credit Guarantee Scheme for women entrepreneurs and Prime Minister's Youth Business & Agriculture Loan Scheme for Women. The Bank has financed PKR 57.2 Million under these programmes. Moreover, the Bank has customised Women Centric Auto Finance and Askari Ijarah Bis Sayyarah (Female Car Finance) under consumer banking and Islamic banking services, respectively. The Bank has financed a total of PKR 82.2 Million under these initiatives. The Bank has introduced specialised products for women as AKBL Sahar Deposit Suite and Askari Ikhlas - Islamic Sahar Deposit Suite under retail and Islamic banking, respectively. The accounts have garnered over 33,554 users for the year 2024.

Financial Inclusion for Women

AKBL celebrated International Women's Day with a week of activities and events in its offices and branches across the country. Such events reaffirm our commitment to diversity, inclusion and equality and acknowledge the incredible work done by women who play a vital role in the success of the Bank. We recognise and celebrate the talented women at AKBL and look forward to continuing our efforts to create a more equitable society for all. AKBL encourages its female workforce to share their success stories and how the organisation has contributed to their personal success. This was circulated within AKBL, published on social media and circulated internally within AKBL staff.

Health and Well-being: Breast Cancer Awareness

AKBL has been providing its unwavering support towards breast cancer awareness and has made it a mission to inform all internal and external stakeholders about its impact to prevent the disease, and how timely detection and treatment can save lives. For this purpose, in 2024 AKBL celebrated the entire month as 'PINKTOBER' and arranged bank-wide online and classroom seminars in various cities of Pakistan in collaboration with Shaukat Khanum Memorial Hospital. To show solidarity with breast cancer fighters, Askari Bank lit up its Regional Office South I, Clifton, Karachi building.

Diabetes Prevention and Care

In observance of World Diabetes Day, Askari Bank had arranged a free medical camp in collaboration with Adamjee Insurance Company for all employees of the Bank. This initiative has reflected the Bank's commitment to promoting health and well-being in our workplace.

Facilitating Persons with Disabilities (PWDs)/ Differently-Abled People

We at AKBL believe that every person having cognitive abilities should have a right to employment regardless of their physical constraints. We also realise that differently-abled people face severe limitations in their professional journeys and are not provided with career opportunities. Therefore, we have made it our agenda to provide opportunities to these people in hiring, career development, progression and fair compensation by providing a conducive work environment. Moreover, the Bank has hired a batch under the 'Empowerability Program' to make differently-abled people an important part of our workforce. In this regard, AKBL has also achieved its target of 2% PWDs representation in the workforce for the year 2024.

AKBL strives to extend tailored support to physically, visually and hearing-impaired customers by ensuring PWD-friendly model branches. The facilities in these branches include ramps and railings, low-heighted counters, PWD employed individuals, special tokens for PWDs and serving them at priority, and braille papers for account opening to facilitate PWDs. Currently, the Bank has 22 PWD model branches across Pakistan. Moreover, a state-of-the-art 'Talking' ATM is available for PWDs which uses speech interpretation software and provides instructions and options to the users through voice guidance.

Financing for PWDs – Askari Nai Umang

To promote entrepreneurship and financial inclusion among special persons, Askari Bank has introduced a financing opportunity – Askari Nai Umang – in coordination with Special Talent Exchange Program (STEP).

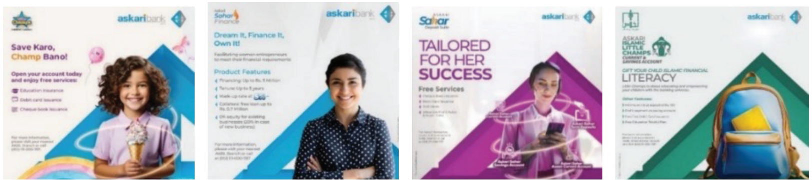
Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is an integral part of the way we do business at Askari Bank, and is a vital element of our strategy. As a socially conscious organisation, Askari Bank actively contributes to the lives of the less privileged through various charitable organisations that work for the welfare of our society. Below are some of the examples of Askari Bank's CSR activities during 2024:

- The Bank donated PKR 300,000 to sponsor the Combined Marriage 2024 event organised by Pak-Hindu Council
- Edhi Foundation's collection of Zakat/Donation through AKBL branch network
- Sponsored IBA ENIGMA for supporting children with disabilities and creating awareness regarding environmental conservation
- Construction of a Public Library in Gwadar

Sports Activities – Askari Cricket Cup 2024

AKBL is committed to promote employee well-being, teamwork and a balanced work environment. To ensure this, the Bank arranged Askari Cricket Cup 2024 with focus to celebrate passion, teamwork and success through #KheloJazbeySe initiative. The camaraderie and sportsmanship showcased by everyone solidified our sense of community and belonging. This spirit aligns perfectly with AKBL's commitment to foster a positive and collaborative work environment.



Social Financing Initiatives

Askari Bank Limited (AKBL) and Fauji Fertilizer Company Limited (FFC), entered into a strategic partnership to enhance agricultural financing in Pakistan. This collaboration showcases AKBL's effort towards fostering sustainable growth in the agricultural sector by facilitating enhanced financial inclusion and productivity. In the same vein, this initiative underscores FFC's commitment to supporting agricultural development and improving farmers' livelihoods across the country.

Fair Treatment of Customer

At Askari Bank, we are dedicated to conducting business in an ethical and responsible manner while keeping the needs of our clients at the forefront. We have implemented several controls and monitoring tools to improve the Bank's conduct and ensure responsible banking. These include, but are not limited to, Prohibited Banking Conducts, the Fair Treatment of Customer Policy and the Conduct Assessment Framework – Self-assessment. The FTC policy involves providing consumers with high-quality services and an innovative range of financial products without discrimination. This approach is only conceivable if the customer is treated fairly throughout the product life cycle, from design to promotions, including complaint and claim handling, as well as the product value chain. In this regards, CAF self-assessment framework, given by SBP, helps us identify grey areas to improve conduct.

Governance

The third pillar of the framework is related to how the activities of the Bank are led and governed. We take pride in keeping the interests of our stakeholders at the heart of what we do. We aim to ensure good governance, transparency, accountability and ethical conduct. Honesty of purpose is one of the core values and is reflected in all our work and practices.

Board Composition, Nomination and Selection

AKBL's Board of Directors is comprised of 11 directors, including the President & CEO, and possesses a diverse mix of knowledge and expertise, committed to high standards of Corporate Governance. The Board periodically carries out a review of its size and skill gap analysis to ensure optimum composition of the Board. The Chairman and President/CEO of the Bank are not the same person. Out of 11 Directors, 6 Directors are Non-Executive Directors, 4 are Independent Directors while 1 is an Executive Director.

Board Diversity, Independence and Competence

In order to promote gender diversity and inclusion, representation of Female Independent Members on the Board was increased from 1 Member to 2 Members in 2023. Further, to assist the Board in carrying out its fiduciary duties, the Board has established four Sub-Committees, out of which two Sub-Committees, namely Board Risk Management Committee (BRMC) and Board Information Technology Committee (BITC) have been chaired by Female Independent Directors.

All 4 independent directors are members of Board Committees which signifies the Board objectivity towards good governance and accountability. Appointment/ Nomination of a director strictly adheres to Regulatory frameworks and best practices of corporate governance without any exception. This alignment demonstrates AKBL's unwavering commitment to transparency, accountability, and continued delivery of value to its stakeholders.

Business Ethics and Policies

As a conscientious corporate citizen, AKBL believes that doing good deeds is good for business. A code of conduct is developed for directors & employees, which is revised every year. SBP & Board-approved guidelines are also in place. While the Bank does not deal through collective bargaining agreements, employment terms are set through structured policies to ensure fairness and transparency. Policies related to risks & controls and other aspects are integrated within our working practices. Moreover, the Bank has a Conflict of Interest (COI) policy to ensure that AKBL operates in compliance with applicable and regulatory requirements of SBP "Corporate Governance Regulatory Framework", and that the reputation, name, and integrity of the Bank are not compromised. The Bank has a Whistleblowing Policy in place that encourages and enables all concerned to raise serious concerns within the Bank rather than overlooking a problem. The information given and the identity of the whistleblower are treated confidentially as per the policy.

Regulatory Compliance

AKBL ensures strict compliance with regulatory standards set by local authorities like SBP and SECP, as well as regulatory bodies in key international locations (if any). By adhering to these regulations, AKBL demonstrates its commitment to responsible banking practices, nurturing transparency, and aligning its operations with global standards.

ESG Training and Capacity Building

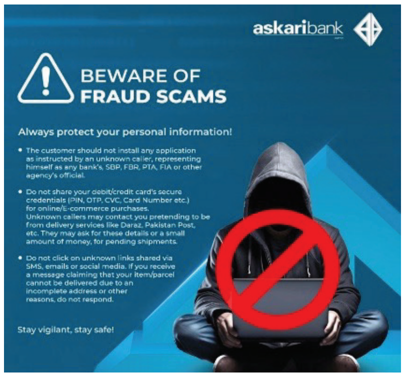
AKBL prioritises the comprehensive training of its staff in ESG and ESRM to build robust expertise within the workforce. This commitment aims to enhance awareness and equip employees with the skills needed to proficiently handle ESG matters at the portfolio level. The Bank has conducted class training sessions for the Board, MANCOM, and senior management to develop an understanding of sustainable practices. This proactive approach ensures that AKBL's human resources are adequately equipped to effectively manage and execute ESG-related activities. In addition to these, the Bank has provided green Banking training through its 'Compliance Essentials' e-learning course across the Bank to raise environmental awareness and enhance capacity building.

Risk Management at AKBL

Through our enterprise risk management, we identify and manage risks related to AKBL financial ability to achieve our strategic, financial, compliance and operational objectives. Our key risks and mitigation strategies are documented, monitored and reviewed periodically by Risk Committee of the Board of Directors. Our Board of Directors, as a whole and through its committees, maintains responsibilities for oversight of risk management, including 'setting the tone from the top'.

AKBL has robust policies and practices to prevent money laundering, corruption, bribery, fraud, data and consumer privacy breaches. These rigorous practices enable us to grow a successful, respected business that delivers the best possible results for our clients, customers and communities.

Anti-Money Laundering Policy and Training



AKBL has an Anti-Money Laundering (AML)/ Combating the Financing of Terrorism (CFT)/ Counter Proliferation Financing (CPF) policy and controls to comply with international and local regulatory requirements. We provide mandatory annual training to all Bank staff on AML/CFT/CPF.

Data Privacy

Our tech-forward customer first business strategy depends on the responsible use of data and the complex information technology systems we manage. Keeping data safe from cyber security risks, adhering to applicable laws and regulations and applying sound data management practices are foundational business tenets we live by every day.

Cyber Security

AKBL has always strived to keep the confidentiality of customers' information as its foremost priority. Through our diligent efforts to mitigate the risk of cyber frauds, we aim to spread awareness to our employees and customers, which helps in strengthening the environment that keeps AKBL safe from cyber-attacks and provides risk free banking experience to our valued customers.

The information security unit manages penetration testing by simulating real-world hacking scenarios. The unit is responsible for establishing, implementing, maintaining, and continually improving information/cyber security management system through control design and control validation, primarily in the domain of information security. The unit also supports other domains of information security monitoring and threat hunting. Moreover, in order to overcome social engineering frauds, extensive awareness campaigns are periodically launched to provide specific training and guidance on information security related matters such as phishing, identity theft, online transaction frauds etc. through various mechanisms such as social media, website, email advisories, SMS, webinars, phishing simulation exercises, and awareness sessions for employees.

UN Sustainable Development Goals SDGs) Alignment

United Nations formally adopted the 2030 Agenda for Sustainable Development that includes 17 Sustainable Development Goals (SDGs). The SDGs center around the principle of "leaving no one behind" and emphasise on a holistic approach to achieve sustainable development that benefits individuals, organisations and communities. The Bank has been committed to achieve these goals.

Awards & Achievements

(i) Largest private sector financing in the form of Syndicated Term Finance Facility of PKR 75 Billion, and

(ii) Largest private sector financing in the form of Unsecured, Rated, Privately Placed Sukuks of cumulative PKR 30 Bn. The proceeds of these facilities were used to fund the upgrade of sites to achieve 4G capabilities, expand its coverage and extend services to other areas. These transactions have resulted in multiple global recognitions for AKBL in the form of following awards:

- Best Sukuk Deal – Pakistan (Euromoney Islamic Finance Awards 2024)
- Innovative Deal of the Year – Pakistan (Asian Banking & Finance Awards 2024)

(iii) AKBL's services in the water infrastructure project initiated by the Government of Sindh, along with Enertech Pakistan, received global accreditation in the form of Euromoney Islamic Finance Awards 2024 as the "Best Islamic Project Finance Deal – Pakistan" announced in March 2024. In acknowledgement of overall contribution towards Sustainable Financing & Corporate Excellence, AKBL received the Runner-up Award for the Best Corporate Finance House – Fixed Income Category (21st CFA Annual Excellence Awards).

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