



**Leaving a Lasting Impact**  
**Sustainability Report**  
**2023**



This report is printed on recycled paper to save natural resources and reduce waste. Eco-friendly vegetable-based printing inks are used, having low Volatile Organic Compounds (VOCs), providing safer environment, low risks to human health and easier paper recycling. The use of sustainable materials shows ABL's resolve to protect the planet. Please recycle this report, when you no longer need it.



Leaving a Lasting Impact

**Sustainability Report**  
**2023**

# Table of Contents

<b>04</b>	Sustainability at a Glance
<b>06</b>	Journey through Time
<b>11</b>	Message from the Chairman
<b>12</b>	Message from the CEO
<b>22</b>	ABL's Journey to Sustainability
23	Steering Sustainability
26	Green Banking
<b>29</b>	Environment
30	ABL Going Green
34	Tree Plantation Campaign
40	Green Facilitation/Financing

# 43

## Social

- 44 Empowering Our Work Force
- 56 Employee Empowerment and Facilities
- 57 Customer Management

# 60

## Corporate Social Responsibility (CSR)

- 69 CSR Highlights

# 71

## Governance

- 72 Governance and Transparency
- 74 Risk Management
- 79 Compliance
- 81 Shariah Governance
- 82 Digital Transformation
- 86 Sustainable Policies and Procedure

# 90

## Aligning with UN's Sustainable Development Goals (SDGs)

# Sustainability at a Glance

Allied Bank Limited (ABL) recognizes that a sustainable and prosperous future requires collective action across all sectors. As a major contributor to economic growth, the banking industry holds a crucial position in achieving this shared objective. ABL is at the forefront of this industry, particularly in its commitment to Environmental, Social, and Governance (ESG) practices.

ABL's business activities are aligned with the government's goal of transitioning Pakistan's economy toward a sustainable, low-carbon, climate-resilient, socially responsible, and well-governed future. The Bank's ESG initiatives focus on introducing banking products, services, and operations that positively impact the environment and society while fostering a sustainable governance framework. These efforts have significant implications for strategic direction, financing and investment, portfolio evaluation, the development of financial instruments and products, and the adoption of environmentally friendly practices within the Bank's internal operations.

ABL has integrated sustainability into its core strategic objectives. This strategic approach has allowed the Bank to effectively manage its impact on the environment, economy, and society. These initiatives are essential to the Bank's success and have the potential to increase profitability, facilitate growth, and enhance stakeholder satisfaction.

We are committed to adhering to the Guidelines on ESG Disclosures for Listed Companies issued by the Securities and Exchange Commission of Pakistan (SECP), the Green Banking Guidelines and Environmental and Social Risk Management (ESRM) Implementation Manual issued by the State Bank of Pakistan (SBP), and the Performance Standards of the International Finance Corporation (IFC) incorporated in ESRM. The bank is also actively working on developing sustainability frameworks, measurement techniques, and methodologies to achieve the highest standards of sustainability, including the implementation of the Net Zero Regime.

This report outlines ABL's policies, procedures, activities, and initiatives aimed at achieving sustainability for the Bank, society, and the community at large. The report is divided into various sections, including chapters focused on the core sustainability pillars of Environment, Social, and Governance. Additionally, the report maps the Bank's activities and initiatives against the United Nations' Sustainable Development Goals (UN SDGs).



# The Bank

## ABL History

Allied Bank's origins trace back to the Australasia Bank, which was established in 1942. Following a merger with Sarhad Bank Limited, Lahore Commercial Bank Limited, and Pak Bank Limited, the Bank was nationalized in 1974 and renamed Allied Bank of Pakistan Limited. In 2004, the Ibrahim Group recapitalized the Bank, and it was renamed Allied Bank Limited in 2005.

The Bank's journey from its initial location at Aiwan Shah Chiragh Building in Lahore to its current Head Office Building in New Garden Town is a remarkable testament to its resilience and ability to overcome challenges over the decades. It has grown into a prominent financial institution in Pakistan, trusted by millions of customers who appreciate its personalized service and commitment to mutual benefit.

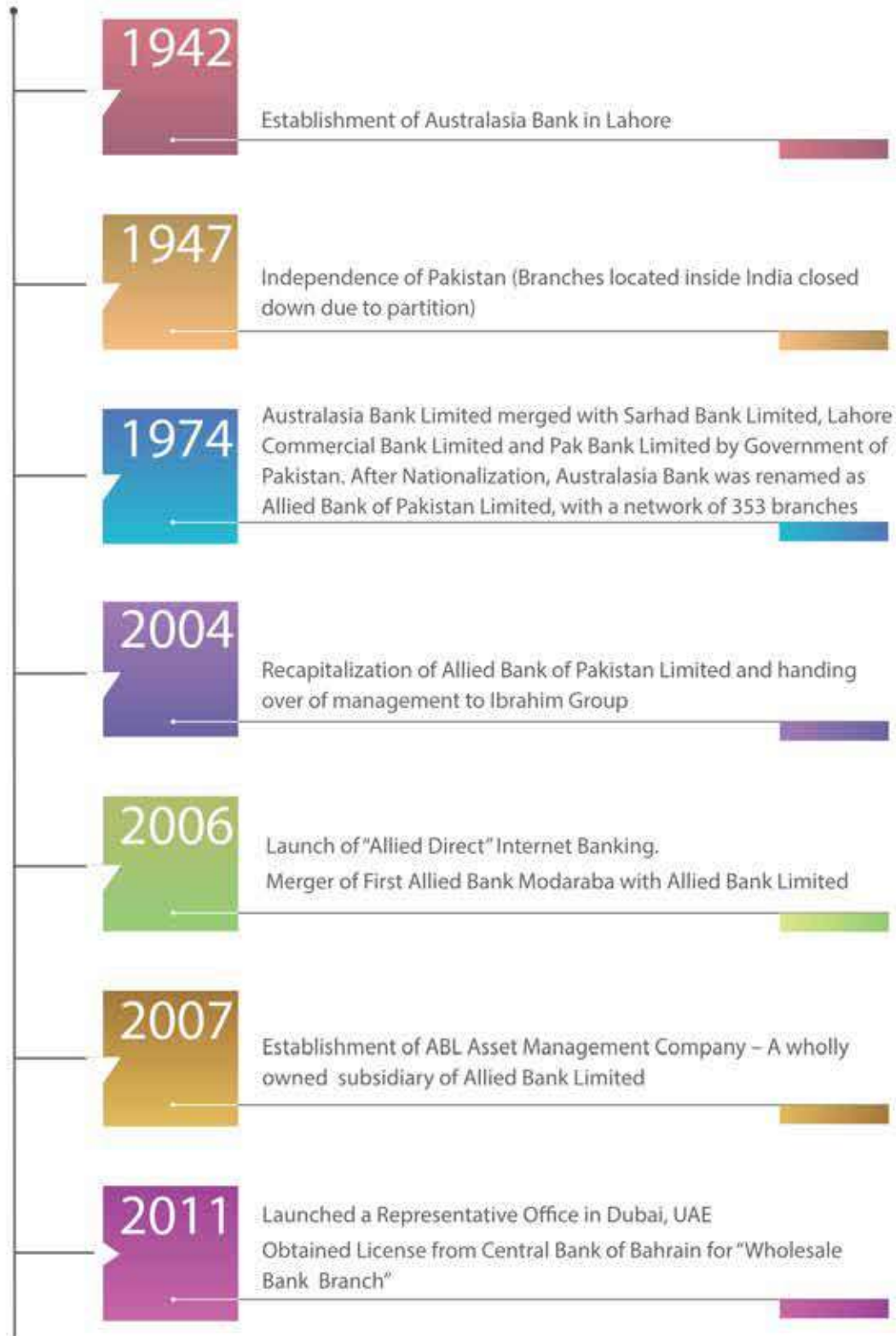
## Bank Profile

ABL offers a comprehensive range of banking products and services through a vast network of 1,496 online branches (Conventional: 1,352; Islamic: 139; Overseas: 1; EPZ: 4) located in over 589 cities and towns across Pakistan. Additionally, the institution operates one of the largest ATM networks in the country with 1,577 ATMs.

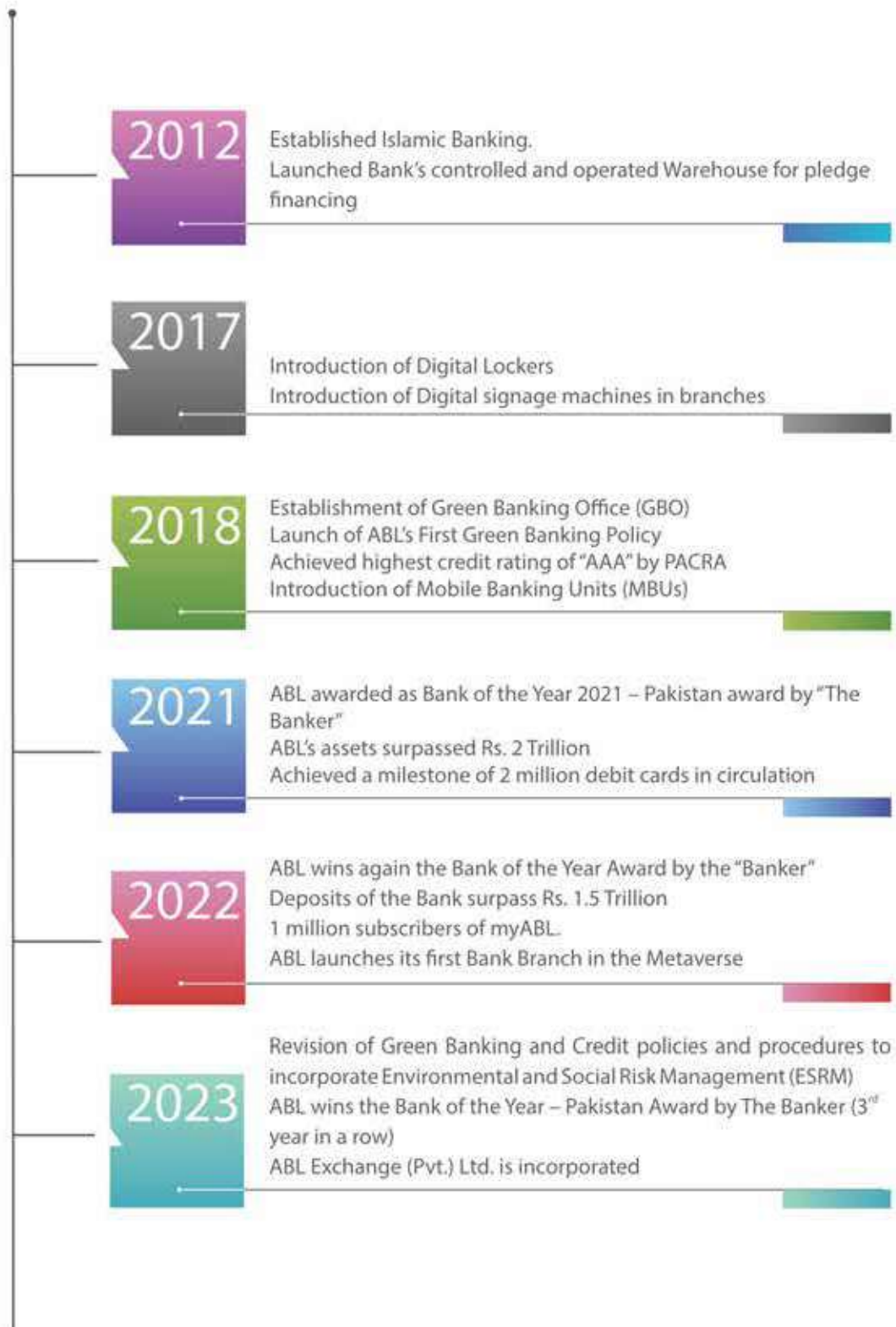
To enhance productivity and customer convenience, ABL has embarked on a digital transformation journey. The bank is committed to creating sustainable value through exceptional corporate governance, innovative digital solutions, and superior asset quality, resulting in a robust financial position with stable profitability.



# JOURNEY THROUGH TIME







# Network Outreach





# Vision

To become a dynamic and efficient Bank providing integrated solutions in order to be the first-choice bank for the customers

# Mission

- To provide value added services to our customers
- To provide high tech innovative solutions to meet customers' requirements
- To provide a challenging work environment and reward dedicated team members according to their abilities and performance.
- To create sustainable value through growth, efficiency and diversity for all stakeholders
- To play a proactive role in contributing towards the society

## Core Values

INTEGRITY

EXCELLENCE  
IN SERVICE

HIGH  
PERFORMANCE

INNOVATION  
AND GROWTH



## Message from the Chairman

In an era of rapid transformation and unprecedented challenges, Allied Bank's commitment to sustainability stands as a guiding principle. We measure true success not only by financial performance but also by the positive impact we have on society. Leveraging our financial expertise and resources, ABL aims to drive meaningful change in Environmental, Social, and Governance (ESG) practices, extending our influence far beyond our immediate operations.

ABL envisions a future where financial services play a crucial role in fostering a sustainable, equitable, and resilient global economy. This vision, rooted in our unwavering commitment to ESG principles, shapes our strategic decisions and operational practices.

Climate change is one of the most critical challenges of our time, and ABL is committed to leading efforts to achieve the Net Zero Goals of the Paris Agreement. Our goal is to not only reduce our carbon footprint but also to empower our customers, borrowers, and partners to do the same. We are investing in advanced technology and developing green financing solutions to facilitate a transition to a low-carbon economy.

ABL is equally dedicated to advancing social equity and inclusion, both within our organization and in the broader community. Our initiatives promote diversity and inclusivity at all levels, fostering an environment where diverse perspectives are valued and innovation thrives. Through strategic partnerships and community engagement, ABL invests in programs that enhance financial literacy and provide access to quality education and healthcare. We also support sports, culture, science, and technology to improve community welfare. Our objective is to break down barriers and create pathways to success for individuals and communities alike.

Strong governance is the cornerstone of ABL's vision for a sustainable future. We uphold the highest standards of transparency, accountability, and ethical conduct. Our governance practices ensure integrity, manage risks, and leverage the latest digital technologies to create sustainable value for all stakeholders. The Bank continuously evolves the governance framework to meet the demands of a dynamic and complex world. By fostering a culture of ethical leadership and responsible decision-making, ABL aims to set new benchmarks for excellence in governance.

ABL is committed to driving the advancement of digital ecosystems within the financial sector to achieve a high level of sustainability. The Bank envisions a modern Digital Bank that leverages cutting-edge technologies such as Artificial Intelligence, Advanced Machine Learning, Application Programming Interfaces, Cloud Computing, Distributed Ledger Technology, and Robotics, all supported by a robust Cyber Security system. These efforts demonstrate the Bank's ongoing commitment to innovation, inclusivity, and excellence in serving its customers and contributing to the broader financial community.

By embracing innovative ideas to protect the environment, championing social equity, and upholding the highest standards of governance, ABL is confident in its ability to make a significant contribution to building a better and more sustainable world.

**Mohammad Naeem Mukhtar**  
Chairman Board of Directors

# Message from the CEO

In today's rapidly changing world, Allied Bank's commitment to sustainable and responsible banking remains a cornerstone of our strategy. We recognize that our success is deeply intertwined with the well-being of the communities we serve, the environment we operate in, and the integrity of our business practices. Our dedication to sustainability and its pillars, Environmental, Social, and Governance (ESG), is integral to our daily operations.

As an organization, we are integrating sustainability principles into our business processes, ensuring that our operations reflect our dedication to a sustainable and equitable future.

## Environmental Stewardship

ABL recognizes the critical importance of addressing climate change and preserving our planet for future generations. We are committed to reducing our environmental footprint through sustainable practices and green initiatives, contributing significantly to the global efforts of achieving zero carbon footprint. We have clear ambitions to reduce greenhouse gas emissions, increase energy efficiency, and support renewable energy projects.

Our commitment to environmental sustainability is not just aspirational – it is operational. We have implemented various measures to reduce environmental impact across all the areas of our business.

The Bank is actively reducing its carbon footprint through various initiatives. These efforts include decreasing the consumption of electricity, fuel, and paper, installing solar power systems in branches and other buildings, implementing energy conservation measures, adopting sustainable IT operations practices, using paper from sustainable sources, obtaining Green Building Certifications (such as LEED and EDGE), and conducting regular tree plantation campaigns and cleanliness drives at national heritage sites.

To further decrease our environmental impact, we have installed solar power systems at 67 locations across Pakistan by the end of December 2023, with a total power capacity of 622 KW. We aim to expand this initiative by adding 100 more solar locations in 2024.

Furthermore, ABL's Tree plantation drive is a regular

activity. In 2023, ABL planted over 100,000 trees and saplings.

Our goal is to mobilize capital towards projects that benefit the environment. The Bank offers green loans to support renewable energy projects, energy-efficient infrastructure, and sustainable agriculture.

To minimize financed emissions, ABL benefits from a competitive advantage: our dedicated Technical Appraisal department, staffed by engineers, regularly visits borrowers' manufacturing plants to assess their technical and environmental health. We have developed internal models and processes for analyzing the technical, environmental, and social risks of the entities we finance.

## Social Responsibility

Our commitment to social responsibility is reflected in our efforts to promote diversity, equality, and inclusivity at all levels. The bank ensures that it is socially responsible to its stakeholder, employees, customers, and the community.

ABL is also committed in providing a peaceful, cordial, and inclusive workplace to its team members. We believe that a diverse and inclusive workplace drives innovation and enhances decision-making. Therefore, we continue to invest in programs that support the development and well-being of our team members, ensuring that they are provided with the resources and opportunities to thrive.

The Bank adheres to all regulatory requirements and best practices to foster a positive work environment for our team members. Our commitment to Diversity, Equity, and Inclusion (DEI) is evident in our focus on Gender Equality, Fair Recruitment and Career Development, Zero Tolerance to Workplace Violence, an Anti-Harassment Policy, a Grievance Handling Mechanism, the prohibition of Child and Forced Labor, continuous Training and Development (T&D), dedicated programs for Persons with Different Abilities (PWD), and policies, procedures, and activities promoting Employee Wellness and Occupational Health and Safety.

We believe in inclusivity and gender diversity. ABL's overall female employee ratio of 22% and Senior and Executive-level positions ratio of 23% demonstrate our

commitment to providing equal opportunities for women. Our recent establishment of a Daycare Center and Fitness Club further reinforces our dedication to the well-being of our employees.

Customer satisfaction and service excellence are core priorities at ABL. We have implemented a state-of-the-art Customer Relationship Management (CRM) system to enhance our interactions with customers. In 2023, the Bank invested Rs. 1,528 million in deposit protection insurance to safeguard the interests of small depositors. Additionally, we achieved a customer complaint resolution rate of 98% in 2023.

Through various initiatives and partnerships, we support local communities by providing access to education, healthcare, and financial literacy programs. Our goal is to create a positive social impact that extends beyond our financial services. The Bank's Corporate Social Responsibility (CSR) policy is aligned with our vision of being a socially responsible corporate citizen.

ABL's Corporate Social Responsibility (CSR) efforts in 2023 focused on key areas including Education, Health, Sports, Science and Technology, Culture, and promoting Literary Activities. The Bank allocated Rs. 140 million to support initiatives in these sectors, with a particular emphasis on providing facilities to underprivileged communities.

A notable CSR initiative was the sponsorship of the Sadpara Mountaineering Club in Skardu. This pioneering program aimed to provide climbing training to local mountaineers, contributing to both tourism promotion and improved income levels for the community.

## Governance

Strong governance and ethical practices are fundamental to ABL's integrity and trustworthiness. We adhere to the highest standards of corporate governance, ensuring transparency, accountability, and fairness in all our operations. Our governance framework is designed to protect stakeholder interests, mitigate risks, and comply with regulatory requirements. We are unwavering in our commitment to ethical conduct and strive to uphold the principles of honesty, integrity, and respect in all aspects of our business.

To ensure sustainable success, we have implemented a robust Risk Management and Compliance Framework.

This includes rigorous policies and procedures to combat fraud, money laundering, corruption, and unethical behavior.

ABL is a pioneer in the banking industry, establishing Commodity Warehouses in key trading hubs across Pakistan. These warehouses provide Small and Medium Enterprises (SMEs) with easier access to formal financing sources, while also ensuring food security and supporting farmers in obtaining fair prices for their produce.

Digital Transformation is a key focus for ABL. We are investing aggressively in modern technologies, including Digital Banking, Data Protection, and Cyber Security, to achieve sustainable growth. As of 2023, the Bank had over 1.6 million registered myABL personal users, facilitated over 53 million myABL transactions, and opened more than 36,000 accounts through Self Service Channels. The Digital to Counter transaction ratio was 81:19.

## Consistently Evolving

ABL is enhancing its resilience, efficiency, and contribution to a more sustainable and equitable world. We believe that responsible operational practices are fundamental to long-term success and value creation.

Our journey towards sustainability and operational excellence is ongoing. We are committed to continuous improvement, setting ambitious targets, monitoring our performance, and embracing innovative solutions. Our commitment to ESG principles is dynamic and evolves as we learn and grow.

**Aizid Razzaq Gill**  
Chief Executive Officer



1,453.85

1,278.37

2021

1,025.65

894.92

04.31



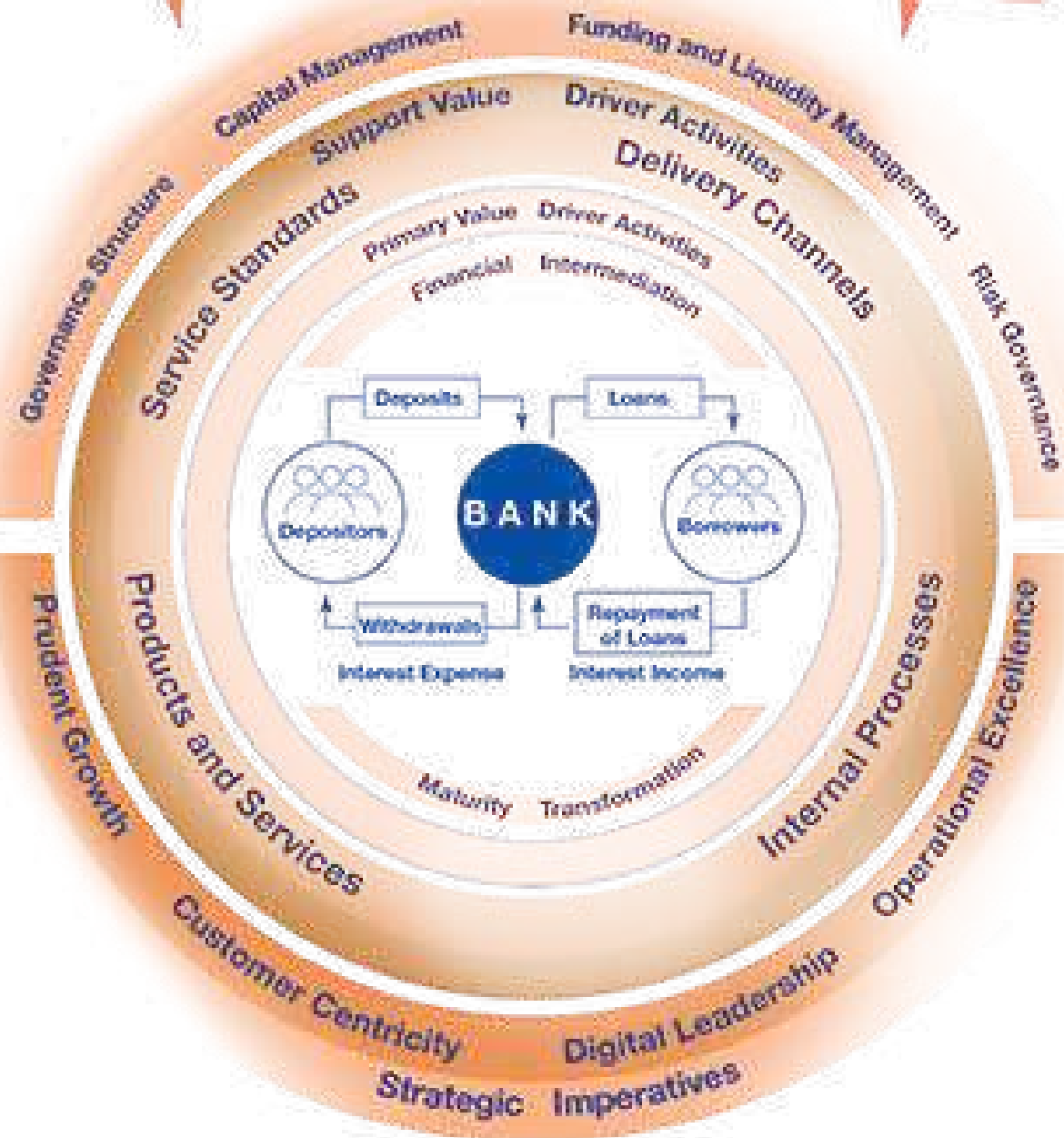
# Business Model



# Value Driver Activities

Vision

Mission



# Our Value Creation Business Model

## INPUTS

Financial Capital		Manufactured Capital		Human Capital	
■ Common Equity	Rs. 154,215 million	■ Domestic & Foreign Branches	1,483	■ Female Employees	2,734
■ Total Equity	Rs. 194,254 million	■ ATM Network	1,566	■ Male Employees	9,794
■ Deposits	Rs. 1,676,623 million	■ Digital Touch points	23	■ Total Number of Employees	12,528
■ Borrowings	Rs. 373,674 million			■ State of the Art Management Development Centers	5

Social & Relationship Capital		Intellectual Capital	
■ Depositors	7.9 million+	■ 10 Year Rolling Strategic Plan	
■ Obligors	21,000+	■ Strong IT Infrastructure	
■ Regulators, Pakistan Business Council, PBA, Chambers of Commerce and Industry		■ Robust Risk Management	
■ Community Service (CSR)		■ Comprehensive Compliance Management	
■ Strong Social Media Presence		■ Detailed Policies & Procedures	
■ Robust Complaint Handling Mechanism		■ Strong Management Structure - Leadership Teams	

Natural Capital	
■ Solar Locations	67
■ No. of Inverters Installed	1,673
■ Green Banking Initiatives and Products	
■ Compliance to Environmental Laws	

## Outcomes

Shareholders		Customer		Employees	
■ Profit Before Tax	Rs. 85,757 million	■ Deposits Growth	10%	■ Salaries and Benefits	Rs. 18,769 million
■ Profit After Tax	Rs. 40,683 million	■ Decrease in Non Performing Loans	1%	■ Employee Retention Ratio	88%
■ Earnings per Share	Rs. 35.53	■ CASA Mix	85%	■ Employees Trained in Service	11,006
■ Full-year dividend per share	Rs. 12	■ Customer Onboarding (Approx)	1.5 million +	■ Total Investment in Employee Trainings and Team building events	Rs. 230.59 million
■ Return on Equity	29.40%	■ Customer Complaint Resolutions	98%	■ Amount spent on employee health care	Rs. 226 million
■ Return on Assets	1.78%	■ myABL Registered Users (Approx)	1,665,585		
■ Capital Adequacy Ratio (CAR)	26.21%	■ myABL amount of transactions handled	1.5 million +		
		■ No. of Debit Cards issued (Approx)	775,000+		
		■ Digital / Counter Transactions mix	81%: 19%		
		■ Corporate Website Visits	10 million+		
		■ Social Media Subscribers	2.2 million+		

Regulators		Society	
■ Long Term Entity Credit Rating	AAA	■ Contribution to National Exchequer	Rs. 68,515 million
■ Short Term Entity Credit Rating	A1+	■ Customer Deposit Protection	Rs. 1,528 million
■ Corporate Governance Rating	CGR 9++	■ Improving Workplace Environment	Rs. 556 million
■ Compliance with all Regulatory Requirements		■ Environmental Sustainability	Rs. 203 million
		■ Plantation of Trees	100,000+
		■ Community Services	Rs. 140 million

# Key Financial Numbers

(as of 31.12.2023)



# Ratings

**Long Term Credit Rating**  
AAA (By Pakistan Credit Rating Agency)

**Short Term Credit Rating**  
A1+ (By Pakistan Credit Rating Agency)

**Corporate Governance Rating**  
CGR9++ (VIS Credit Rating Agency)

# Awards and Recognition

**Bank of the year 2023 – (Pakistan) Award by  
“The Banker”, 3<sup>rd</sup> year in a row**



Best Domestic Bank in Pakistan for 2023 - FinanceAsia Country Awards, 2nd Year in a row  
 Best Bank for Diversity & Inclusion in Pakistan 2023 – Asiamoney



Best Practice Bank award in Job Design, Classification and Compensation by Global Diversity Equity & Inclusion Benchmarks (GDEIB)

Pakistan Society for Human Resource Management & Engage Consulting awards:

1. Best of the Best Place to Work Company in Pakistan
2. Best Place to work in Banking Sector
3. Best Place to Work in Top 10 Large Organizations



Runner-Up in Best ESG Bank Category – CFA Society Pakistan  
 Best Corporate report Award

An aerial photograph of terraced green hills, likely in the Philippines, showing a small boat in a valley. The hills are covered in lush green vegetation and are terraced in a way that creates a series of ridges and valleys. The lighting is soft, highlighting the textures of the terraces.

# **ABL's Journey to Sustainability**



# Steering Sustainability

In today's dynamic corporate landscape, effective governance extends beyond regulatory compliance and financial performance to encompass sustainability principles. As a responsible corporate citizen, ABL is committed to promoting ESG, including environmentally friendly green banking practices. The Bank's Board of Directors is actively involved in overall governance matters and play a key role in driving sustainability and ESG initiatives.

Key responsibilities include approving the Green Banking Policy, Environmental and Social Management System (ESMS) strategies, budgets, industry/sector-specific exposure limits, and CSR reporting and implementation through senior management.

The Board is also responsible for setting the Bank's vision, ensuring that sustainability is regularly addressed at the Board level, providing feedback on critical high-risk Environmental and Social (E&S) matters, and reviewing internal audit reports to assess the effectiveness of Environmental & Social Management System (ESMS) implementation.

The Board of Directors oversees the Bank's overall governance, environmental sustainability initiatives, social sustainability including Diversity, Equity, Inclusion (DEI) and Corporate Social Responsibility (CSR) activities.

The Bank's Annual Green Banking report is presented to the Board for review and guidance.



## Management's Role in Sustainable Practices

Sustainability is a key focus area for ABL's management. It is integrated into the Terms of Reference of the Management Committee (MANCO).



To review and monitor the Sustainability (Environmental and Social, and Governance-ESG) related initiatives of the Bank.



Senior Management is responsible for disseminating, implementing, and ensuring compliance with the Green Banking Policy and Environmental and Social Management System (ESMS). They also oversee the development of strategies, budgets, administrative procedures, data collection mechanisms, reporting of results, accountability mechanisms, internal capacity building, and raising awareness of environmental and social issues among business relationships. Additionally, senior management determines appropriate courses of action, including legal measures, to mitigate the Bank's potential exposure to Environmental and Social (E&S) risks.



## Sustainability Forum

A Sustainability Forum was established by the Management Committee (MANCO) of the Bank. This forum is tasked with developing and proposing a Sustainability Framework, Strategies, Policies, Goals, and Roadmap. The forum also ensures that the implementation and execution of activities and tasks are aligned with the Bank's Sustainability objectives.



**Saira Shahid Hussain**  
Chief Human Resource



**Imran Maqsood**  
Chief General Services & Real Estate



**Moin Khalid**  
Chief Risk Management



**Muhammad Atif Mirza**  
Chief Financial Officer



**Zubair Sharif**  
Chief Banking Services



**Adeel Javaid**  
Chief Corporate Affairs / Company Secretary



**Siraj Qadir**  
Chief Green Banking

# Green Banking

The Bank has implemented Green Banking Guidelines issued by the State Bank of Pakistan (SBP) in 2017. In continuation, the Bank has established 'Environmental and Social Risk Management (ESRM)' System in compliance to ESRM Implementation Manual issued by SBP in November 2022.



## Establishing a Green Banking Office

ABL's Green Banking Office (GBO), was established in 2018 to look after the implementation of the Green Banking Policy. A dedicated Green Banking Team has been appointed in the GBO. This dedicated team is part of the Technical Appraisal Group of the Bank, which has a unique position in the Banking Industry of Pakistan. The Technical Appraisal Group is a team of industry experts and engineers from various fields, including environmental specialist. The team regularly conducts site visits to the facilities of borrowers in the Bank's portfolio to evaluate their environmental risks.

## Green Banking Policy

Environmental Pollution and Climate Change are two of the most pressing global challenges of our time. Like organizations worldwide, ABL is committed to leading the charge towards a more sustainable future. We are actively transforming our practices to minimize our environmental footprint and contribute positively to society, which is demonstrated by our Green Banking Policy. The following are the major areas covered in our Green Banking Policy:

### Environmental and Social Risk Management (ESRM)

- Commitment to ensure a transition towards a low-carbon, climate-resilient, and socially responsible sustainable economy
- Implement a robust approach to assess and monitor environmental and social risks throughout the credit assessment process. This will effectively reduce and mitigate associated risks, contributing to a more sustainable future

### Green Facilitations/Financing

- Gradual allocation of funding resources to Green initiatives
- Development of Green Products
- Green Advisory services

### Own Impact Reduction

- Reducing the Bank's environmental footprint by adopting cost-effective and sustainable renewable energy sources for our operations
- Ensuring that our branches, offices, and ATMs operate using low-carbon energy
- Promoting awareness and understanding of environmental and social issues through training, campaigns, and employee education initiatives

## Green Advisory Service Desk

The Bank has established a Green Advisory Service Desk within the Green Banking Office (GBO) at its Head

Office in Lahore. This service is designed to suggest green and resource-efficient alternatives to borrowers and clients. The Desk facilitates both prospective and existing borrowers with inquiries related to green investments and various options for efficient resource planning.

## Green Banking Capacity Building

The Bank is continuously building the capacity of its staff in Green Banking. In 2023, 819 staff members received training and awareness on Green Banking. By December 2023, a total of 11,450 staff members have been trained in Green Banking.







# Environment

# ABL Going Green

To mitigate the carbon footprint generated by our operations, which primarily stems from electricity consumption, the Bank has prioritized energy efficiency and resource efficiency. The Bank has implemented various initiatives, such as installing solar power and adopting advanced energy management systems, to reduce the bank's our environmental impact. These measures not only contribute to a greener future but also enhance operational efficiency and cost-effectiveness. The following are the initiatives ABL has undertaken to reduce its Carbon Foot Print:

## Switching to Alternatives

At ABL, we are committed to combating climate change and reducing our reliance on fossil fuels. As part of ABL's sustainability strategy, we have invested in solar energy initiatives to power our operations and promote the widespread adoption of renewable energy. We have successfully installed solar power systems at 67 locations across Pakistan, with a combined capacity of 622 KW as of FY2023. These installations have generated approximately 286,124 units of clean energy in FY2023, resulting in the avoidance of approximately 135,909 kg of carbon dioxide emissions.

The Bank will continue to expand its solar energy portfolio and plan to install solar systems at 100 more locations in FY2024. The Bank's investment in solar energy not only contributes to a cleaner and healthier environment but also provides economic benefits through reduced energy costs and increased operational efficiency.



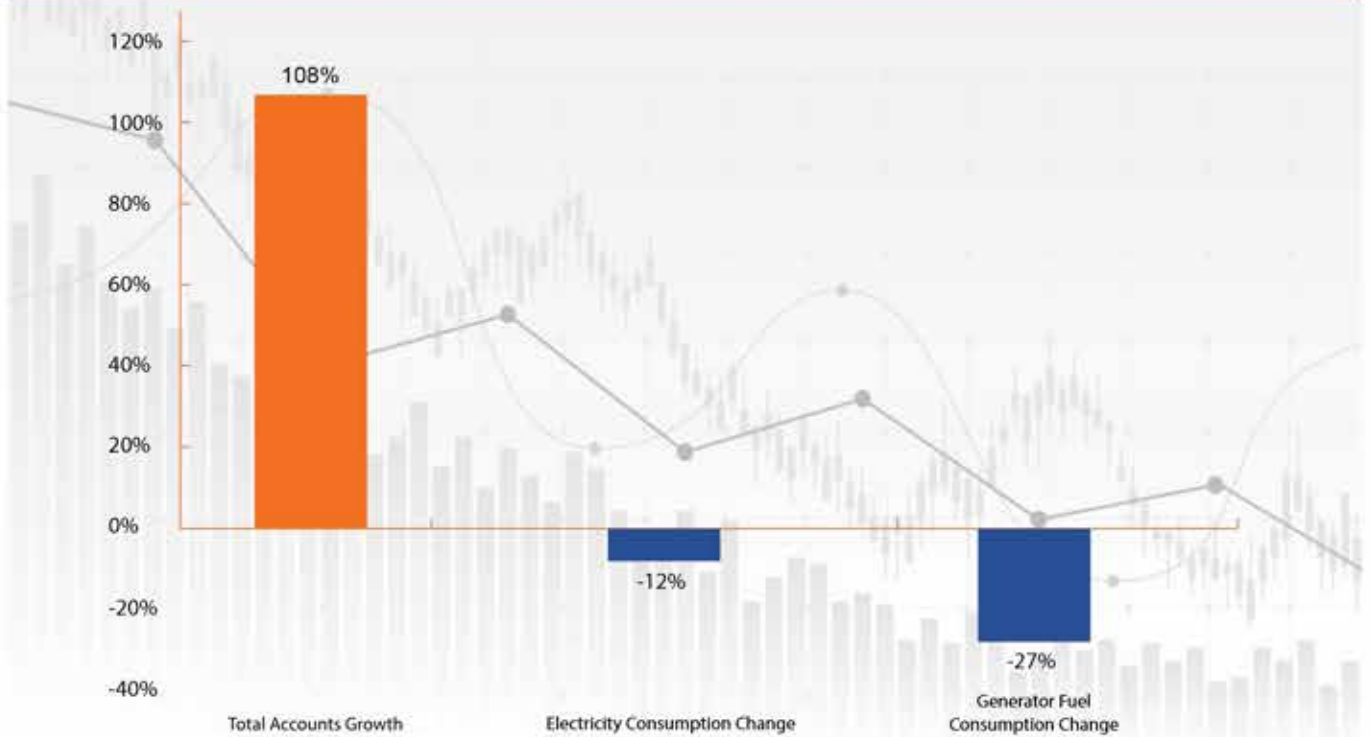


# Reducing Internal Energy Consumption

Despite significant growth in branches, ATMs, customer accounts, and transaction volumes over the past several years, ABL has successfully managed to reduce its internal energy consumption. Since 2018, the Bank has implemented various energy conservation initiatives, resulting in a 12% decrease in electricity consumption and a 27% decrease in generator fuel consumption.

This achievement is particularly noteworthy considering that 137 new branches (10% addition) and 19 other new buildings (95% addition) have been added during the same period and the total number of accounts have increased by 108%. These efforts demonstrate the Bank's commitment to minimizing its environmental impact and operating efficiently.

## Own Impact Reduction





## Energy Conservation Initiatives

ABL is dedicated to fostering sustainable development by reducing its carbon emissions. As part of our commitment to environmental stewardship, we recognize the urgency of addressing climate change and are taking proactive measures to minimize our carbon footprint across all operations.

To identify and implement energy-saving measures, ABL conducts regular energy audits of its branches and offices. These audits have led to initiatives such as upgrading to energy-efficient lighting, optimizing heating and cooling systems, and promoting energy conservation practices among employees. These efforts contribute to reducing our overall energy consumption and minimizing our environmental impact.

We have incorporated energy-efficient technology in all new buildings. All of our recently constructed branches and offices are equipped with LED lights and inverter air conditioning units. Additionally, we are gradually upgrading older buildings to utilize more energy-efficient equipment. Our head office is also currently undergoing a significant upgrade to install the latest LED lighting technology. This transition will reduce our current lighting load by a substantial 50%.

To further enhance our energy management capabilities,

we are implementing an integrated Supervisory Control and Data Acquisition (SCADA) system at our head office in Lahore and the Management Development Center (MDC). This system will enable effective monitoring and control of building energy needs, helping us optimize energy consumption and reduce our environmental impact. The SCADA system will be extended to all major buildings of the Bank which will allow monitoring and control from a central location.

The Bank has implemented an innovative Internet of Things (IoT) enabled genset fuel monitoring system across Pakistan. This system allows us to remotely monitor the operation and fuel consumption of gensets installed at various bank locations. By leveraging an online dashboard at a central location, we have a better monitoring and control, leading to significant fuel savings.

To date, we have successfully installed this system at 100 sites, and we have plans to expand its reach to 100 more locations in 2024. Our long-term goal is to equip all of our branches with this technology, ensuring efficient fuel management and reducing our environmental impact. Lastly, to promote energy conservation, we regularly issue guidelines to our employees at branches and controlling offices.

## Sustainable Paper Usage

The paper manufacturing process often involves the use of virgin pulp, which contributes to environmental degradation. Recognizing the significant role of paper in our operations, particularly due to regulatory requirements, ABL has implemented various initiatives to reduce paper consumption.

We have automated numerous internal processes, introduced low or no-paper alternatives, and developed shorter versions of essential forms. These efforts have resulted in zero net paper consumption since 2018, despite a 108% increase in operations during the same period.

To further minimize our environmental impact, we have shifted towards sustainable paper sources, including recycled paper and paper manufactured from agricultural by-products. Currently, 27% of our paper items (excluding security stationery) are sourced sustainably. We aim to increase this ratio to 60% by the end of FY2024, demonstrating our commitment to environmental stewardship and sustainable practices.



# Tree Plantation Campaigns



Aligned with the national campaign for "Clean and Green Pakistan," ABL is dedicated to enhancing tree plantation efforts. As an annual activity, our branches across the country actively participate in tree planting campaigns at schools, universities, and public spaces. These initiatives contribute to environmental restoration and create a healthier, greener Pakistan. In FY2023, ABL successfully planted 100,293 saplings and trees, surpassing the previous year's total of 75,000.

activity in the vicinity of Babri Banda village, Kohat, ABL initiated a sustainable olive tree plantation project. The project involved the creation of a 36-acre green space and the planting of over 2,000 olive trees. To ensure efficient water management, a drip irrigation system, an overhead water tank, and a loose stones check dam were also constructed. This initiative has contributed to the revitalization of the local landscape and improved the overall environmental quality of the area.

To address the environmental pollution caused by industrial





## Cleanliness Drives

Aligned with the national campaign for "Clean and Green Pakistan" and our Bank's initiative "Mill Kay Lagaengay Jaan, Tou Hoga Saaf Pakistan," Allied Bank has actively participated in various cleanliness drives across the country. These efforts have focused on preserving endangered and historical sites.

**In 2023, our team collaborated with local authorities to conduct three significant cleaning activities:**

**Deosai National Park, Gilgit Baltistan:** In partnership with the Forest Department GB, we cleaned up the Deosai National Park.

**Lahore Fort:** Working with the Walled City Authority Lahore, we contributed to the preservation of the Lahore Fort.

**Sea View Beach, Karachi:** Together with the Clifton Cantonment Board Karachi, we cleaned up the Sea View Beach.

During these drives, our staff, local authorities, and members of the public worked together to remove non-disposable and environmentally hazardous waste. These initiatives demonstrate our commitment to environmental stewardship and our contribution to a cleaner and greener Pakistan.

### Deosai National Park, Gilgit Baltistan



## Lahore Fort



## Sea View Beach, Karachi



## Waste Disposal Management



In order to facilitate the local authorities in their efforts for sustainable waste disposal, the Bank provided two waste collection vehicles to Welfare Association Babri Banda, Kohat.



## Sustainable Construction Initiatives

ABL is committed to sustainable construction practices in developing its infrastructure. By integrating green building standards and eco-friendly materials, The Bank aims to minimize its environmental impact, enhance energy efficiency, and create healthier and spaces for its employees and customers. The Bank's commitment to sustainable design reflects our dedication to corporate social responsibility and long-term sustainability.

ABL is proud to announce the construction of a new state-of-the-art high-rise building in Upper Mall, Lahore. This landmark project exemplifies our commitment to sustainable development and features cutting-edge green technologies and eco-friendly materials. Designed to achieve Leadership in Energy and Environmental Design (LEED) certification, the building will set a new standard for energy efficiency and environmental performance in Pakistan. Upon

completion, this structure will serve as a testament to ABL's dedication to innovation, sustainability, and providing a world-class banking environment for our clients and employees.

We are also in the process of acquiring EDGE (Excellence in Design for Greater Efficiencies) green building certification for two of our key buildings: the Management Development Centers (MDCs) in Lahore and Multan.

These certifications demonstrate ABL's dedication to developing eco-friendly infrastructures, in line with its broader corporate sustainability goals.

## Sustainable IT Operations

The Bank has implemented several measures to reduce emissions from its IT operations. These efforts have led to substantial reductions in energy consumption, operational costs, and carbon footprint, contributing to a more sustainable and environmentally friendly planet.

### Energy-efficient Infrastructure

To enhance energy efficiency in our data centers and IT infrastructure, Allied Bank has implemented several initiatives. We have installed energy-efficient cooling systems, including hot/cold aisle containment and advanced air conditioning units.

Additionally, we have utilized energy-efficient servers, storage devices, and networking equipment that meet or exceed industry standards like Energy Star or EPEAT.

By consolidating servers and storage through virtualization and cloud computing, we have reduced the number of physical servers and associated energy consumption. These measures contribute to our overall goal of minimizing our environmental impact and optimizing operational efficiency.

### Improved Utilization and Virtualization

To optimize the efficiency and utilization of our IT systems, ABL has implemented a strategic approach. Data center consolidation, which involves virtualization and more efficient use of physical servers and storage resources, is a key component of this strategy. Virtualization enables multiple workloads to run concurrently on a single physical server, reducing the overall number of servers required and improving resource utilization.

By increasing the utilization rates of our servers and storage systems, we can reduce the number of resources required to handle the same workload,



leading to lower energy consumption and reduced carbon emissions.

### Efficient Power Management

To further optimize energy efficiency, we have implemented intelligent power management systems that dynamically adjust power consumption based on workload requirements. Additionally, we have established server decommissioning processes to retire and replace outdated, inefficient equipment. By enabling power management features and sleep modes on PCs and workstations, we have reduced energy consumption and minimized our carbon footprint.

### Reduced Paper Consumption

ABL has implemented various strategies to reduce paper consumption across the organization. We have automated processes, such as implementing Bit-by-Bit Electronic Journals on ATMs to eliminate the need for paper stationery. Additionally, initiatives like Account e-statements, Issue Logging Systems (ILS), and Business Process Management (BPM) systems have further contributed to reducing our carbon footprint by minimizing paper usage.

### Monitoring and Optimization

To ensure ongoing energy efficiency and identify opportunities for improvement, ABL conducts regular energy audits and assessments. These evaluations help us identify areas where we can optimize energy consumption and reduce our environmental impact.

### Energy-efficient Hardware

To further reduce our energy consumption, we have replaced older PCs and workstations with newer models that meet Energy Star standards. These modern devices incorporate lower-power components, more efficient power supplies, and advanced power

management features, resulting in reduced energy consumption and carbon emissions. This upgrade has contributed to our overall efforts to minimize our environmental impact and optimize operational efficiency.

### Employee Awareness

Educating employees about energy-efficient practices, such as turning off devices when not in use, has significantly reduced energy consumption and carbon emissions.

### Reduced Physical Footprint

By consolidating multiple data centers into fewer facilities, the Bank has reduced its overall physical footprint, which translates to lower energy consumption for lighting, HVAC (heating, ventilation, and air conditioning), and other facility-related systems.



# Green Facilitation/Financing

## Green Financing

Aligned with the growing emphasis on environmental sustainability, ABL has been actively directing its financing towards green projects that address environmental hazards. Our green financing solutions have facilitated borrowers in their transition to sustainable energy sources.

In support of the State Bank of Pakistan's Green Banking initiative, we have provided financing facilities worth over PKR 11 million from FY2020 to FY2023.

Our green credit portfolio encompasses both SBP refinancing and ABL bilateral facilities for a variety of sustainable projects, including solar, wind, hydro, biomass, waste heat recovery, air improvement equipment, and effluent treatment plants. To further promote renewable energy adoption, we have developed specialized financing products such as Allied Solar System Finance (Conventional mode) and Allied Aitebar Solar System Finance (Islamic mode).



## Agriculture Financing



## Sustainable Consumer Products

The Bank has introduced specialized financing products for both conventional and Islamic customers, catering to the needs of low and middle-income groups

- Electric Vehicle (EV) Bike Financing: This product supports the adoption of electric vehicles, contributing to reduced carbon emissions
- Pink Scooty Financing: Designed to empower women, this gender-inclusive product offers accessible and affordable financing options for transportation, reducing their dependence on public transport

These sustainable products align with our commitment to environmental stewardship and social responsibility







# Social

# Empowering our Workforce

## Human Rights Policy of ABL

- Human rights are inherent to all individuals
- No discrimination based on Gender, Race, Ethnicity, Language, Religion or any other status

## Human Resource Policy

- Equal Opportunity Employer

## Anti-Harassment Policy

- To promote a harmonized gender sensitive work environment
- To create a culture based on social, moral, and ethical values
- Making our workplace a dignified environment for both men and women
- Prompt handling of inappropriate behavior
- A dedicated Anti-Harassment Committee to entertain and investigate the complaints of harassment

## Zero Tolerance to Workplace Violence

- Making threats, exhibiting threatening behavior, displaying arms or ammunition, using abusive language, or engaging in violent acts is strictly prohibited
- Ensuring that the work environment is free from violence
- Provide a safe and healthy workplace for our employees
- Create an atmosphere of mutual respect and understanding
- Maintaining high standards of professionalism and corporate culture

## Grievance Handling Mechanism

- Redress genuine grievances of employees
- Ensure that all employees are treated fairly and without any bias
- Redressing incidents of violence and harassment
- Establishment of a Grievance Resolving Authority (GRA).
- Availability of a forum for filing an appeal against the decision of the GRA

## Internship Program

- 6-8 weeks of a structured internship program for students across Pakistan

## Child & Forced Labor Policy

- No hiring of minors and preventing forced labor in any capacity

## Person with Different Abilities

- No discrimination against PWD
- Comprehensive training for all bank employees to be empathetic and understanding while interacting with PWD
- A specially designed 8 week long internship program for PWD. This internship has the following features:
  1. Work Experience and Skill Development.
  2. Exposure to banking operations customer service, legal affairs, and digital banking
  3. Mentorship from experienced bank employees
  4. Certificate and performance feedback upon completion
  5. Opportunity of permanent employment for high-performing interns

## Recruitment Strategy

- Transparency, meritocracy, fairness, diversity, inclusion, and equal opportunities
- Hiring of ethically thorough professionals
- Evaluation based on integrity, skills, qualifications, potential contribution, and due diligence

## Batch Recruitment

- Management Trainee Officers (MTOs) – General Banking
- Management Trainee Auditors (MTAs)
- Management Trainee Information Technology Specialists (MTITs)
- Risk Management Trainee Associates (RMTAs)
- Management Trainee Officers – Compliance
- Female Tellers

### Career Path Development

- Specialized career paths for Management Trainees, Tellers, CSOs and BDOs
- Structured framework for growth within the organization
- Long-term talent development through continuous training and development
- Enhanced employee satisfaction and retention

### Stakeholder Engagement Process

- A robust talent acquisition strategy.
- Collaboration with reputable educational institutions
- Participation in job fairs and campus recruitment drives
- Bridging the gap between academia and banking industry
- Providing platforms for graduates to be prepared for work environment

### Succession Planning

- Existence of bank's Internal Center for Assessment, Research and Employee's Evaluation (CARE) department
- Transparency, meritocracy, and objectivity in recruitment, succession planning, leadership planning, and recognition of employees
- Cross functional exposures at all mid and senior level positions

### Collective Bargaining

- Collective Bargaining Agent (CBA) is representing the workmen cadre employed in the bank as per law







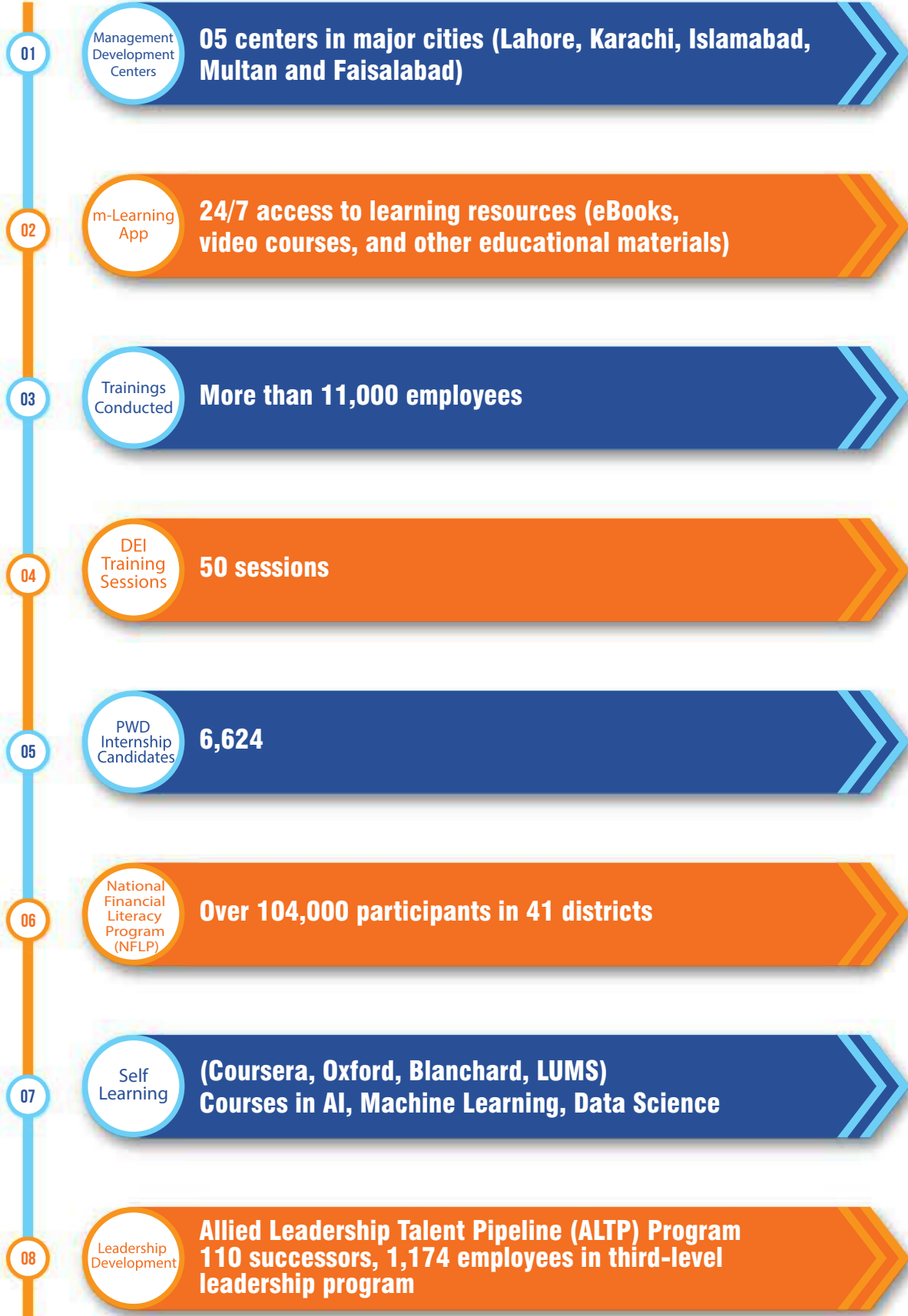
## Employee Recognition Program

To foster a culture of recognition and reward, ABL has implemented an Employee Recognition Program. This initiative aims to acknowledge and honor employees who contribute significantly to the organization's growth and success. Through this program, employees from all departments are eligible to receive the prestigious titles of "Employee of the Year" and "Employee of the Quarter."

The Bank arranged a memorable Annual Awards event in Lahore, bringing together award winners from across Pakistan and senior management. The three-day event featured a variety of team-building activities, including a movie screening, a visit to the Wagah Border Flag Ceremony, an exploration of the historic Walled City and Lahore Fort through "History by Night," and multiple corporate lunches and dinners. The highlight of the event was the Grand Award ceremony, where the Bank's top performers from all regions were recognized by the CEO and senior leadership.



## Training & Development (T&D) Key Facts and Figures 2023





## Training & Development Collaborations



## Diversity, Equity and Inclusion (DEI)

### Human Resource Diversity

- ABL recognizes role of diverse human resource in achieving its long-term goals
- The hiring of female employees is encouraged in fresh as well as lateral hirings

### Dedicated Female Recruitment

- Female Inclusion Program
- Dedicated 'Khanum Tellers' batches

### Creating a Gender Balanced Organization

- Dedicated team of "Women Champions"
- Groomed to assist and support female customers
- Special training programs to improve customer awareness

### Gender Equality

- ABL is an equal opportunity employer to help women achieve their goals
- ABL promotes the female employee inclusion
- Efforts to narrow down the gender gap
- Efforts to establish a conducive and harmonized gender sensitive work environment

### Gender Pay Ratio

- Median male compensation to median female compensation ratio 1.17:1

## Key Facts and Figures as of December 2023

	Male	Female	Female Ratio
Total enterprise headcount held by men and women	9,794	2,734	21.8%
Entry and middle level positions held by men and women	9,011	2,500	21.7%
Senior and executive level positions held by men and women	783	234	23%
Women and men promoted during the year	975	178	15.4%

## Gender Mainstreaming Policy

In alignment with the State Bank of Pakistan's guidelines, we have implemented a Gender Mainstreaming Policy that aims to enhance women's access to financial services. Through this policy, we are working to create a more inclusive and equitable financial landscape for women in Pakistan.

### Women Centric Services

- Liability products (Khanum Saving Account, Khanum Current Account, Khanum Asaan Current Account, Khanum Asaan Savings Account)
- SME Financing
- Digital Accounts
- Special Discounts on locker facility
- Exclusive Debit Cards with up to 50% shopping discounts on various merchants across the country

- Preferred and Discounted Consumer Financing Facilities
- 24/7 free internet banking

### Women Exclusive Branches

ABL has introduced exclusive women branches (07 Branches in operation), which are primarily aimed at:

- Fostering home-grown talents
- Empowering female entrepreneurs to take advantage of our tailor-made proposition for their personal and business banking needs.
- They are managed by female staff only



### Financing to Females

Segment	No. of Customers	O/S Volume (PKR Million)
SE & ME	54	420
Consumer	764	644
Agriculture	42	34
<b>Total</b>	<b>860</b>	<b>1,098</b>

### Trainings and Capacity Building

Mode of training	Classroom	Online	Total
Sessions conducted	107	428	535

### Women Champions

To support and guide the women customers, Women Champions have been placed in branches.

Total Branches/Touch Points	Women Champions	%
1,483	895	60%

### Financial Literacy and Mass Awareness

No. of Awareness Sessions	No. of Female Participants
712	8,384

## Employees' Facilities

### Subsidized House Building and Vehicle Finance

- Increasing the buying power
- Bringing convenience in the life
- Catering basic needs of living and transportation

### Pink Scooty Loan for female staff only

- Augmenting green solutions
- Reducing carbon footprint

### Education Assistance

- Up skilling the knowledge
- Financial support through Education Assistance Program
- Extensive learning and development opportunities
- Internal and external training courses

### Provident Fund

- Contributory Provident Fund Scheme
- Equivalent amount is contributed by Bank

### Gratuity

- Gratuity Fund for regular employees

### Insurance

- Group Insurance coverage against loss of life, house building finance
- Double coverage for loss of life in the eventuality of accidental death

### Hajj Facilitation

- Sponsorship for Hajj Performance for Clerical, non-clerical and officer level employees
- Annually through computerized ballot

## Employee's Wellness

We have introduced holistic wellness programs that include regular seminars and sessions conducted by renowned experts. These programs cover a wide range of health topics, empowering our workforce to perform at their best. These initiatives are designed to improve overall well-being of our employees.

### Training Session on Mindfulness

The bank organized 'Yoga for Self Care' sessions for stress management for employees.



### Pink Ribbon Day





In collaboration with the Shaukat Khanum Memorial Cancer Hospital (SKMCH), ABL observed Pink Ribbon Day by organizing a breast cancer awareness seminar for female staff members at our Lahore headquarters.

During the seminar, renowned doctors from SKMCH shared crucial information about breast cancer, including symptoms, signs, and treatment options. The session was well-received by our female colleagues, who found it informative and valuable in raising awareness about this important health issue.

### Blue Ribbon Day

To support the physical and mental well-being of our workforce, we have partnered with reputable organizations to offer various health initiatives.

As part of our commitment to men's health, we organized "Blue Ribbon Day" to raise awareness about prostate cancer and dispel common misconceptions. During the event, experts shared essential information about prostate cancer and emphasized the importance



of preventive measures to reduce the risk of related diseases.

### Daycare Center

To create a supportive and inclusive environment for our employees, particularly female staff, ABL has established a daycare center in Lahore. This facility provides a safe and nurturing space for children, enabling working parents to balance their professional and personal responsibilities. By investing in the well-being of our employees, we aim to foster a positive and productive work environment.



Our daycare center is dedicated to providing a safe, warm, and loving environment where children can thrive and develop physically, emotionally, creatively, intellectually, and socially. We believe in treating each child as a unique individual, fostering their self-confidence and self-esteem by encouraging self-expression in various ways. Our goal is to make children's time at the daycare center a positive and enriching experience for both the children and our staff.

### ABL Panel Hospitals

To ensure our employees have access to efficient medical care, ABL has partnered with over one hundred hospitals across Pakistan. We continuously expand our network by adding new hospitals regularly, providing employees with a wider range of options. This expansion not only leads to proportionate medical

expenses but also offers employees greater peace of mind. Convenient access to quality healthcare

### Collaboration with Laboratories

ABL is dedicated to providing its employees and their families with access to premier healthcare services. We have partnered with renowned healthcare institutions, Chughtai Lab and Islamabad Diagnostic Center (IDC), to offer personalized care and the latest diagnostic and treatment facilities.

These collaborations provide our employees with discounted rates for a wide range of diagnostic services, including blood tests, screenings, and other medical examinations. By making essential healthcare more accessible and affordable, we aim to contribute to the overall health and well-being of our employees and their families.

### Preventive Care

During the COVID-19 pandemic, we prioritized the safety and well-being of our employees. They were provided essential support, including free COVID testing, vaccinations, and medical treatment. By promoting preventive care and early detection, we demonstrated our commitment to the health and happiness of our workforce.

### Occupational Health and Safety

ABL has always placed the safety of its employees and customers at the forefront of its priorities. We have not only provided the necessary safety equipment for fire detection and emergency response but have also invested in comprehensive staff training and deployed professional firefighters at our main buildings. This commitment to safety ensures a secure and protected environment for all.

### Evacuation and Firefighting Drills

As part of our Health, Safety, and Environment (HSE) initiatives, Allied Bank conducts regular evacuation and firefighting drills. These drills include training on evacuation procedures, first aid, and firefighting techniques. Prior to each drill, our HSE staff provides comprehensive training to the emergency response team.

In 2023, we successfully conducted evacuation and firefighting drills at 30 major Allied Bank buildings, overseen by the respective Chief Wardens. These drills are essential for ensuring our employees' preparedness and minimizing risks in emergency situations.



### During our fire drills, employees learned valuable safety techniques such as:

- Evacuating the building safely during an emergency, without panicking
- To make everyone familiar with the exit routes of our buildings so that they are able to evacuate in the least possible time
- To inform our employees of their responsibilities in times of emergency
- Check the status of our emergency equipment so that they are ready to use in times of need
- To evaluate and determine the efficiency of our emergency response teams (Wardens, firefighters, and first aiders) of our buildings
- To be able to identify and rectify grey areas which causes hindrance during an emergency situation



- Update and improve the defined procedures and equipment

### Zero Injury, Zero Fatality

Due to our proactive approach towards occupational health and safety, ABL has successfully achieved a zero-injury and zero-fatality record in 2023. This accomplishment is a result of our ongoing efforts, including regular in-house safety training conducted by our HSE unit at major buildings and the issuance of safety guidelines. Our commitment to employee safety has created a secure and healthy work environment.

### Fitness Center/Gymnasium

ABL has established a gymnasium facility for its male and female employees at Lahore. Benefits of this gymnasium facility include:

- Improved Health and Wellness: Regular exercise has proven to enhance physical health, mental well-



being, and overall productivity. By utilizing the gymnasium, employees can prioritize their health and effectively manage stress.

- Team Building Opportunities: The gymnasium serves as a platform for fostering relationships and teamwork among colleagues. Employees can engage in group workouts and motivate and support each other in achieving their fitness goals.
- Enhanced Employee Engagement and Retention: Investing in employee wellness initiatives demonstrates ABL's commitment to their holistic development, leading to increased job satisfaction, motivation, and retention.
- Positive Organizational Culture: By promoting a culture of wellness, we reinforce our values of care and support for our employees, which in turn contributes to a positive work environment and organizational reputation.

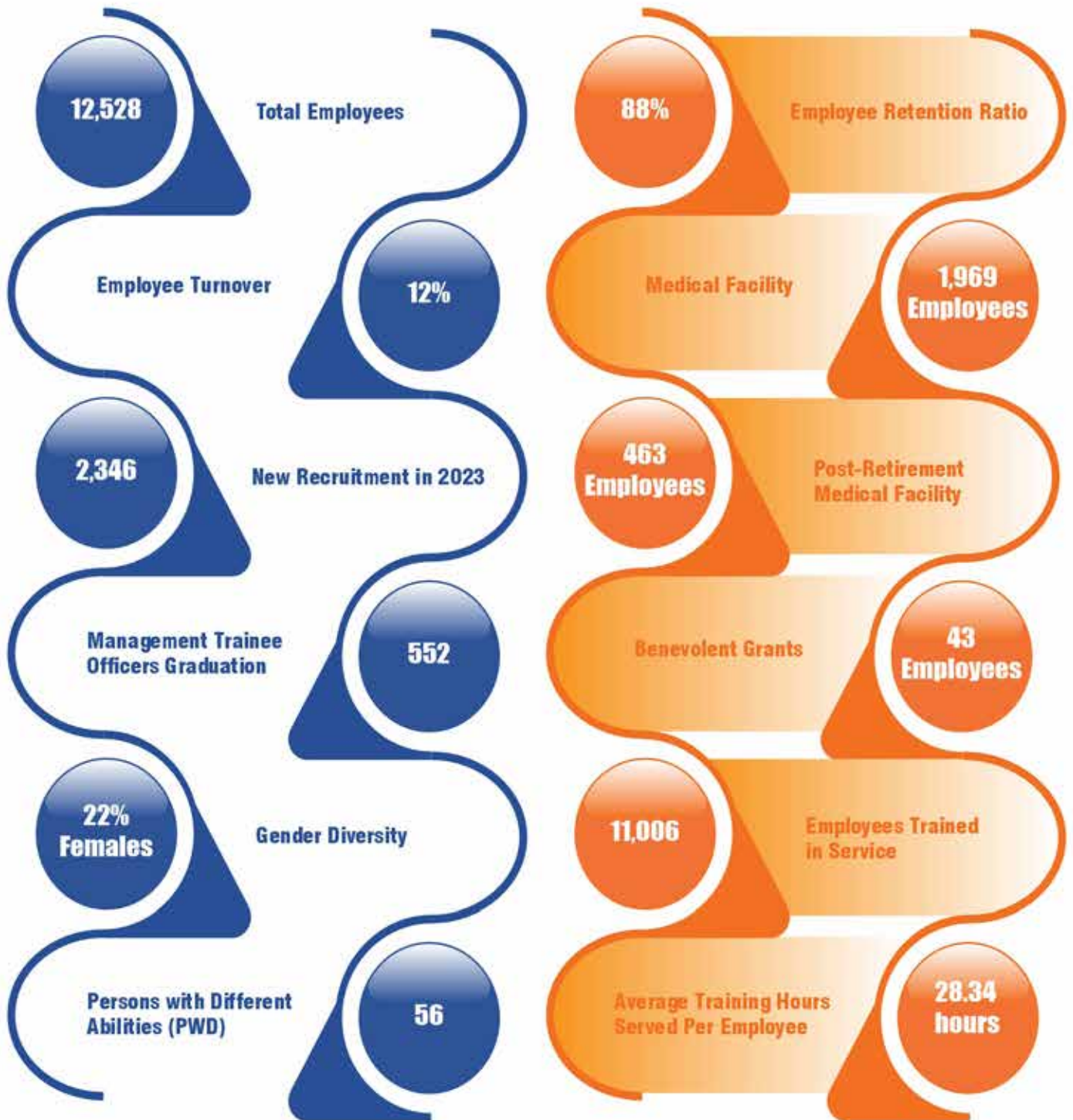
### Housekeeping

ABL is committed to maintaining a clean and healthy working environment for our employees. We invest in the best janitorial services across our network to ensure a hygienic and well-maintained workplace.

Recognizing the significant impact of waste on employee health and organizational aesthetics, we prioritize waste reduction, reuse, and recycling. These initiatives are essential for environmental improvement and contribute to a more productive workplace.



# Employee Empowerment and Facilities



# Customer Management

We are committed to delivering exceptional customer service that exceeds expectations. We strive to understand our customers' needs, innovate within the industry, and continually improve our service delivery. By setting high standards, we aim to differentiate ourselves and achieve excellence in customer service, aligning with our organizational goals.

Customer service is one of the Bank's most crucial tools for enhancing market share. It involves promptly and thoroughly responding to customer needs and addressing their feedback through various communication channels.

## Promoting Equality

ABL ensures compliance with the following in the delivery of its products and services:

- Commitment to providing banking services without discrimination in terms of access, quality, or terms and conditions. We ensure that all customers are treated fairly and equitably.
- If we are unable to provide a particular product or service to a customer, we will provide clear and reasonable explanations, including eligibility criteria or other relevant factors. This transparency helps customers understand the reasons for any limitations and supports our commitment to fair and inclusive banking practices.

## Customer Relationship Management (CRM)

ABL has won the Best Customer Relationship Management (CRM) Technology award at the Pakistan Digital Awards 2024! This prestigious recognition highlights our commitment to delivering exceptional



customer experiences through innovative technology solutions.

By leveraging CRM tools and insights, such as the Opportunity & Leads module and Campaigns module, the Bank is able to minimize resource waste, optimize processes, tailor offerings to meet evolving customer needs, and drive sustainable business growth.

To enhance our ability to provide personalized service and manage customer profiles effectively, ABL has implemented Oracle Siebel, a state-of-the-art Customer Relationship Management (CRM) software.

## Financial Consumer Protection Framework

ABL has developed a comprehensive Financial Consumer Protection Framework that aligns with evolving regulatory requirements. We ensure that all communications, whether through our corporate website, Allied Phone Banking, social media, SMS, notice boards, branches, or Key Fact Statements (KFS), are clear, simple, accurate, and free from misleading information. These communications include details of any potential risks to consumers, as outlined in relevant SBP circulars and guidelines.

Our framework clearly outlines the rights and responsibilities of both the Bank and our customers,



including provisions for terminating the banking relationship. Additionally, we provide transparent information regarding fees, pricing, and potential penalties that customers may incur.

This framework includes detailed guidelines for promoting consumer awareness and financial literacy. We are committed to treating all customers in a non-discriminatory manner and ensuring that our compliance program is grounded in strong ethical principles. These principles are fully embraced and endorsed by our board and senior management, in alignment with regulatory guidelines.

By implementing these measures, ABL demonstrates its unwavering dedication to protecting consumer rights, promoting financial literacy, and maintaining a high standard of ethical conduct.

## Confidentiality & Privacy of Consumer Information

ABL takes necessary measures to maintain secrecy and not to disclose financial information, except in the following circumstances:

- We are obligated to disclose customer information when required by law
- Upon receipt of a notice from regulatory authorities, we may be required to disclose specific customer account information
- In certain cases, disclosing information may be necessary to protect the Bank's interests
- We may disclose customer information if authorized by the customer
- Information may be shared with vendors, service providers, and third parties under specific arrangements approved by the Bank

## Deposit Protection Insurance

The Bank has implemented the Deposit Protection Mechanism introduced by the SBP under the Deposit Protection Corporation (DPC). The Bank has spent Rs. 1,528 million towards deposit protection insurance, complying with the SBP initiative to provide protection to small depositors across the banking industry.

## Complaint Management System

Complaint Management System (CMS) underscores our

commitment to continuous improvement and customer satisfaction. By providing a structured framework for addressing and resolving customer concerns, we demonstrate our dedication to transparency, accountability, and customer-centricity. In compliance with regulatory guidelines, we have established detailed complaint handling procedures and grievance resolution mechanisms that are strictly adhered to.

A dedicated Centralized Complaint Management Department (CMD) allows us to effectively receive, investigate, and resolve complaints and inquiries from both ABL customers and non-customers. The CMD's primary objective is to enhance customer experience and confidence by providing prompt responses, high-quality resolutions, and greater overall satisfaction.

## Sources / Channels of Customer Complaints

Customers can approach the Complaint Management Division through the following mediums:

- Allied Phone Banking
- Directly E-mail at:  
[complaint.management@abl.com](mailto:complaint.management@abl.com)
- Web based complaint form:  
[www.abl.com/contact-us/complaints/](http://www.abl.com/contact-us/complaints/)
- Through letters to Complaint Management Department
- ABL Branches, Branch Drop Boxes
- State Bank of Pakistan
- Banking Mohtasib Pakistan
- Other Stakeholders e.g., Govt. Offices/ Agencies/ Institutions, etc
- Digital Signage

We also inform our customers about their right to approach the Banking Mohtasib Pakistan (BMP) for external dispute resolution and provide the necessary contact information.

## Senior Citizens, Women and Persons with Different Abilities

ABL is committed to providing special assistance and care to vulnerable customer segments, including pensioners, senior citizens, persons with disabilities

(PWDs), and women.

wherever possible. This may include out-of-queue assistance or ramps for wheelchair users at branch entrances. By prioritizing the needs of these groups, we aim to create a more inclusive and accessible banking experience.

## Consumer Awareness and Financial Literacy

To enhance consumer awareness of our products, the Bank employs the following strategies:

- Consumers are informed about the specific nature of contracts, agreements, products, and services, including associated benefits, risks, and financial terms.
- For foreign exchange transactions, consumers are provided with clear information on exchange rates and commission charges.
- Credit cardholders are informed about their credit limits, markup rates, minimum monthly repayments, fees, charges, and insurance coverage.
- Consumers are educated on their responsibilities regarding the loss, theft, or misuse of payment instruments and how to report such incidents.
- For Islamic banking products, consumers are informed about Shariah compliance considerations.
- When dealing with third-party products, the Bank clarifies its role as a distributor and informs consumers about the product's nature, expected returns, cooling-off periods, premature encashment procedures, and complaint handling processes.
- The Bank ensures that its business with third-party products complies with applicable SBP regulations and the Bank's Fair Trade Commission (FTC) objectives.
- Consumers can easily search for products and services that meet their needs through various channels, including branch staff and the Bank's website.
- The Bank has implemented mechanisms to inform individuals with disabilities about the availability of

nearby branches with ramps and maintains an updated list of accessible branch locations on its website.

- The Bank actively promotes awareness of its accessibility initiatives through various channels, including notice boards, print and electronic media, and websites.
- The consumers are able to search products / services according to their need through different channels such as but not limited to branch staff and the Bank's website.

## Sources for Product / Service Information

- Corporate website
- Allied Phone Banking (Help Line)
- Print and electronic media advertisements
- Social media
- ATM screens
- SMS / text message
- Notice boards or digital signage at branches
- Staff at branches
- Key Fact Statement for Deposit and Consumer Products

## Product Information, Literature and Forms

ABL takes necessary steps to ensure that the Bank's literature is always clear, comprehensive, and understandable. The following measures are taken to ensure our customers are provided accurate information:

- Customers have access to all relevant product information at any time, both at our branches (conventional and Islamic) and on our website.
- Customers have sufficient time to review, understand, and ask questions about product information and forms before making a decision.
- We make every effort to inform all customers of any changes or amendments to our products and services.

# CSR



The Bank's Corporate Social Responsibility (CSR) vision is "To be a socially responsible corporate citizen," aligning with the Bank's mission "To play a proactive role in contributing to society." Through its CSR initiatives, the Bank voluntarily engages in addressing community issues related to social and environmental concerns.

policy that aligns our business objectives with our role as a responsible corporate citizen. By adopting globally recognized ecological and social practices, we ensure that our CSR initiatives are aligned with the Bank's strategic plan and contribute to achieving the Sustainable Development Goals (SDGs).

## CSR Policy

The Bank's CSR activities are guided by a comprehensive



## CSR Activities

Community service is a cornerstone of ABL's Corporate Social Responsibility (CSR) initiatives. We prioritize education and health sectors as key areas for our philanthropic contributions. Through regular donations and support, we aim to make a positive impact on these essential sectors and improve the well-being of our communities.

## Charity/Donations

In 2023, ABL contributed Rs. 140 million to support development initiatives in health, education, sports, and general welfare, with a particular focus on serving underprivileged communities.





## Education

In 2023, Allied Bank contributed Rs. 55 million to support educational initiatives, focusing on underprivileged communities. Significant contributions included:



**Infrastructure Development:** Funding the construction of a hostel at Lahore University of Management Sciences (LUMS) and a school building at TNF Akhuwat Boarding School in Faisalabad.

**School Operations:** Sponsoring the operations of The Citizens Foundation – Allied Bank Campus School in Quetta and the Million Smiles Foundation – Allied Bank Campus School in Mardan, providing quality education to hundreds of children.

**Student Scholarships:** Supporting the education of five underprivileged students at the Institute of Business Administration (IBA) University, Sukkur.

**Technology Donations:** Recognizing the importance of information technology, Allied Bank donated personal computers and other equipment to educational institutions, particularly benefiting underprivileged communities. In 2023, we supported Hunza Public School & Degree College and The Citizens Foundation with donations of personal computers, firewalls, KVMs, LCD/LED screens, and load balancers.

## Science & Art Research and Awareness

Recognizing the significance of science education and supports initiatives that foster a love of learning and discovery. We sponsored the Lahore Science Mela, an annual event organized by LUMS and the Khwarizmi Science Society (KSS), at the Crescent Model Higher

Secondary School. This event featured engaging science exhibits, experiments, games, and demonstrations for children and students of all ages.

ABL also supported the annual LUMS Model United Nations (LUMUN) Conference, providing a platform for young people from diverse backgrounds to engage in discussions on pressing global issues. By supporting



these initiatives, Allied Bank is committed to promoting education and fostering critical thinking skills among the younger generation.

Additionally, we sponsored the "Globus Grandeur Digenite" Mega Event at Beaconhouse Liberty Lahore Campus. This event brought together students from various educational institutions in Lahore to participate in educational activities and develop interpersonal



skills. Lastly, we sponsored the Frontiers of Information Technology (FIT'23) Conference and Mega IT Expo 2023, providing a platform for technology enthusiasts and professionals to explore the latest advancements in the field.

These initiatives demonstrate our commitment to supporting education and fostering intellectual growth among the younger generation.

### Health



ABL acknowledges the pressing challenges facing the healthcare sector and actively supports initiatives to improve healthcare infrastructure through contributions to renowned healthcare providers. For this reason, the bank has contributed to various



healthcare facilities across the country, focusing on critical areas such as cancer treatment, arthritis therapy, thalassemia care, impaired vision, and mental health, particularly for underprivileged populations.

Furthermore, our contributions have included financial support to reputable organizations like the Layton Rahmatulla Benevolent Trust (LRBT), Aziz Jehan Begum Trust for the Blind, The Liver Foundation Trust, the Kidney Centre Post Graduate Training Institute Pakistan, and The Patients Behbud Society. These funds have

been utilized to provide life-saving treatment to individuals who cannot afford medical expenses.

### Sports



ABL has been a dedicated supporter of sports and athletics in Pakistan. We sponsored the Pakistan Women's Beach Volleyball team for their historic participation in the 2023 CAZA Beach Volleyball Tournament in Bangladesh.

In addition, we supported the 4-day student Olympiad organized by NUST EME in 2023, which featured not only sports competitions but also social events like a talent hunt, carnival, qawwali night, and a concert. To promote healthy and active lifestyles, we have contributed to the Chenab Club Sports Festival. Furthermore, ABL also sponsored Pakistan's team at the Special Olympics World Summer Games, held in Berlin, Germany, in 2023.

These initiatives demonstrate our commitment to

supporting athletes and promoting sportsmanship within our communities.



### General Welfare

ABL contributed to charitable organizations including Saylani Welfare International Trust, Abdul Sattar Edhi Foundation, Fatimid Foundation, Anjuman Himayat-i-Islam, Jamia Ashrafia Lahore, and The Care Foundation.

### Awareness Session in collaboration with National Forum of Women with Disability



### Farmer's Financial Literacy Programs



### Khanum Account Awareness Sessions



### Sponsorship to Sadpara Mountaineering Club, Skardu.



Gilgit-Baltistan, home to five of the world's 14 eight-thousander peaks including K-2, is a renowned destination for local and foreign climbers. The Skardu region has a rich history of producing legendary mountaineers who have brought international acclaim to Pakistan.

Recognizing the need for a certified training institute in the region, Allied Bank has launched a pioneering initiative to sponsor the Sadpara Mountaineering Club, Skardu (affiliated with the National University of Technology). This institute, established in collaboration with the Pakistan Army, will train aspiring mountaineers from Skardu and across Pakistan, fostering their passion for exploration and adventure.

With ABL's sponsorship, the institute will procure essential resources to conduct training programs led by experienced climbing instructors. By nurturing local talent, this initiative aims to develop certified mountaineers who can replace foreign instructors, contributing to the growth of the mountaineering industry in Pakistan.

### Training ICAP Students

ABL is an approved Training Organization outside Practice (TOoP) by the Institute of Chartered Accountants of Pakistan (ICAP). As part of our Corporate Social Responsibility (CSR) initiatives, we provide training to CA students in accordance with ICAP's training regulations.

Our commitment to developing future chartered accountants has resulted in a high success rate among our trainees. In recognition of our efforts, ICAP has awarded Allied Bank for training and qualifying a significant number of CA professionals. Additionally, we have offered permanent employment to numerous ICAP trainees upon successful completion of their internships and meeting the required job criteria.

### Allied Family Festivals

To enhance workplace culture and foster a sense of community, ABL has organized four mega Family Festivals in Karachi, Multan, Islamabad, and Lahore. These annual events have become highly anticipated occasions for our employees and their families.

In 2023, the overwhelming participation and positive feedback from our staff and their families demonstrated



the strong bond they share with the organization and its leadership. The events provided a valuable opportunity for employees to connect with colleagues and their families in a relaxed and enjoyable setting.

**Sponsoring Faiz Festival**

ABL is a proud sponsor of the Faiz Festival, an annual cultural event honoring the legacy of renowned Urdu poet Faiz Ahmed Faiz. By contributing Rs. 2 million, we supported the festival's efforts to promote Urdu literature and commemorate Faiz's contributions to social and political activism.

**Sponsoring Lahore Literary Festival**

The Bank sponsored the 10th anniversary edition of the Lahore Literary Festival, held at the Alhambra Arts Centre. This prestigious event brings together renowned thinkers from Pakistan and around the world to engage in thought-provoking discussions and share their insights. The three-day festival celebrates literature, culture, and intellectual discourse, fostering a platform for dialogue and inspiration.



**National Working Women's Day**

ABL commemorated National Working Women's Day to recognize the efforts and challenges faced by working women. A special awareness session was organized to highlight the valuable contributions made by women in



the workplace.

Through personal stories and experiences shared by distinguished speakers, attendees gained valuable insights and inspiration. ABL expressed its gratitude to all the remarkable women at the Bank for their invaluable contributions to the organization's success.

## International Women's Day

ABL hosted a vibrant celebration to commemorate International Women's Day. The event showcased our dedication to gender equality and empowerment, honoring the achievements and contributions of women in our organization.



The festivities highlighted the achievements and leadership of women at ABL, fostering a diverse and inclusive workplace culture. Through discussions and recognition of trailblazing women, we reaffirmed our commitment to advancing gender equality initiatives. By empowering women to thrive and inspire others, we are working towards a more equitable and inclusive workplace.

## Globalizing Women Entrepreneurship

The Bank sponsored Globalizing Women Entrepreneurs to demonstrate our commitment to supporting women entrepreneurs and empowering them to succeed on a global scale.



## Blood Donation Drive

ABL demonstrated its commitment to social responsibility by organizing a voluntary blood donation camp in collaboration with the Shaukat Khanum Memorial Cancer Hospital & Research Centre (SKMCH & RC). The event was held at our Lahore headquarters to support cancer patients in need.

SKMCH & RC conducted free blood screening tests for all donors, providing valuable health information. This initiative encouraged philanthropic behavior among our employees, fostering a sense of solidarity and compassion for those facing health challenges.



# CSR Highlights (2023)

## Community Services

- Education – Rs. 55 Million
- General Welfare – Rs. 48 Million
- Health Sector – Rs. 29 Million
- Sports – Rs. 8 Million

## Green Banking

- Tree Plantation Campaign – 100,293 trees/saplings
- Total Solar Power Locations – 67
- Outstanding Green Financing Amount 11,538 million
- Reduction in Electricity Consumption by 4%
- Reduction in Generator Fuel Consumption by 14%

## Employee Empowerment

- Best of the Best Company and Best Place to Work Award
- Best Bank for Diversity and Inclusion Awards
- Management Trainee Officers Graduation - 552
- Gender Diversity – 22% Females
- Trainings – 11,000+ Employees
- Medical Facility – 1,969 Employees
- Post Retirement Medical Facility – 463 Employees
- Benevolent Grants – 43 Employees

## Customer Services

- Deposit Protection – Rs. 1,528 million
- Customer Complaints Resolution: 98%
- ATM Uptime – 95%
- Electronic Queue Management Systems – 435 Branches
- National Financial Literacy Program (NFLP) Sessions – 482

## Contribution to National Exchequer

- Income & Super Tax – Rs.40,674 Million
- With Holding Tax as Agent – Rs.25,595 Million
- Federal Excise Duty and Sales Tax– Rs.1,862 Million
- Zakat Collection – Rs.384 Million

## Digital Services

- Point of Sale Acquiring Business
- Digital Touchpoints - 23
- Self Service Kiosk – 108 Branches
- Digital Self Service Branches – 14 Branches
- Information Security Awareness campaigns
- Mobile Banking Units - 5







# Governance

# Governance and Transparency

At the core of Allied Bank's governance framework is its diverse and inclusive board composition. The Board of Directors (BoD), consisting of eight members including the Chief Executive Officer, brings together a balanced mix of expertise and perspectives, with female representation ensuring diversity. The inclusion of independent directors highlights the Board's commitment to objectivity and ethical decision-making, while the combination of non-executive and executive directors enhances collaboration and strategic oversight.

The Board is dedicated to achieving the Bank's vision and goals through a holistic, integrated, consultative, and coordinated approach. To enhance governance and oversight, the Board has established five specialized committees, each with well-defined objectives, responsibilities, and tenure. These committees support the Board in key areas such as strategic planning, risk and compliance management, technology, human resources, audit, and internal control.

Transparency and accountability are cornerstones of Allied Bank's governance philosophy. The ABL Board strictly adheres to regulatory requirements, ensuring directors comply with limits on directorships and upholding a comprehensive code of conduct across the organization. Additionally, the Board proactively communicates its vision, mission, and corporate strategy to ensure alignment and clarity throughout the Bank.

The Board facilitates a robust decision-making process, ensuring that significant policies and strategic initiatives are thoroughly deliberated and aligned with stakeholder interests. The Board's commitment to transparency is evident in its remuneration policy, which is based on principles of fairness, equity, and regulatory compliance.

The Board not only approves policies but also ensures their implementation in accordance with laws and regulations. Additionally, the Board and its Committees approve and monitor the Bank's long-term and annual objectives, strategies, and business plans, overseeing that operations are conducted prudently within the framework of laws, regulations, and business ethics.

As part of their overarching stewardship responsibility, the Board and its Committees refrain from involvement in the Bank's day-to-day operations, which are the mandate of the Management.



The Chief Executive Officer (CEO) plays a crucial role in managing the Bank's day-to-day operations, ensuring that the Board-approved policies are effectively implemented and monitored. The CEO is responsible for all operational, performance, and strategic matters not expressly reserved for the Board. Additionally, the CEO provides leadership to the business and manages overall affairs within the scope of responsibilities delegated by the Board.

The Bank has established a robust internal audit function staffed by qualified and experienced professionals. These individuals possess a deep understanding of the Bank's policies and procedures, ensuring adherence to the compliance of best governance practices.

The Board of Directors plays a pivotal role in guiding Allied Bank's strategic direction and ensuring adherence to sound governance principles. Through diligent oversight and careful decision-making, the Board is committed to enhancing financial performance and fostering the Bank's long-term sustainability. By prioritizing ethical conduct and efficiency, the Board safeguards the trust of stakeholders and maintains the Bank's reputation in the financial industry.

The Board also upholds the highest standards of governance while championing sustainability and ESG principles. By cultivating a culture of transparency, accountability, and stakeholder engagement, the Board not only complies with regulatory requirements but also drives long-term value creation for shareholders and society. As the custodian of corporate stewardship, the Board sets a powerful example for the financial industry and beyond, demonstrating that governance and sustainability are inherently linked pillars of organizational success.

## Board Diversity

The Board is comprised of 8 members, including 1 female member.

## Board Committees

- Audit Committee of the Board
- Board Risk Management Committee
- Strategic Planning & Monitoring Committee
- E-Vision Committee
- Human Resource & Remuneration Committee

## Board Independence

- 3 out of total 8 board seats are occupied by independents
- Out of 5 committees, 2 committees are headed by independent directors:
  - ◆ Audit Committee of the Board
  - ◆ Human Resource & Remuneration Committee
- Each Board committee contains representation from Independent Directors
- All members of Audit Committee of Board (ACOB) are Independent Directors
- The Board has no intervention in Management Decisions
- The Chairman of the Board is from among the non-executive members

## Performance Evaluation of the Board

The ABL Board has established an effective mechanism for evaluating its Directors. The Bank utilizes an in-house evaluation system with quantitative techniques, supplemented by an external assessment conducted by an independent evaluator every three years.

## Directors' Training

The Bank arranges training for its Directors to ensure ongoing professional growth and development. In 2023, the Bank organized a seminar on "Global Megatrends and Decision-Making Calculus" for its Board of Directors. Additionally, the Board is regularly updated on changes in laws and regulations, as well as important news affecting the financial sector and the country's economic environment.

## Managing Conflict of Interest

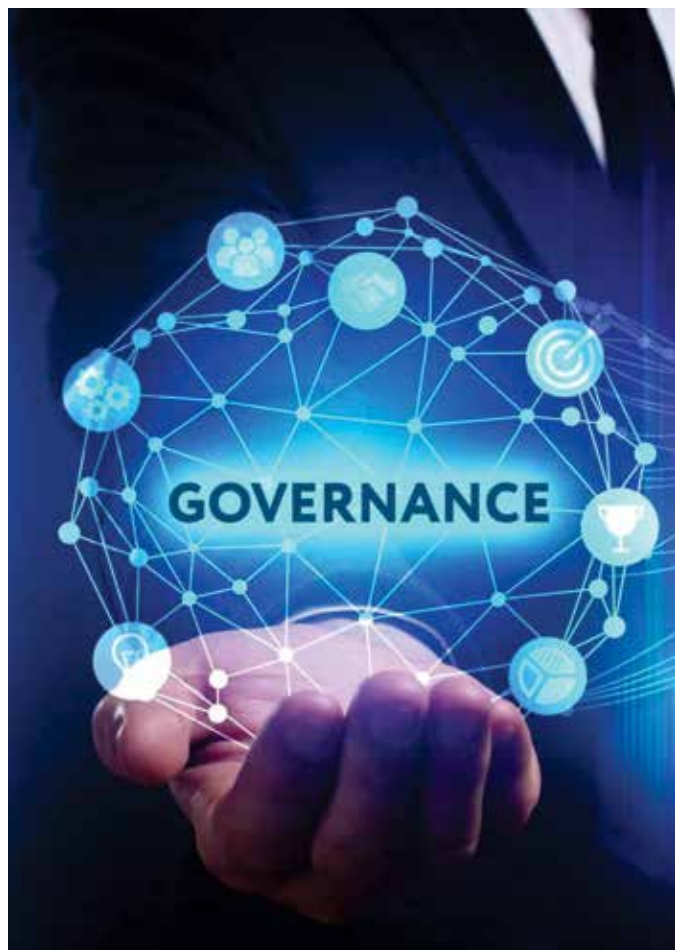
The Board of Directors is committed to adhering to defined policies and procedures and avoiding any perceived conflicts of interest. We uphold the highest standards of ethics, professional integrity, and dignity in all our interactions with stakeholders. By maintaining these principles, we ensure that Allied Bank operates with transparency and accountability.

## Corporate Governance Rating

9++ (by VIS Credit Rating Company Limited)

## Following disclosures were made by the Bank in our Annual Report 2023:

- Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
- Board Member Profile, Details of Ownership Structure, Group Companies (Subsidiary & Associated Companies)
- Guidelines for Addressing the Investors and Shareholders Grievances
- Guidelines for Addressing the Investors and Shareholders Grievances
- Steps to Encourage Minority Shareholders Participation in General Meetings
- List of Board Committees, Composition, and their Terms of References
- Number of Meetings involving Board of Directors and BOD Committees and Attendance
- Managing Conflict of Interest
- Notice of Annual General Meeting
- Financial Calendar mentioning dates for Board and Annual General Meeting
- Authorized, Paid-up Capital and Pattern & Categories of Shareholding
- Form of Proxy
- Business at last AGM



# Risk Management

## Risk Management Framework

Our Bank has implemented a comprehensive risk management framework to effectively identify and manage material risks. This framework encompasses key elements such as Risk Governance, Risk Architecture, and Risk Organization. The Board of Directors oversees the overall effectiveness of our risk management practices, ensuring that we are well-positioned to navigate potential challenges and safeguard our operations.

ABL's Risk Governance framework encompasses key elements such as risk strategy, risk culture, risk structures, risk acceptance criteria, policies and procedures, and clearly defined roles and responsibilities for stakeholders. The Board of Directors plays a pivotal role in overseeing the overall risk management framework, approving the risk strategy and policies, providing guidance for informed decision-making, and ensuring effective resource allocation. Additionally, the Board is responsible for appointing senior management personnel with the necessary expertise to manage the Bank's risk activities.

The Board Risk Management Committee (BRMC) plays a crucial role in overseeing the Bank's risk management framework. The BRMC ensures that the overall risk strategy and acceptance criteria are appropriately defined in the Strategic Plan and recommends these guidelines to the Board of Directors for approval.

To maintain a healthy asset portfolio, the BRMC monitors its quality and suggests measures to minimize problem loans. Additionally, the Committee is responsible for approving risk limits, ensuring that the Bank's exposure to risk remains within acceptable

levels. The Chief Executive Officer and Group Chiefs play a pivotal role in managing risks through their membership on various Management Committees, including the Management Committee (MANCO), Asset and Liability Committee (ALCO), Compliance Committee (CC), and Risk Management Committee (RMC).

To ensure independent oversight of risk management activities, the Bank has established an Audit Committee of the Board and an Audit & Risk Review Group. These committees provide additional layers of scrutiny and help to maintain the Bank's risk management framework.

ABL's risk architecture encompasses a comprehensive set of processes, systems, tools, and methodologies for identifying, assessing, and monitoring risks. Our risk policies and procedures are aligned with the Bank's Risk Management Strategy and Risk Acceptance Criteria and are regularly reviewed to ensure they remain relevant in the face of evolving internal and external environments.

We have also established an independent, resourceful, and effective risk management group to oversee our risk management activities. Our risk management functions encompass Corporate & Financial Institution Risk, Commercial, Small & Medium Enterprises & Consumer Risk, Enterprise Risk, Credit Administration, Information Security & Governance, and Technical Appraisal.

Through our robust risk management practices, we have achieved one of the lowest Non-Performing Loan (NPL) ratios in the industry at 1.6%. This demonstrates our commitment to responsible lending and ensures the sustainability of our loan portfolio.



## Risk Management Process



The Bank has established a comprehensive and integrated risk management framework to monitor and govern various categories of risk. We have implemented robust risk policies for all material risks faced by the Bank, including:

- Credit Policy
- Market & Liquidity Risk Policy
- Operational Risk Management Policy
- Strategic Risk Management Policy
- Information Security Policy
- Green Banking Policy
- Country Risk Management Framework
- Reputational Risk Management Framework

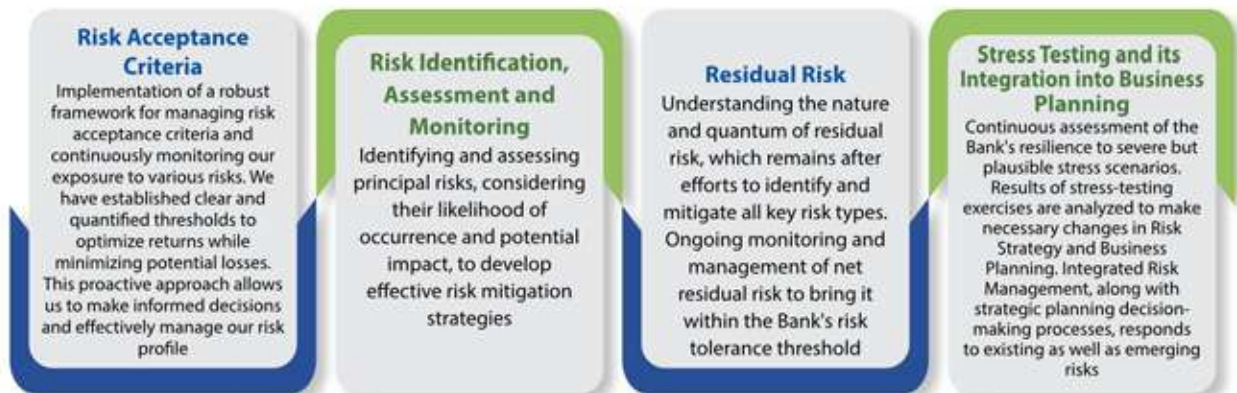
The Risk Acceptance Criteria Statement (RACS) is a fundamental component of our Risk Management Strategy. It quantifies the aggregate risk that the Bank is willing to accept across key risk types, including Credit Risk, Market & Liquidity Risk, Operational Risk, Strategic Risk, Regulatory Risk, Legal Risk, and Reputational Risk.

### Assessment of Principal Risks

The following are the principal risks being faced by the bank:

- Credit Risk
- Market Risk
- Operational Risk
- Liquidity Risk
- Capital Adequacy Risk
- Strategic Risk
- Compliance Risk
- Technology Risk
- Reputational Risk
- Information Security Risk
- Shariah Non-Compliance Risk

The Board of Directors oversees a comprehensive process to ensure that the Bank's principal risks are thoroughly assessed. This includes:



## Risk Management Practices

Risk Management is a continuous process of improvement in all the risk assessment practices. The use of the latest technology, the in-house developed Risk Management System (RAMS), provides a holistic view of risk management at the Bank level and offers detailed tools for analysis, decision-making, and monitoring. RAMS includes the Loan Origination System (LOS), an automated online credit approval system that provides a one-click solution to all necessary information requirements. Credit proposal processing in LOS brings various benefits, including a paperless environment, cost-effectiveness, transparency, time stamping, remote accessibility, and enhanced efficiency. RAMS is continuously updated and upgraded by the in-house team based on stakeholder feedback.

As part of its social responsibility, the bank has developed specific Corporate Governance benchmarks for its borrowers. The thresholds are driven by borrowers' size/sales levels, which trigger alerts when a business should graduate to an improved legal entity status, induct a minimum number of directors based on the defined sales threshold range, and improve board composition with diversity and independence. Accordingly, with this feedback, businesses are encouraged to enhance their corporate governance practices wherever deviations from the standards are identified.

## Special Initiatives for Risk Management

### Technical Appraisal Group

Allied Bank is the only bank in the country that has established an in-house Technical Appraisal Group, consisting of industry experts and engineers from various sectors, including environment specialists.

The Bank conducts visits to borrowers' plants to perform technology assessments of plant and machinery and complements the loan assessment process by reviewing the technical performance of borrowers and project feasibilities.

The Bank shares with borrowers the latest technology trends and best industry practices for governance, as well as the positive impact of adopting green environmental practices at plants.

The Bank has internally developed the Obligor Technical Risk Rating (TRR) model. The TRR model addresses various technical aspects of the obligor's plants, including machinery (technology era, manufacturer ranking, non-reliance on second-hand equipment), maintenance status, BMR activities,

automation status, supply chain system, ERP status, use of digital technologies, power sources assessment, plant management, quality control system, firefighting system, health, safety & environment, sustainability, and employees' capacity building.



### Warehouse Management

Warehouse management for agricultural commodities is vital for promoting sustainability and ensuring robust governance. ABL pioneered the establishment of commodity warehouses in trading hubs, providing direct access to major commodity-producing areas and supporting SMEs in maximizing access to formal financing sources. Currently, the Bank operates six warehouses located at Kamoke, Ghakhar Mandi, Jahangirabad Multan, Munirabad Multan, Athara Hazari Jhang, and Mandi Faizabad. The Bank's strategic initiative to establish and manage warehouses for agricultural produce not only mitigates credit risk but also contributes significantly to various aspects of environmental, economic, and social sustainability, including:

- Reduction in Agricultural Commodity Waste
- Efficient Resource Utilization and Robust Infrastructure
- Minimizing Carbon Footprint
- Enhancing Market Stability
- Improving Financial Security
- Technology Utilization
- Collaborative Efforts and Community Development
- Reduction of Rural-Urban Migration

## Awareness Seminars

Under Corporate Social Responsibility (CSR), the Bank organizes interactive seminars to engage with borrowers as stakeholders and create awareness about topics beneficial to business sustainability and growth. These seminars cover a wide range of topics, including the importance of Corporate Governance, Succession Planning, use of the latest technologies, and economic opportunities. In FY2023, the Bank arranged four seminars:



- Corporate Governance for Sustainable Business Growth by Dr. Ishrat Husain at Multan and Hyderabad
- Transition from Family-Owned Structure to Corporate Structure by Dr. Ishrat Husain at Peshawar
- Enhancing the Share of Sialkot in International Trade by Dr. Ishrat Husain at Sialkot

## IT Governance, Data Privacy & Protection and Cyber Security

The purpose of IT Governance is to ensure the safety of the Bank's information assets and technological infrastructure from internal and external threats,

including cyber security risks. Information Security (InfoSec) is the practice of preventing unauthorized access, use, disclosure, disruption, modification, inspection, recording, or destruction of information. The technology framework of the Bank is governed by the SBP guidelines contained in the Enterprise Technology Governance & Risk Management Framework for Financial Institutions.

Information Security programs are built around three objectives - Confidentiality, Integrity, and Availability of Information (known as CIA). The Information Security Risk Management Program was undertaken by the Bank to revamp its Information Security Governance structure with international standards and industry best practices.

The Bank's Information Security Policy provides detailed guidelines on the use of various technology mediums and covers:

- Cyber security awareness and training
- Audit and accountability
- System configuration management
- Identification, authentication, and access management
- Information security incident management & incident response
- System maintenance
- Information and data protection
- Risk Management
- Security Assessment
- Information Systems and communications
- Cryptographic controls
- Information integrity
- IT asset management
- System acquisition development & maintenance
- Information security policy for outsourcing
- Business Continuity and disaster recovery

## Consumer Data Protection

Consumer Data Protection stands as a vital pillar of the Bank's commitment to ethical business.

long-term sustainability. The Bank recognizes the profound responsibility of safeguarding consumer data, not only as a legal obligation but also as a fundamental aspect of maintaining trust and integrity. Through strong data protection measures, including encryption, access controls, and regular audits, the Bank ensures the confidentiality, integrity, and availability of consumer information.

In this digital era, customer information is more vulnerable than ever before. Cognizant of this fact, the Bank has continued its efforts to safeguard data and information technology assets, including compliance with Payment Card Industry Data Security Standard (PCI DSS) and the Customer Security Program (CSP) by SWIFT.

The Bank conducts assessment exercises, including Vulnerability Assessment (VA) and Penetration Testing (PT), to ensure a controlled environment for customers' related information.

### Information Security Awareness Campaign

Cyber security risks are continuously evolving due to the financial sector's constant focus on digitalization. The ever-evolving cyber risks require continuous education and training of relevant stakeholders, especially employees and customers, to address these risks. Initiatives include:

- Monthly "Security News Bulletin" for employees
- Training programs for employees
- SMS alerts to customers on the security of confidential information
- Social media campaigns for the general public on security awareness

### Independent Comprehensive Security Assessment

The Bank undertakes independent third-party cyber security risk assessments to protect its information and information systems from cyber threats. The purpose of these assessments is to identify, assess, and prioritize risks by engaging external consultants with substantial experience in Information Security Assessment and Penetration Testing. The Bank's policy on independent security assessments is as follows:

- For the cardholder data environment, quarterly external network vulnerability scans are performed by an Approved Scanning Vendor (ASV) qualified by the Payment Card Industry (PCI) Data Security Standard (DSS)
- The Bank arranges third-party penetration testing once a year or upon any significant change in infrastructure





# Compliance

ABL is committed to following regulatory requirements, codes of conduct, and best practices to promote sustainability. The Bank ensures compliance with all laws, rules, regulations, and standards pertaining to the prevention of Money Laundering, Financing of Terrorism & Proliferation Financing, including adherence to Customer Due Diligence (CDD) procedures, Prudential Regulations of the State Bank of Pakistan, relevant SECP regulations, the Code of Corporate Governance, sanctions imposed by the United Nations Security Council (UNSC), and other applicable local and international regulatory directives, as well as ethical standards for the code of conduct.

The Compliance policy of the Bank provides broad guidelines regarding the Bank's overall approach to Compliance Risk (including Shariah non-compliance), Customer Due Diligence/Anti-Money Laundering/Countering the Financing of Terrorism/Countering Proliferation Financing/Trade-Based Money Laundering (CDD/AML/CFT/CPF/TBML), Internal Controls, and international compliance. The policy defines the roles and responsibilities of the Board of Directors (BoD) and management pertaining to compliance risk management.

The Bank's compliance risk strategy is to identify, assess, monitor, and mitigate compliance risks. The risk appetite for non-compliance with legal and regulatory requirements is zero.

## International Compliance



The AML/CFT/CPF policy has been prepared in line with the requirements of the AML Act, as well as SBP's AML/CFT/CPF Regulations and AML/CFT Risk-Based Approach Guidelines. The Bank is required to adopt a risk-based approach to prevent the possible use of the Bank as a conduit for money laundering or terrorist financing activities. The policy includes, among other

things, CDD measures, record retention, correspondent banking, handling wire transfers/fund transfers, detection of unusual/suspicious transactions, and regulatory reporting.

While establishing a relationship with a customer, the Bank has implemented an appropriate identification and verification method for the customer, the existence of an entity, and its beneficial owner/s.

The Bank does not provide any banking services to any proscribed/designated individual/entity or its associates, such as their beneficial owners, directors, members, trustees, and authorized signatories, or entities owned/controlled directly or indirectly by them.

The Bank has developed and implemented effective systems and controls to prevent the use of its products and services for Money Laundering and Financing of Terrorism/Proliferation Financing. Monitoring procedures have also been established to mitigate the risk of being exploited as a channel for illegal transactions arising from money laundering, trade-related activities, terrorist/proliferation financing, and any other predicate crime activity. The Bank has also implemented automated solutions for name matching with individuals/entities appearing on various negative lists maintained by the Bank, including but not limited to the Office of Foreign Assets Control (OFAC) sanction list, United Nations Security Council (UNSC) & National Counter Terrorism Authority (NACTA) lists, European Union (EU) lists, and the US Commerce Department Bureau of Industry & Security (BIS) list, and to comply with Targeted Financial Sanctions under UNSC/ATA Act's requirements updated from time to time.

The Bank applies Enhanced Due Diligence (EDD) in circumstances where risks are higher, such as business relationships and transactions involving natural and legal persons from countries listed in the Counter Measures for High Risk Jurisdictions Rules, 2020 (updated as per the Bank's list), Politically Exposed Persons (PEPs), and their close associates and family members. EDD measures, including necessary approvals from senior management as prescribed by regulatory guidelines and regulations, are implemented for these types of transactions. For High-Risk transactions, the same EDD approach is adopted, and such transactions require approval from senior management.

The Bank conducts thorough due diligence to verify the legitimate purpose of Clubs, Societies, NGOs/NPOs, Charities, and Trust accounts. This includes identifying and verifying their constitutional documents. We also take reasonable precautions to verify the identity of trustees, sponsors, beneficial owners (including those settling assets into the trust), guarantors, protectors, and signatories.

To identify beneficial owners, the Bank conducts due diligence to unwrap both natural and unnatural persons.

### Internal Control Policy

The Bank has a well-defined "Internal Controls Policy", a part of an overall Compliance Policy and it is derived from Internal Controls Framework adopted by the bank. This policy covers all requirements of the SBP with respect to establishment of effective & efficient control environment within the bank.

### Code of Ethics

ABL's Code of Ethics outlines the behavioral standards expected of all employees in fulfilling their professional obligations and duties. The Code is designed to promote conduct aligned with the Bank's Core Values: Integrity, Excellence in Service, High Performance, and Innovation and Growth. It covers various aspects of employee conduct, including adherence to the law and compliance, addressing fraud, theft, or illegal activities, whistleblowing, fair dealing, fiduciary duty, acceptance

of gifts and other benefits, insider trading, anti-money laundering (AML) and combating the financing of terrorism (CFT), as well as prohibitions on gambling and betting among market participants.

### Whistle Blowing Policy

Whistleblowing is a powerful modern management tool for preventing and detecting potential fraud and other unethical practices by employees, customers, or third parties. It encourages employees to report their suspicions and reasonable concerns about malicious activities to management without fear of retaliation or prejudice.

The Corporate Whistleblowing Policy of ABL is designed to provide a secure platform for whistleblowers to voice their concerns to a designated authority about any suspicious or undesirable activities that violate ABL's policies or could negatively impact the Bank's business, reputation, or society at large. The policy ensures that whistleblowers can report such cases without fear of retribution, including concerns about job loss, discrimination, victimization, or harassment.

### Disclosure of Conflicts of Interest

Employees are required to promptly identify and declare any conflicts of interest, whether actual or potential. This includes any situation that may interfere with an employee's duty to the Bank or affect their ability to make unbiased and objective recommendations, especially when personal interests could be placed above those of the Bank.



# Shariah Governance

Acknowledging the significance of Shariah Governance, the Bank has established a Shariah Board (SB) composed of three esteemed Shariah scholars. The SB is entrusted with the authority to deliberate on, decide, and oversee all Shariah-related matters within the Bank. The decisions and rulings of the SB are binding on ABL.

The primary function of the Shariah Board (SB) is to supervise and advise the Bank's management on all Shariah-related matters and to develop a comprehensive Shariah compliance framework. The SB is responsible for approving all Islamic banking policies, procedures, services, and related agreements and contracts, ensuring they align with Shariah rules and principles.

The Shariah Board (SB) is responsible for reviewing internal Shariah audit reports, external Shariah audits, State Bank of Pakistan Shariah inspections, and Shariah compliance reviews, and for prescribing appropriate remedial measures. The SB meets at least quarterly and also convenes with the Board of Directors at least semi-annually. To ensure an independent and objective assessment of ABL's Shariah governance and compliance with Shariah rules and principles, an external review/audit is also conducted.

Based on the findings from internal and external Shariah audits and compliance reviews, the SB prepares a comprehensive report on ABL's Shariah compliance environment. This report is presented at the BoD meeting for discussion and is subsequently published in the Bank's annual report.

## Pool Management

Allied Bank Limited – Islamic Banking manages general and specific pools for depositors on a Mudarabah basis, while maintaining Financial Institution pools for interbank funds on a Musharakah or Mudarabah basis.

- General Pool for Local Currency Depositors (Mudarabah)
- General Pool for Foreign Currency Depositors (USD, GBP, EUR) (Mudarabah)
- Specific Pools (Mudarabah)
- Treasury-Related FI Pools (Mudarabah, Musharakah)
- Islamic Export Reliance Pool (Musharakah)

- Equity Pool (Mudarabah)
- Charity Pool (Mudarabah)

## Parameters associated with Risk and Rewards

The risk and reward characteristics of each pool primarily depend on the asset and liability profile of that specific pool.

### Risks:

- Period, rate of return, security and liquidity of investment
- Risk annexed to investments and financings tagged to pools
- Market volatility risk relates to the current and future volatility of market values of specific assets and of Foreign exchange rates
- Change in deposit base due to early withdrawals of deposits Maturity mismatch of assets and deposits
- Limited avenues for Liquidity deployment, may decline profit earning rates
- SBP rules, guidelines
- Sharia Non-compliance risk

### Rewards:

- Halal profit earnings that are fully Shariah-compliant
- Profit distribution based on predetermined weightages or Profit Sharing Ratios (PSR)
- Gross profit is shared after deducting direct pool-related expenses, with the bank covering administrative costs
- Investment risk is mitigated through effective portfolio management
- Transparency is ensured through regulatory oversight and regular audits
- Profit Equalization Reserve (PER) and Investment Risk Reserve (IRR) are utilized to stabilize profits
- Shariah non-compliance risk is mitigated through regular Shariah reviews and audits.

# Digital Transformation

Digital technologies of the modern era have revolutionized business operations across all sectors, including banking. By leveraging these technologies,



bank operations have become more sustainable than traditional methods, offering enhanced availability, accessibility, reach, speed, and agility. This shift significantly reduces paper consumption and



minimizes travel, thereby lowering the environmental carbon footprint. Allied Bank is dedicated to transforming banking by providing tailored solutions that address contemporary needs. This commitment underscores the Bank's focus on technology and



customer-centricity, ensuring seamless, accessible, and secure banking experiences. FY 2023 has been a significant milestone in Allied Bank's digital transformation journey, with a continued emphasis on delivering a seamless, secure, and user-friendly digital banking experience for its customers.

## MyABL

The Bank has achieved a significant milestone with over 1.6 million myABL user registrations, demonstrating its commitment to providing modern, user-friendly banking solutions that simplify customers' financial lives. The Bank has expanded its range of financial services offered through the myABL Digital Banking Platforms.

The expansion of myABL services led to the myABL Digital Banking Application winning the 'App & Web-Enabled Market' Award at the Pakistan Digital Awards 2023.

## WhatsApp Banking

ABL's WhatsApp Banking service, with over 1 million registered users, provides a range of convenient features. Customers can easily inquire about their accounts, generate IBANs, and top up prepaid numbers. We have also introduced new services, including the ability to obtain withholding tax certificates in PIN-protected PDF format for specific periods and access detailed account statements through WhatsApp.

## Digital Branches

ABL has successfully established 14 digital branches by 2023 and has ambitious plans to launch Digital Lounges in major shopping malls across Lahore, Karachi, and Islamabad. These innovative branches and lounges are equipped with state-of-the-art digital facilities, including Cash Recycling Machines, Cash and Cheque Deposit Machines, Self-Service Kiosks, Metaverse experiences, and Instant Debit Card Printers. By offering customers efficient, queue-free transactions and 24/7 access to technology, these digital touchpoints demonstrate ABL's commitment to modernizing banking services and providing a seamless customer experience.



### Digital Freelancer Account

ABL introduced the "Digital Freelancer Account" and "Foreign Currency Debit Card" for Export Retention Accounts at a session organized by the Ministry of Information Technology (MoIT), Pakistan Software Houses Association (P@SHA), the State Bank of Pakistan (SBP), and the Pakistan Software Export Board (PSEB).

### RAAST Payment System

Allied Bank's strategic growth has been significantly fueled by our active participation in expanding the RAAST payment system. This has resulted in a substantial increase in transaction numbers, reaching 7.5 million with a total transaction volume of PKR 7 billion.

### Payday Advance Salary

ABL extended its "Payday Advance Salary" loan program to over 100 companies, resulting in the disbursement of around 10,000 loans totalling Rs. 214 million. This demonstrates ABL's commitment to helping individuals manage their financial needs effectively.

### Allied Phone Banking

Allied Phone Banking has evolved to offer improved customer service capabilities. We now register complaints through chat and social media channels, ensuring efficient resolution and a better customer experience.

Our Interactive Voice Recording (IVR) system has been enhanced with features like Temporary Debit and Credit Card Blocking and Account Debit Block, empowering customers with self-service options. Additionally, the newly introduced Call Back and Web Call Back features provide flexibility for customers who prefer immediate or scheduled callbacks, enhancing service accessibility.

These advancements have contributed to a service level exceeding 95%, demonstrating our commitment to efficient call center operations and higher service standards, resulting in enhanced customer satisfaction.



### Point-of-Sale (POS) Acquiring Business

ABL successfully launched a pilot program for its Point-of-Sale (POS) Acquiring business, deploying state-of-the-art POS machines in major cities across Pakistan to facilitate digital payments and promote the adoption of digital technology.

### ABL Foreign Currency Visa Debit Card

Allied Bank has launched the ABL Foreign Currency Visa Debit Card for Roshan Digital Account (RDA) and Foreign Currency (GBP & Euro) Account holders, empowering them to make global transactions, including fund withdrawals, bill payments, and online shopping.

We have also introduced a dedicated Foreign Currency Debit Card specifically designed for IT Exporters and Freelancers, demonstrating our commitment to supporting policies and initiatives that drive the growth and success of Pakistan's IT industry. These innovative products provide our customers with convenient and flexible options for managing their foreign currency transactions.

### Image-Based Clearing

ABL has successfully implemented the State Bank of Pakistan's Image-Based Clearing System (IBCS), which streamlines payment processing by using images provided by the National Institutional Facilitation Technologies (NIFT) instead of physical articles. This innovative approach enables more efficient and timely transaction handling while maintaining accurate records.

To optimize our operations, we have centralized the Inward Clearing of all NIFT-dealing branches, replacing the second hard copy of NIFT scrolls with a digital copy. Additionally, we have implemented SMS and email notifications to inform customers about returned cheques.

By adopting IBCS services, ABL is contributing to a more sustainable banking environment by minimizing paper usage, reducing the need for physical documents, and helping to conserve trees.

### Electronic Queue

ABL has integrated electronic queue management systems into our sustainability framework to optimize branch operations and minimize environmental impact. By streamlining the queuing process, we reduce customer wait times and enhance service efficiency.

The digitization of queuing processes has significantly reduced paper usage, contributing to our efforts to conserve resources. This sustainable approach aligns with ABL's commitment to environmental stewardship, promoting eco-friendly practices while improving the overall customer experience in our branches.

### UV Cured Graphic Printing Technology

ABL has invested in state-of-the-art Card Production Machines equipped with UV Cured Graphic Printing Technology, further modernizing our existing equipment. This advanced technology offers numerous benefits, including a longer print life of 5-7 years, a wider range of personalization colors, flexible card design options, expanded branding space, and a 30% faster printing speed compared to traditional embossing methods.

In 2023, we achieved a significant milestone by producing and dispatching over 1.2 million Debit Cards, demonstrating our commitment to efficient card production and meeting the growing demand for our products.

### Cash Recycler

ABL has implemented cash recycling machines as part of our sustainability framework, revolutionizing banking operations and reducing our environmental impact. These innovative machines streamline cash transactions by minimizing the need for physical currency transportation. By optimizing cash handling processes, we enhance operational efficiency and reduce operational costs, contributing to a more sustainable banking environment.

### Advanced ATM Monitoring Solution

We have implemented the advanced Vynamic View ATM Monitoring Solution for our Diebold Nixdorf (DN) ATMs. This solution offers customizable dashboards, detailed component-level monitoring, comprehensive inventory management, real-time Electronic Journal (EJ) access, enhanced command and log tracking, efficient incident management, and robust alert management capabilities.

In 2024, we plan to execute the EJ paper cutover phase across all DN ATMs, significantly reducing paper usage and associated costs. This initiative aligns with our commitment to sustainability and operational efficiency.

### Talking ATM

We have achieved a significant milestone in fostering inclusivity by successfully implementing the Talking ATM feature in selected ATMs, specifically designed to assist visually impaired customers.

### ATM Biometric Facility

ABL has introduced Biometric ATM service, enabling customers to perform ATM transactions without the need for a debit card. By using biometric authentication, customers can conveniently access the full range of services offered through our ATM network.

### ATM Uptime

ABL places a high priority on ensuring the uptime of our ATM network. To enhance ATM service availability and increase customer footfall, we implemented 24/7 ATM Monitoring Unit shift operations.

Through these efforts, Allied Bank has consistently maintained an average ATM uptime exceeding 95% over the past five years, solidifying our position as a leading acquirer in the ATM industry.

By providing reliable ATM services, we encourage customers to adopt digital transactions, reducing their reliance on physical branches and minimizing paper-based transactions. This contributes to our sustainability goals and reduces our environmental impact.

### Biometric verification through myABL

We have introduced a convenient and secure touchless biometric verification service through the myABL app. This streamlined registration process eliminates the need for physical touch and enhances security, providing customers with a seamless banking experience.

### Enterprise CRM (Customer 360)

The Bank has implemented the Customer 360 Enterprise CRM solution to provide a holistic view of customer interactions across all channels. This system enables us to efficiently address service requests and complaints, empowering our staff with tools for effective client relationship management and identifying opportunities for personalized sales and service offerings.

The CRM's unified complaint management system streamlines the resolution process, enhancing customer

satisfaction across various channels, including phone banking, online platforms, and physical branches.

### Sprinklr

Allied Bank has pioneered the use of Sprinklr in Pakistan, becoming the first bank to adopt this comprehensive social media management platform. By unifying our digital communication channels, including Facebook, Instagram, Twitter, YouTube, and LinkedIn, we have enhanced our ability to interact with customers, engage in meaningful conversations, and gather valuable feedback.

Sprinklr's sophisticated AI-driven software empowers us to transform our social media and digital customer interactions, providing valuable insights into customer behaviors and preferences. This technology enables us to deliver more personalized and effective experiences, strengthening our relationship with customers in the digital age.

### dEngage

To execute a cohesive campaign management strategy, ABL has integrated dEngage, a powerful customer-driven solution. This tool enables us to effectively manage diverse communication channels, including email, SMS, web push, and app push.

By leveraging data-driven insights into customer behavior, dEngage empowers us to create personalized and targeted campaigns, enhancing customer engagement and identifying opportunities for cross-

selling and up-selling. This technology plays a crucial role in optimizing our marketing efforts and driving customer satisfaction.

### Robo Call

ABL's Automated Robocall Facility is a convenient and efficient communication tool that allows us to promptly disseminate important information to our customers. By streamlining communication, we enhance banking efficiency while prioritizing customer privacy and regulatory compliance.

### Hackathon

ABL has played a pivotal role in shaping Pakistan's entrepreneurial landscape through our Fintech Hackathons in 2021 and 2022. These events attracted over 300 and 1100 applicants respectively, providing them with the opportunity to revolutionize the financial industry by integrating Allied Bank's systems through Application Programming Interfaces (APIs) and developing innovative products and services for our customers.

Notable winners include "DigiKhata" in 2021, a startup focused on mobile ledger management, and "Oval" in 2022, which offered a Metaverse solution. Allied Bank's commitment to driving innovation in Pakistan's financial sector is evident through our ongoing support for Fintech initiatives. We are excited to announce that the 3rd Allied Bank Fintech Hackathon is scheduled for 2024.

## Digital Transaction Attributes



# Sustainable Policies and Procedures

## Green Financing

### Environmental and Social Risk Management (ESRM) System

ABL has long been committed to monitoring the environmental and social risks associated with our borrowers. To strengthen our risk management practices, we initially developed an Environmental and Social Risk Assessment (ESRA) framework. In 2018, aligning with the State Bank of Pakistan's Green Banking Guidelines, we further advanced our approach by implementing Environment Due Diligence (EnvDD), Environment Risk Rating (ERR), and Social Risk Rating (SRR) models. Additionally, we upgraded our Environmental and Social Risk Management (ESRM) system to ensure compliance with the SBP's "Environmental and Social Risk Management Implementation Manual."

The Environmental and Social Risk Management (ESRM) system is designed to identify, assess, mitigate, and monitor environmental and social risks stemming from the operations of borrowers' businesses. The ESRM framework includes a comprehensive set of policies, procedures, tools, and internal capacities to effectively manage the Bank's exposure to Environmental and Social (E&S) risks associated with its borrowers and customers. This system applies across various segments, including retail, trade, microfinance, SME, corporate finance, and project finance.

The major procedures developed in ESRM include:

- Screening transaction
- Categorizing transaction
- Conducting Environmental and Social Due Diligence (ESDD)
- Assessing risk categories as High, Medium, or Low
- Monitoring borrowers' or customers' environmental and social performance
- Managing non-compliance with the Bank's environmental and social standards
- Incorporating environmental and social requirements, such as corrective action plans

All national and provincial regulations related to Environmental and Social (E&S) governance are strictly adhered to when performing Environmental and Social Due Diligence (ESDD) for a transaction. The ESDD process evaluates various E&S risks associated with

financing, such as water, air, waste, and noise pollution; climate change impacts (floods, droughts, cyclones, etc.); greenhouse gas (GHG) emissions; ecological sensitivity; occupational health and safety (OHS); labor and working conditions; and grievance mechanisms. It also examines the Environmental and Social Management System (ESMS), community health, safety, and security, as well as corporate social responsibility (CSR) practices.

All relevant permits, no-objection certificates, consents, licenses, and monitoring of E&S parameters in accordance with national and provincial regulations are mandatory compliance requirements for loan application evaluations. Key laws and regulations include Environmental and Social Impact Assessments (ESIA), Environment Quality Standards, Occupational Safety and Health, Labor Laws, Protection against Harassment of Women at the Workplace, Protection against Child Labor, Factories Acts, and other pertinent legislation issued by national and provincial governments.

Additionally, International Finance Corporation (IFC) Performance Standards are applicable for project finance and long-term corporate finance. These standards thoroughly assess various E&S aspects, including environmental and social risks and impacts, labor and working conditions, resource efficiency and pollution prevention, community health, safety, and security, land acquisition and involuntary resettlement, biodiversity conservation, sustainable management of living natural resources, indigenous peoples, and cultural heritage.

### Restrictions on Financing

The following sectors are not financed by the bank:

- Political Organizations
- Gambling & Casinos
- Manufacturers, suppliers, and dealers of arms and ammunition. However, exceptions are made for companies in this sector that supply to the Pakistan Army, Ministry of Defense, law enforcement agencies, and related departments or construction companies, with prior clearance from the Chief Risk Officer
- Nuclear, chemical, and biological weapons
- Unethical or illegal businesses, as well as any other businesses that, while legal, are temporarily or permanently banned from financing by regulators



the government

Additionally, under Islamic Banking, the Bank does not provide financing to borrowers engaged in Shariah non-compliant activities such as the production or sale of alcoholic beverages, gambling, unethical activities, interest-earning institutions, or any other business prohibited by the Shariah Board or the prevailing Shariah Compliance Framework.

### Sustainable Media Practices

The objective of this policy is to establish best practices within the Bank for media and investor relations while minimizing reputational risk associated with the Bank's interactions with the media and other stakeholders. This policy outlines the protocols for communication through print, electronic, and social media channels.

Allied Bank's social media management is guided by a responsible policy that complies with all applicable regulations and State Bank of Pakistan (SBP) standards. The policy clearly defines the roles and responsibilities of each position involved in managing social media. A robust approval process ensures that social media posts reflect the Bank's values, maintain content quality, and protect data privacy.

The Bank has implemented a comprehensive crisis management plan and utilizes the Sprinklr social media management tool to monitor mentions and sentiment, allowing for timely responses to comments and

feedback. The Bank maintains strict oversight of the following aspects of social media content:

- Defamatory, malicious, obscene, intimidating, discriminatory, harassing or threatening comments or hate propaganda
- Calls to violence of any kind Activity that violates any law or regulation
- Attempts to target the Bank or the Bank's services, policies and procedures Content deemed to constitute an unapproved use of any of the Bank's products or is otherwise false or misleading
- Any potential infringement upon any intellectual property rights, including but not limited to brand names, trade names, logos, copyrights or trade secrets of any person, business or place
- Spreading content posted by fake or anonymous users

### Ethical Sourcing and Procurement

The objective of the Procurement Policy is to ensure that all goods, general services, IT-related hardware, software, and professional services are procured effectively, efficiently, and transparently, with a focus on cost-effectiveness. This approach considers regulatory requirements and aligns with the Bank's strategic objectives to optimize the use of resources.



The procurement process is designed to be open, fair, and non-discriminatory, providing equal opportunities and treatment for all bidders, consultants, vendors, and suppliers. It establishes clear rights and obligations between the Bank and its suppliers, contractors, and consultants.

Procurement activities are conducted with the utmost transparency and merit, ensuring that all relevant information is made available to interested parties for appropriate scrutiny. Transparency is a key element in achieving successful procurement outcomes.

**De-Listing and Blacklisting:** Suppliers, consultants, contractors, or vendors may be de-listed or blacklisted for various reasons, including:

- Being blacklisted by any relevant business area registration authority
- Involvement in immoral or unethical practices.
- Engagement in fraudulent activities or corrupt practices during the execution of orders.
- Being identified as a proscribed entity during the regular screening process

**Compliance and Ethics:** The Bank avoids engaging with suppliers, consultants, contractors, or vendors who are found to be non-compliant with legal, tax, employment, environmental, health and safety, or human rights obligations.

The Bank encourages diversification of business among local, national, and international consultants, contractors, vendors, and suppliers. This supports balanced wealth generation and equal opportunities while safeguarding the Bank's interests. New suppliers are regularly added after fulfilling all required formalities, including compliance with AML/CFT/CPF regulations, policies on proscribed entities, and outsourcing policies where applicable.

### **Sustainable Taxation Procedures and Practices**

The Bank is fully committed to implementing all possible measures to prevent tax evasion within its operations. To support this commitment, the Bank has developed a "Taxation Procedure Manual" aimed at fostering a sustainable tax system. The Bank's Tax Management Strategy is centered on the following core objectives, achieved through timely communication of legal changes and diligent monitoring of daily activities:

- Strict adherence to tax laws and reporting requirements
- Effectively manage a wide range of tax-related risks

- Enhance value by optimizing the Bank's tax liabilities

The Bank's tax planning activities are focused on complying with tax laws, managing associated risks, and optimizing tax outcomes, both in day-to-day operations and strategic transactions. For international operations, taxation matters are managed in accordance with the applicable local and international laws, ensuring that all general procedures are consistently applied on a global scale.

### **Business Continuity Plan (BCP)**

The Business Continuity Plan (BCP) is designed to ensure minimal or no interruption of operations before, during, and after unexpected events such as natural disasters (floods, storms, cyclones), fires, power outages, IT failures, supply chain disruptions, staff shortages, pandemics, and more.

ABL's BCP Policy provides comprehensive guidelines for developing and implementing the Bank's Business Continuity Plans. The policy outlines specific scenarios and conditions that may trigger the activation of the BCP, along with detailed mitigation strategies, processes, and steps to be followed during disruptions. It also addresses unforeseen or uncontrollable circumstances that could lead to operational disruptions.

The Bank conducts regular Business Continuity Plan (BCP) mock testing to ensure the resilience of critical functions. This involves physically relocating Functional Recovery Teams (FRTs) or shifting workloads to designated alternate locations.

### **Bad Debt Recovery and Fraud Prevention Policies**

The Bank has implemented robust "Bad Debt Recovery" and "Fraud Prevention" policies, which provide strategic direction and standards for the effective management and resolution of classified loans and investments, as well as the early detection and prevention of fraud. The Bank has established an efficient and transparent approval process for recovering from defaulters through legal foreclosure and Alternative Dispute Resolution (ADR) mechanisms, including negotiated settlements, restructuring/rescheduling, equity acquisition, and debt-to-property swaps.

These measures enable the Bank to maximize the recovery and regularization of Non-Performing Loans (NPLs), while also mitigating the impact of distressed assets and preventing undesirable activities.

By adhering to applicable laws, regulations, and best industry practices, the Bank successfully recovered

Rs. 1,532 million in Non-Performing Loans (NPLs) in the industry, while also maintaining one of the lowest NPL rates. Allied Bank's recovery ratio is among the highest 2023.





# SUSTAINABLE DEVELOPMENT GOALS

## Aligning with UN's Sustainable Development Goals (SDGs)

1 NO POVERTY



**Financial Inclusion:** The Bank provides financial services to marginalized population. By expanding access to banking, the Bank empowers individuals and small businesses, contributing to poverty reduction.

**Microfinance and Microcredit:** The Bank offers credit facilities to low-income individuals and entrepreneurs. These financial tools help create livelihood opportunities and lift people out of poverty.

**Social Impact Financing:** The Bank invests in projects with a social impact, such as affordable housing, education, and healthcare. These investments directly contribute to poverty alleviation.

2 ZERO HUNGER



**Financing Agriculture:** The Bank provides financing to support sustainable agriculture, including smallholder farmers. This includes funding for modernizing farming practices, improving infrastructure, and promoting climate-resilient crops.

**Microfinance and Rural Banking:** By extending financial services to rural areas, the Bank empowers small-scale farmers and enhances food security. Agri loans, savings accounts, and insurance products help improve livelihoods and help in achieving Zero Hunger.

**Promoting Food Security:** The Bank collaborates with government, NGOs, and other stakeholders to address food insecurity. This involves supporting food distribution programs, emergency relief efforts, and nutrition education. Bank's financing in Commodity sector plays a pivotal role in ensuring food security.

**Sustainable Supply Chains:** Bank encourages businesses to adopt sustainable practices within their supply chains. Establishment of Bank Owned warehouses for agricultural commodities provides food security which ultimately paves way for Zero Hunger.

**Financing in Research and Innovation:** The Bank provides Financing for technologies such as precision farming, crop diversification, and climate-smart solutions which can enhance the agriculture produce.

3 GOOD HEALTH AND WELL-BEING



**Financing Health Initiatives:** The Bank provides financing for healthcare infrastructure, medical research, Pharmaceuticals and Biotechnology sector and public health programs. By supporting hospitals, clinics, and health systems, Bank contributes to improving access to quality healthcare.

**Promoting Sustainable Practices:** The Bank influences corporate behavior by encouraging sustainable practices within the healthcare sector. This includes financing projects that reduce environmental impact and promote health equity.

**Supporting Global Health Initiatives:** The Bank contributes to emergency response efforts during pandemics and natural disasters.

**Financial Inclusion:** The Bank plays a role in ensuring financial inclusion, which directly impacts health outcomes. By providing access to banking services, the Bank empowers individuals and communities to manage healthcare expenses effectively.

**Health Awareness:** The Bank conducted awareness session on Breast Cancer for women employees, Prostate Cancer for male employees and Mindfulness Hour Sessions to promote mental health and wellness.

**Medical Facilities to Employees:** The Bank provides Comprehensive Medical facilities to cater the medical needs of current and ex-employees.

**Donations:** The Bank provides donations to various healthcare institutions for treatment of diseases and development of infrastructure facilities.



**Financing Education Initiatives:** The Bank provides financing for educational institutions. By supporting education, Bank helps in improving access to quality learning opportunities.

**Promoting EdTech:** Bank organizes Fintech Hackathons regularly which significantly impacting Pakistan's entrepreneurial landscape.

**Promoting Financial Literacy:** Bank educates its customers about the financial management, budgeting, and saving. Financial literacy under National Financial Literacy Program (NFLP) empowers individuals to make informed decisions and invest in the education.

**Student Loans and Education Financing:** The Bank offers student loans and education financing options, making higher education accessible to a broader population. These loans help cover tuition fees, textbooks, and other educational expenses.

**Partnerships with Educational Institutions:** The Bank collaborates with universities, colleges, and schools to create joint programs, workshops, and research initiatives. These partnerships foster knowledge exchange and skill development.

**Donations:** The Bank provided contributions to various educational institutions including LUMS, The Noorani Foundation Trust, Million Smiles Foundation (MSF) and The Citizen Foundation for education of under privileged students.

**Education Infrastructure:** The Bank provided contributions towards construction of Hostel at Lahore University of Management Sciences.

**Science & Educational Events:** The Bank sponsored Science & Educational Events at various educational institutions.

**Internship Programs:** The Bank offers internship programs to students of educational institutions.



**Financing Women-Owned Businesses:** The Bank provides loans and financial support to women entrepreneurs. By promoting access to capital, bank empowers women to start and grow their businesses.

**Promoting Financial Inclusion:** The Bank works toward ensuring that women have equal access to financial services. This includes savings accounts, credit, and insurance, which contribute to economic empowerment.

**Gender Diversity:** The bank ensures the Gender diversity through its Diversity, Equity and Inclusion (DEI) policy. The key parameters achieved are Human Resource Diversity, Gender Equality, creating a Gender Balanced Organization.

**Gender Mainstreaming Policy:** Bank has developed a Gender Mainstreaming Policy with the aim to reduce the Gender Gap in Financial Inclusion and to enhance women's financial inclusion. Key highlights are;

- Women Centric Services
- Women Exclusive Branches
- Female Accounts
- Financing to Females
- Trainings and Capacity Building
- Women employment
- Women Champions

**Supporting Maternity Rights:** The Bank implements policies that protect maternity rights, such as paid parental leave and flexible work arrangements. This helps women in balancing their work and family responsibilities.

**Advocacy and Awareness:** The Bank uses its influence to raise awareness about gender equality issues by collaborating with stakeholders to drive positive change and challenge discriminatory norms.



**Financing:** The Bank provides financing to water and sanitation projects, supporting infrastructure development, access to clean water, and improved sanitation facilities.

**Partnerships and Collaboration:** The Bank collaborates with governments, NGOs, and other stakeholders to address water challenges, e.g.

Cleanliness drive at Sea View Beach Karachi

**Capacity Building and Education:** The Bank supports capacity-building programs related to water management and sanitation. Educating clients and employees about water conservation fosters awareness and responsible practices.

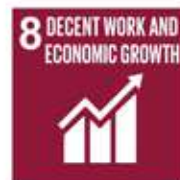


**Financing Renewable Energy Projects:** The Bank invests in renewable energy infrastructure, such as solar, wind, and hydropower projects. By providing capital, the Bank accelerates the transition to clean energy sources.

**Promoting Energy Efficiency:** The Bank supports energy-efficient initiatives by financing energy-saving technologies and promoting sustainable practices. This includes funding for energy-efficient buildings and appliances.

**Decreasing Carbon Foot print of Internal operation:** The Bank is rigorously working to decrease its own impact on environment. Various measures include Reduction in Internal Energy Consumption, Energy Conservation Initiatives, Solar Power Installation, Sustainable Paper Usage, Sustainable Construction Initiatives, Sustainable IT Operations and Digital Banking Initiatives.

**Capacity Building:** The Bank collaborates with government and organizations to build local capacity for clean energy planning, management, and implementation. The Bank provides technical assistance and knowledge sharing through dedicated Green Advisory Desk.



**Financing Economic Growth:** The Bank provides capital for businesses, infrastructure, and innovation. By supporting creates jobs, and enhances prosperity.

**Promoting Financial Inclusion:** The Bank works to ensure that more people have access to financial services. This includes saving accounts, credit, and insurance, which contribute to economic empowerment.

**Financing in Sustainable Projects:** The Bank provides financing to sustainable initiatives, such as renewable energy, education, and healthcare. These investments foster long-term economic growth.

**Supporting Small and Medium Enterprises (SMEs):** The Bank plays a crucial role by providing financing facilities, mentorship, and resources to help small and medium businesses thrive.

**Advocacy for Equitable Pay and Decent Work:** The Bank leads by example in ensuring fair wages, equal opportunities, and safe working conditions within the own organization.

**Capacity Building and Skill Development:** The Bank collaborates with educational institutions and vocational programs to enhance workforce skills. The Bank invests in training and development needs of employees through access to learning resources. The Bank provides educational support to the employees and their children. The Bank offers internship opportunities to students and Persons with Different Abilities (PWD).



# SUSTAINABLE DEVELOPMENT GOALS

Aligning with UN's Sustainable Development Goals (SDGs)



**Financing Infrastructure Projects:** The Bank provides financing for infrastructure development, including transportation, energy, and communication networks. By investing in resilient infrastructure, the Bank supports economic growth and connectivity.

**Supporting Industrialization:** The Bank offers financing for innovative industrial projects of manufacturing, technology, and research. This financing enables technological advancements, which drive productivity and competitiveness.

**Promoting Innovation:** The Bank promotes research and development (R&D) and supports innovative startups e.g., Hackathons. The bank is continuously introducing innovative Digital Technologies.

**Collaborating with Other Banks:** The Bank works with other banks to meet increased demand for financing. These partnerships mobilize resources for sustainable infrastructure and industrial projects.

**Awareness:** The Bank organizes seminars for the business community to adopt Sustainable Business Practices and Corporate Governance.



**Financial Inclusion:** The Bank promotes access to financial services for marginalized population, reducing economic disparities. Offering the affordable banking products and services helps bridging the gap between rich and poor.

**Responsible Lending Practices:** The Bank ensures fair lending practices, avoiding discrimination based on race, gender, or socioeconomic status. Responsible lending contributes to reducing income inequality.

**Support for Vulnerable Groups:** The Bank collaborates with NGOs and government to address social inequalities. Initiatives supporting people with disabilities, and other vulnerable groups contribute to reduce inequalities. Bank provides employment opportunities to PWD, enabling them to honorably earn their livelihood.

**Corporate Social Responsibility (CSR):** The Bank integrates social impact in its business model. CSR activities and initiatives in Health, Education and other community development projects, promote equality.

**Transparency and Reporting:** The Bank discloses its efforts toward reducing inequality. Transparent reporting demonstrates commitment and accountability.



**Financing Urban Infrastructure:** The Bank provides funding for infrastructure projects in cities, such as public transportation, water supply, sanitation, and affordable housing. The Bank supports initiatives that enhance urban resilience, reduce vulnerability to disasters, and improve overall quality of life.

**Promoting Sustainable Housing:** The Bank offers loans and mortgages for housing, encouraging sustainable building practices and energy-efficient homes. The Bank collaborates with developers to create affordable and environmentally friendly housing options.

**Promoting Inclusive Finance:** The Bank works towards financial inclusion by providing services to urban population, including low-income communities and small businesses. The Bank facilitates access to credit, savings, and insurance, promoting economic growth and stability.



**Financing Sustainable Initiatives:** The Bank invests in projects that promote sustainable consumption and production patterns. The Bank funds initiatives related to renewable energy, waste reduction, and eco-friendly practices.

**Limiting Fossil Fuel Subsidies:** Prioritizing the sustainable production, the Bank finances the projects related to renewable resources. The financing in renewable resources will result in reduction in fossil fuel subsidies.

**Digital Channels:** The Bank has launched various Digital channels for banking services.

**Process Automation:** The Bank has adopted Process Automation to reduce the paper consumption.



**Financing Climate Initiatives:** The Bank invests in projects related to renewable energy, energy efficiency, and climate resilience. The Bank provides capital to accelerate the transition to cleaner energy sources.

**Promoting Sustainable Practices:** The Bank encourages clients to adopt sustainable practices, such as reducing carbon emissions and minimizing environmental impact.

**Risk Assessment and Disclosure:** The Bank assesses climate related risks in its portfolio and discloses this information to stakeholders. This transparency drives responsible investment decisions.

**Decreasing Carbon Foot print of internal operation:** The Bank is rigorously working to decrease its own impact on environment. Various measures include Reduction in Internal Energy consumption, Energy Conservation Initiatives, Solar Power Installation, Sustainable Paper Usage, Sustainable Construction Initiatives, Sustainable IT Operations and Digital Banking Initiatives.

**Tree Plantation:** The Bank conducts annual Tree Plantation Campaigns. In 2023, 100,293 trees/ saplings at business premises, schools and public parks were planted.

**Cleanliness Activities:** The Bank conducted cleanliness activities at various historical places and monuments to promote awareness about environment conservation.



**Investing in Sustainable Ocean Projects:** The Bank is committed to financing for initiatives related to marine conservation, sustainable fisheries, and ocean protection. Bank supports projects that promote responsible fishing practices, marine biodiversity, and ecosystem health.

**Cleanliness Drive:** The Bank carried out Cleanliness activity at Sea View Beach Karachi which will result in safety of life below the sea water.



**Supporting Forest Conservation:** The Bank is committed to invest in projects that protect and restore forests, combat deforestation, and promote sustainable land use.

**Promoting Sustainable Agriculture:** Bank provides financing to farmers and agricultural enterprises for sustainable practices. Bank supports soil health, water management, and agroforestry projects.

**Tree Plantation:** Bank conducts annual Tree Plantation Campaigns. In 2023, 100,293 trees/ saplings at business premises, schools and public parks were planted.

**Cleanliness Activities:** The Bank conducted cleanliness activities at various historical places and monuments to promote awareness about

environment and life on land.

**Facilitating Land Rights and Tenure Security:** The Bank supports land rights to indigenous peoples and local communities.



**Promoting Financial Inclusion:** The Bank works to ensure that marginalized population has access to financial services. The Bank supports inclusive banking, microfinance, and community-based initiatives.

**Combating Corruption:** The Bank implements robust anti-corruption measures within its operations and financing policies. The Bank promotes transparency, ethical practices, and accountability.

**Supporting Rule of Law:** The Bank collaborates with legal institutions to strengthen the rule of law.

**Promoting Good Governance:** The Bank engages in responsible lending practices and corporate governance. The Bank advocates for policies that enhance institutional effectiveness.

**Addressing Human Rights:** The Bank respects human rights in its operations and investments. The Bank avoids financing activities that violate human rights.



**Promoting Partnerships:** The Bank facilitates public-private partnerships, fostering collaboration between government, businesses, and civil society organizations. The Bank encourages joint efforts to address global challenges and achieve sustainable development.

**Enhancing Resource Mobilization:** The Bank promotes investment, economic growth, and financial stability.

**Strengthening Statistical Capacity:** The Bank invests in data collection, analysis, and reporting. The Bank contributes to informed decision-making and progress tracking.

**Tax Collection:** The Bank acts as Tax Collection Agent of government tax authorities. The higher tax collection of government results in funding sources for Public Sector Development Program (PSDP).















**Allied Bank Limited**

3-4 Tipu Block, Garden Town, Kalma Chowk, Lahore, Pakistan.

Tel 92 42 3588 0043

[www.abl.com](http://www.abl.com)



This report is printed on recycled paper to save natural resources and reduce waste. Eco-friendly vegetable-based printing inks are used, having low Volatile Organic Compounds (VOCs), providing safer environment, low risks to human health and easier paper recycling. The use of sustainable materials shows ABL's resolve to protect the planet. Please recycle this report, when you no longer need it.