



মিউচুয়াল ট্রাস্ট ব্যাংক লিমিটেড
Mutual Trust Bank Ltd.

you can bank on us

Communication on Progress (CoP)



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.



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July 14, 2022

To Our Stakeholders:

STATEMENT OF CONTINUED COMMITMENT BY THE CEO

I am pleased to confirm that Mutual Trust Bank Limited (MTB) reaffirms its support of the Ten Principles of United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-corruption.




In this communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours

Syed Mahbubur Rahman
Managing Director & CEO
Mutual Trust Bank Limited

Core Values

OUR VISION

 **The Bank of Choice**
 **A Truly World-Class Bank**
 **One of the Best Performing Banks in Bangladesh**



MTB's ESG Framework

	<u>Environment</u>	<u>Social</u>	<u>Governance</u>
Customers	<ul style="list-style-type: none"> ❑ Providing financial solution to sustainable/environment friendly initiatives ❑ Invigorating customers' know-how on sustainable products/initiatives 	<ul style="list-style-type: none"> ❑ Striving to evolve how we serve customers' need and strive to fulfill their demand ❑ Delivering distinctive and impactful customer services to build lasting relationship with collaborative environment 	<ul style="list-style-type: none"> ❑ Safeguarding customers' data and privacy through secure and robust system ❑ Ensuring highest professional and ethical standards while serving customers
Employees	<ul style="list-style-type: none"> ❑ Bolstering employee awareness on sustainable banking practices ❑ Engaging employees in bank's suitability endeavors 	<ul style="list-style-type: none"> ❑ Attract, develop and excite a diversified workforce while creating an inclusive workforce ❑ Promote work-life harmony; ensure work place health, safety and wellbeing 	<ul style="list-style-type: none"> ❑ Ensuring adherence to company policy & standards ❑ Maintaining equality and ensure employee rights ❑ Ensuring employee engagement and satisfaction
Stakeholders	<ul style="list-style-type: none"> ❑ Managing direct environmental impact ❑ Catalyze climate action initiatives 	<ul style="list-style-type: none"> ❑ Providing financial support to bring about positive changes in the community ❑ Promoting financial inclusion for marginal segment of the society 	<ul style="list-style-type: none"> ❑ Maintaining highest standards of governance, transparency and risk management ❑ Remaining resilient in complex and volatile environment through stable and agile practices and processes



Key ESG Impacts Brought About in 2021



Enabling Work Place

- ✓ 117 training program organized, catering almost 90% employees
- ✓ 100% Annual Performance Review through PMS
- ✓ Initiated Behavioral Competency Framework
- ✓ Introduced MTB Women Forum “Aporajita”- with an aim to enable knowledge sharing & capacity building for women employees
- ✓ Provided health insurance coverage to employees
- ✓ Ensured COVID-19 vaccination for employees and rolled out COVID-19 risk management guidelines
- ✓ Awareness building session & socio-cultural events for employees



Empowering Community

- ✓ BDT 269 million contribution as CSR in 2021 to support education, health, disaster management, arts & culture, environmental initiatives, and other societal development initiatives
- ✓ Empowered fresh graduates by offering internship opportunities
- ✓ Contributed in economic recovery by distributing 100% COVID Stimulus package to CMSME & received appreciation from the Central Bank
- ✓ Facilitated financial inclusion through agent banking services
- ✓ Empowered women entrepreneur through dedicated women banking services
- ✓ Arranged awareness program for customers
- ✓ Facilitated higher education through opening 1,724 student files in 2021, which is the highest ever number in the history of MTB with a staggering 135.5% growth



Marketplace & Customer Engagement

- ✓ 152 branches & sub-branches
- ✓ 201 Agent Banking Center, 310 ATMs across the country
- ✓ 505,641 SME banking customers
- ✓ Initiated Customer Feedback Management System
- ✓ Observed “Customer Service Week” to enhance our customer service standards
- ✓ Facilitated Women Banking by offering unique banking facilities through “MTB Angona”
- ✓ Launched Social Media Banking as part of digital transformation and offering customers with ease of accessibility
- ✓ Special offers in banking for senior citizens
- ✓ Introduced Islamic Banking Window



Environmental Initiative & Sustainable Banking

- ✓ BDT 200 Million disbursement in Green Transformation Fund
- ✓ Published Sustainability Report in Line with GRI
- ✓ Commemorated Earth Day & World Environment Day to spread awareness among mass people
- ✓ Conducted in-house ESG training covering 786 employees
- ✓ Periodic Sustainable Finance Committee meeting for green governance
- ✓ Named among Top 10 Sustainable Banks by Bangladesh bank in 2020
- ✓ Capacity development through seminars & workshops on green and sustainable banking
- ✓ Conducted ESDD as part of credit risk assessment







The UNGC Principles: Human Rights

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights
Principle 2	Make sure that they are not complicit in human rights abuses

MTB's Stance, Policies & Strategies to Support Human Rights

“Human Rights” issues are pivotal not only from the organizational perspective but also from the social standpoint. These issues are also crucial to foster the sustainable development of a nation. Hence, we must provide adequate attention to protect the rights of vulnerable groups, including women, children, people with disabilities, indigenous peoples, migrant workers, older persons, etc. Moreover, priority towards human rights has also been integrated into the Sustainable Development Goals (SDGs) agenda, which has made human rights issues even more universal and inextricable.

Mutual Trust Bank (MTB) Ltd. is committed to abiding by the fundamental principles of human rights through its 3Vs, the bank's sustainable and responsible vision. The creation of a diverse, inclusive, and accessible workplace for all is an integral part of the bank's vision. To pursue this vision, MTB has some inclusive policies and unique workplace standards designed to ensure the rights of its employees, customers, and the community. The bank is fully committed to the “Universal Declaration of Human Rights”, as adopted by the United Nations for its member states, through its daily operations. MTB has the following policies to ensure that the bank in no way is complicit in Human Rights abuses, both internally and externally:

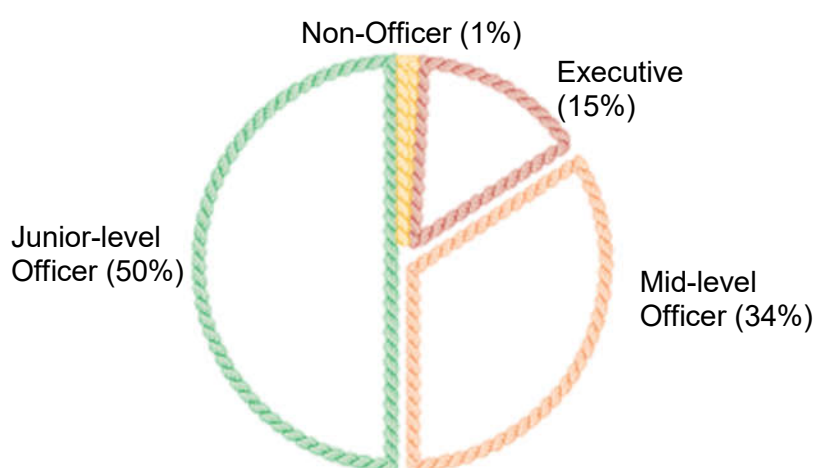
-  Code of Conduct
-  Speak up Policy
-  Anti-harassment Policy
-  E&S Safeguard policy, CSR Policy
-  Women Forum for Female Employees
-  Other HR Policies



Actions to Implement Relevant Policies & Strategies and Measurement of Outcome

People Transformation

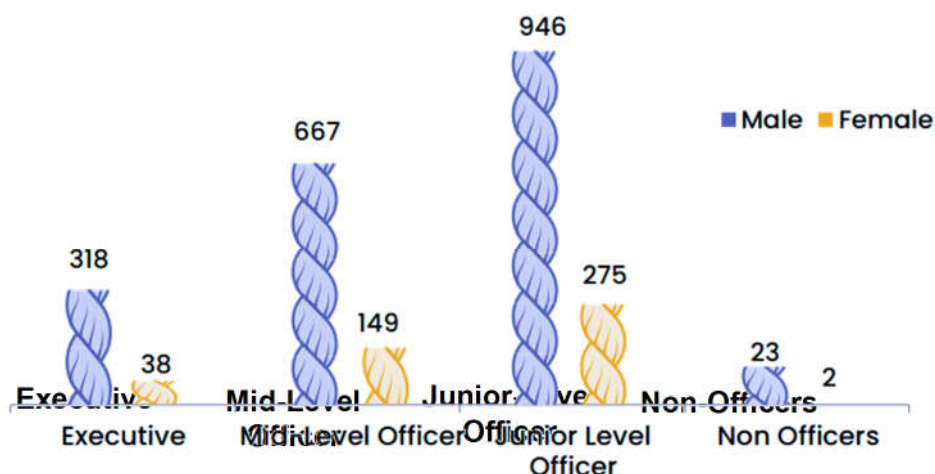
The “Human Capital” is our driving force that runs our widespread network across the country. At the end of 2021, total workforce count is 2,418, of which 464 were female. The bank's is committed to develop and retain its skilled workforce. Throughout the years MTB has not only been the employer of choice but also attracted the top personnel of the industry. One major takeaway is our attrition rate which now stands at 4.56%. It is below the industry mean, indicating that we are on the right track to becoming the employer of choice. In addition to the regular workforce, the contractual workforce is used for special purposes. Currently, GHR manages approximately 585 such workforces on a contract basis. The Bank hired 161 new employees in 2021. All of them come with robust experience in their respective domains and are geared to deliver the transformation agenda. Going ahead, Bank's focus will be on growing human capital in line with business needs to scale up.



Inclusion, Diversity & Women Empowerment

Gender balance is a challenging task for any organization functioning in Bangladesh's socio economic system wherein MTB is improving its overall gender balance progressively. Female employees are spread across all geographies and levels of hierarchy. Female leadership is visible in the key management roles which indicate the positive changes. The gender distribution rate (19%) shows an upward trend, highlighting an effort to ensure more inclusivity and diversity. The groundwork for all of this has been laid out years ago as MTB always provided a safe workspace for women. A key example is our strong anti-harassment policy that works for the safety and security of all female employees. MTB has introduced dedicated MTB Women Forum 'Aporajita', a dedicated network for female MTBians. Aporajita aims to network within and outside the organization for knowledge sharing and capacity building for its female employees. This forum will also work towards fostering a culture in MTB where every female employee is valued, respected and given equal opportunity to reach her full potential. We have always been encouraging women contribution. We have dedicated Women Banking department named “MTB Angona” which is designed only for women to

empower our women customers with financial independence and simplified banking. Our tailored Loan Product 'MTB Ava' is not only a loan product, rather a complete business solution for women entrepreneurs.



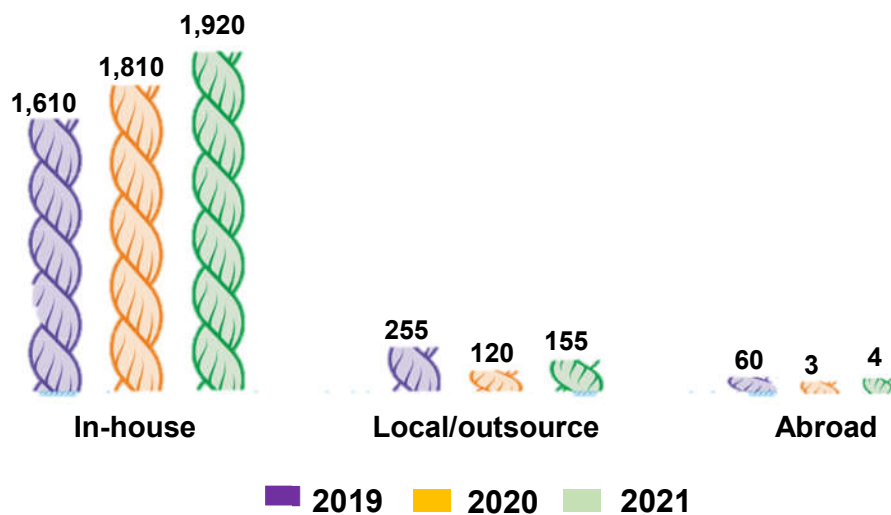
1/3
of the bank's
Board of Directors
is Female.

Within the first year of launching, MTB Angona has successfully booked BDT 2,559 million deposit under its portfolio with contribution from Retail and SME business segments

MTB Angona also arranged webinars on 'Mental Health Awareness' and 'Preventive Health Care measures During COVID-19' to create social awareness among female customers as well as employees

Learning & Development Towards Efficiency

MTB believes that adequate training is an investment in the human resources of an organization, with both immediate and long-term returns. As part of the learning and organizational development, even in a year ravished by pandemics & lockdowns, MTB hosted 177 training sessions offline as well as online. It embraced this challenge by moving the training programs to the digital platform. The sessions were conducted by in-house trainers, invited speakers as well as collaboration with other reputed institutes that catered to over 2,079 participants in total.



As an initiative to continued learning and development, MTB regularly reimburses for achieving certificates in different specialized areas like Financial Risk Manager (FRM), Certified Expert in Risk Management (CERM), Certified Documentary Credit Specialists (CDCS), Certified HR Professional, Information Technology Security, etc.

Penetrating SME Market & Promoting Financial Inclusion

Disbursing Stimulus Package to CMSME sector in response to COVID-19: In 2021-2022, MTB was given CMSME stimulus disbursement target of TK. 2,600 million by Bangladesh Bank. As of December 2021, the target of disbursement was TK. 1,300 million. With a strong effort, MTB has already disbursed BDT 1,471.60 million surpassing the stipulated target.

Moreover, the bank has executed refinance agreement with SME Foundation covering an amount of TK.100 million under COVID Stimulus Loan 2nd phase, which allowed the bank to offer CMSME financing at a low cost of only 4%.

Participating in Start-up Finance: Through signing a participation agreement with BB regarding “Start-up Fund amounting TK.500 crore by Bangladesh Bank”, MTB is looking forward to financing promising start-ups of Bangladesh Participating in Credit Guarantee Scheme: MTB has signed CGS (Credit Guarantee Scheme) participation agreement with BB to assist CMSMEs with no/insufficient collateral to obtain credit facilities from Bank.

Value Chain Finance: MTB partnered with different companies to extend its CMSME client outreach. MTB disbursed TK. 238 million to more than 182 borrowers under such channel financing partners over the year

Cluster Financing: MTB has put its focus to cluster financing under the umbrella of both conventional CMSME financing as well as financial Inclusion. In 2021, MTB financed entrepreneurs in Pathrail Handloom Cluster in Tangail. MTB has extended financing support to the Micro Enterprises at Pathrail Cluster, Tangail where approximately 50 entrepreneurs are engaged in production of traditional sarees. A total amount of TK.14.90M was disbursed under this cluster. In this way, MTB has marked its contribution to preserving and facilitating the national heritage.

Agricultural Sector: As a responsible financial institution, MTB always promotes lending to the agricultural sector. The steady growth of agricultural loan portfolio and disbursement echoes the commitment of MTB.

MTB utilizes both MTB's own channel as well as Micro Finance Institutions to reach more farmers, fisherman, and all sort of agricultural activity.

Agriculture Lending (BDT Million)

Target  3,310

Achievement  4,714

Utilizing Agent Banking network to reach marginalized, new, and female entrepreneurs: With a view to deliver banking services to unbanked segment at easy, MTB inaugurate its agent banking channel in 2016. Over the years, the bank has expanded its agent banking network to server marginalized people with all forms of banking services. In coming days, through widening agent banking service, MTB will bring more customers under the roof of financial inclusion. MTB's expanding Agent banking network is helping to take banking service to the remotest corner of the country. By taking advantage of this countrywide agent banking network, MTB will reach the door of the CMSMEs who need the financing most.

Community Empowerment: MTB believes that a responsible and sustainable business organization is the one that does its business responsibly by keeping in mind the interests of its stakeholders - both internal and external. We believe our conscious choice of protecting the environment today will lead to a better and sustainable tomorrow. CSR is a way towards sustainable business by creating long-term value for the stakeholders, the environment and the community as a whole. MTB has been deeply involved in Corporate Social Responsibility (CSR) related activities since its inception and is very much aware about global sustainability and CSR related trends and issues. MTB's priority sectors are education, healthcare, environment and disaster management. Our CSR strategies are based on the fundamental conviction of sustainable business that integrates good governance and social priorities with a view to enhancing community empowerment in a sustainable manner.

MTB'S CSR ACTIVITES TO SUPPORT SDG GOALS	
SDG GOALS	INITIATIVES IN 2021
NO POVERTY	✓ Blankets Donation amongst the cold-affected people across the country;
ZERO HUNGER	<ul style="list-style-type: none"> ✓ Donation to Prime Minister's Relief Fund; ✓ Distribution of Cooked Food Items partnering with Mehmankhna; ✓ Supported TMSS to Combat Covid-19 Pandemic
GOOD HEALTH AND WELL-BEING	<ul style="list-style-type: none"> ✓ Support in the 'Community Fort' project of BRAC under the guidance of Bangladesh Bank to help fight Covid-19 pandemic; ✓ Support to Bangladesh Thalassemia Samity Hospital for providing quality healthcare to the Thalassemia patients; ✓ Support to Manabik Shahajya Sangstha (MSS) for arranging eye care project for distressed people ; ✓ Support to Jhenidah Ex-Cadets Association (JEXCA) for running Free Friday healthcare centre, Khulna; ✓ Donation of Nasal High Flow Oxygen Therapy to Kuwait Bangladesh Moitre Government Hospital;

	<ul style="list-style-type: none"> ✓ Support to Centre for the Rehabilitation of the Paralysed (CRP) for their rehabilitation program for paralyzed and disabled people;
QUALITY EDUCATION	<ul style="list-style-type: none"> ✓ Introduced Niloufer Manzur Memorial Scholarship with the Faculty of Business Studies, University of Dhaka; ✓ Support to Abinta Kabir Foundation School for the all-girls studying there coming from low-income families; ✓ Support to JAAGO Foundation for bearing educational expenses of underprivileged students; ✓ Support to Vocational Training Center Trust (PFDA – VTC) to provide vocational training to autism and people with Neurodisability; ✓ Support to Blind Education And Rehabilitation Development Organisation (BERDO) for the visual impaired community;
GENDER EQUALITY	<ul style="list-style-type: none"> ✓ Support to Happy Home project & 'Shetu Bondhon Gori' Network run by ActionAid International Bangladesh
REDUCED INEQUALITY	<ul style="list-style-type: none"> ✓ Support to Society for the Welfare of Autistic Children (SWAC) for their autistic children; ✓ Support for the orphaned and abandoned children of SOS Children's Villages Bangladesh; ✓ Support for the differently abled children (autistic & developmental delay) of Golden Kids Welfare Foundation ;
PARTNERSHIP FOR THE GOALS	<ul style="list-style-type: none"> ✓ Support for the financially challenged community student of Radda Paramedic Institute (An Institute of Radda) ; ✓ Support for the visually impaired persons of Bangladesh Disabled Development Trust-BDDT ; ✓ MTBF supported for the project titled 'Anindito Nari' of Sombhabona; ✓ Support to Mission Humanity for their project which aims at providing primary, secondary and vocational educational services;















The UNGC Principles: Labor Rights

Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
Principle 4	The elimination of all forms of forced and compulsory labor
Principle 5	The effective abolition of child labor; and
Principle 6	The elimination of discrimination in respect of employment and occupation

MTB's Stance, Policies & Strategies to Support Labor Rights

Mutual Trust Bank believes in providing equal employment opportunities, and thus any form of potential persuasion/solicitation while onboarding employees is strictly avoided. We fathom that gender diversity is pivotal for a prosperous, peaceful, and sustainable nation at MTB. Hence, MTB desires to create synergy through employing a diverse group of people. Workforce diversity prevents creating any glass ceiling and provides better output by enabling different perspectives, which help engender better alternatives in decision making. Moreover, we prioritize the health, safety, and well-being of our employees. And it's our responsibility to provide a safe and sanitary working environment for our employees. As a responsible banking institution, MTB does not employ any form of child labor/forced labor nor channelize financing to customers who exploit children by any means in their supply chain. There are several policies and strategies approved by the Board of Directors to beef up the employees' empowerment and to support their rights.

Policy Driven Practices to Ensure the Rights of the Employees

-  Code of Conduct, Speak up Policy
-  HR Policies for recruitment, promotion etc.
-  Human Resource Development Programs
-  Employee Benefits: Provident Fund, Welfare Fund etc.
-  Employees Death Benefit Plan
-  Life and Health Insurance for MTB Employees
-  Reward & Recognition through Performance Management System
-  Security Policy
-  Fire Safety and Firefighting Policy
-  Earthquake Emergency Procedure, Business Continuity Plan
-  Credit Policy
-  Procurement Policy
-  E&S Safeguard Policy
-  COVID-19 Risk Management Policy

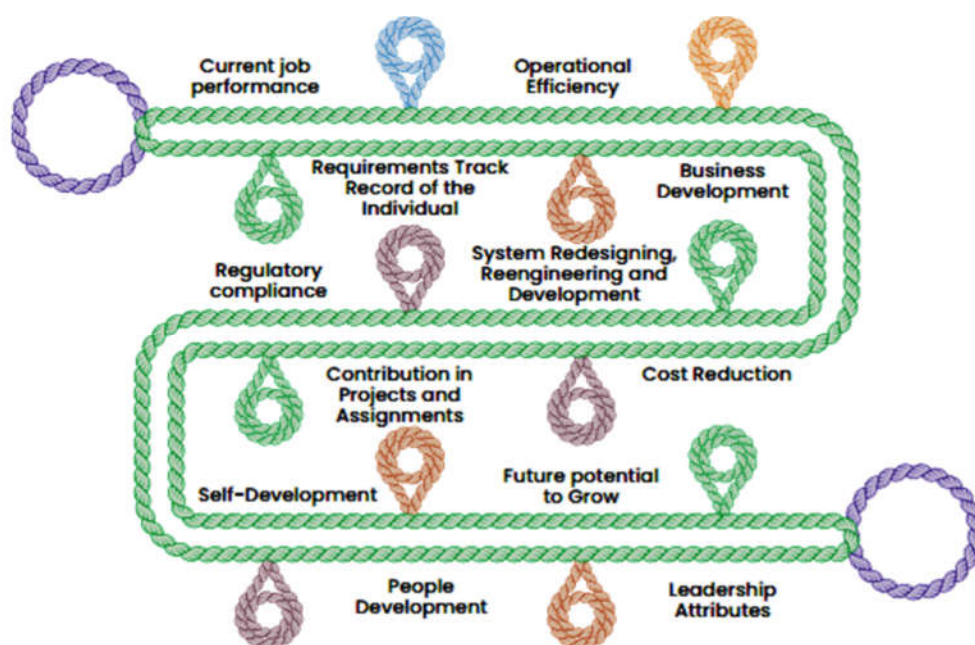
At Mutual Trust Bank, relentless efforts have been put in to ensure the right to equality and non-discrimination, as the bank assumes all necessary actions to ensure equal rights and opportunities in all areas. Moreover, the bank has emphasized different approaches for the well-being of its employees, which support its employees in maintaining a healthy work-life balance.

Actions to Implement Relevant Policies & Strategies and Measurement of Outcome

The rights, obligations, and fringe benefits of the employees are well articulated in the appointment letter, in which the entire terms and conditions for employment are also specified. An equal opportunity provider, MTB aspires to be the 'Bank of Choice'. As such, the bank's recruitment process is entirely based on an unprejudiced approach, where competencies, merits, and other cognitive characteristics that impeccably suit organizational culture are considered.

Focusing on Performance Driven Culture

MTB promotes a performance-driven culture that ensures proper recognition of the hard work delivered by the employees as well as provides incentives for the employees to excel at their work. It stretches on SMART (Specific, Measurable, Achievable, Realistic and Timely) KPIs (Key Performance Indicators). KPIs focus on the business processes and functions that are most important for measuring progress toward meeting strategic goals and performance objectives. Performance assessment involves both the employees and their line managers.



Thus the KPIs-based PMS ensures transparent and efficient two-way communication towards the growth and development of the organization.

Compensation & Benefits Towards Dedication

**The Bank Disbursed
BDT 4.09 Billion as
Salary & Allowances in 2021**

MTB sponsors a number of employee benefits and contribution plans for its employees. The plans consist of good compensation packages, fringe benefits, and perquisites. As part of taking care of MTBians, MTB ensures highly competitive salaries and benefits to motivate its people. Salary and compensation are adjusted according to COLA (Cost of Living Adjustment). Its leave policy, both casual and earned leave, ensures work-life balance. Passage for Travel (vacation bonus) is paid as a part of the salary to the employee for their travels on planned leaves with their families and friends. MTB provides maternity leave for 6 months to all female employees. It also allows paternity leave for male employees to perform their

new parental duties. It allows medical/sick/quarantine leave for 14 days or even more when required. Under the comprehensive group health insurance coverage, all MTBians are protected, which covers all probable medical needs. No compromises are made when it comes to the health and safety of the MTBians. Employees can also avail lucrative car and housing loans at preferential rates that ensure convenience and comfort in all spheres of their lives. Furthermore, they can enjoy employee Provident Fund, MTB Gratuity Scheme, Reward for Good Deeds in terms of Integrity.

**There is no gender pay gap between men and women
with the same job and qualifications as MTB applies
the equal pay for equal work policy.**

2021	Nos.
Number of maternity leave granted	20
Number of paternity leave granted	63
% of employees received LFA	100%
Number of health insurance case settled/applied	2,295
Number of internship provided	240

Ensuring Safety & Security

The bank undertakes various safety & security measures for its employees as it is committed to providing adequate workplace safety to its employees since its inception. MTB has a dedicated Security and Fire Safety department to ensure that effective processes are in place and functional to combat emergency situations.

In 2021, MTB arranged Firefighting and Evacuation Drill at MTB Centre and MTB Tower, conducted by Fire Service & Civil Defense authority. Moreover, the bank organized training on the fundamentals of Security and Fire Safety with the presence of Branch Security & Fire Safety Officer (BSFSO) from various Branches. The security personnel were trained on Basic Security & Fire safety, physically conducted by field security inspectors, CMR agents and service providers.



COVID- 19 Risk Management Measures:

MTB is one of the banks to first initiate "Work From Home" during COVID-19 pandemic. Even when the businesses and industries are opening while embracing a new normal-life, the bank is providing safeguards to its employees by deploying rotation basis work wherever possible. The bank also formulated COVID-19 Risk Management Guideline to address the pandemic's adverse impact. The following initiatives have been taken by MTB to stave off the pandemic's impact on its employees and communities:

- ✓ Carried out disinfection exercise at MTB premises when and where required.
- ✓ Ensured social distancing at workplace through monitoring & training
- ✓ Ensured screening by digital thermometer at all MTB premises
- ✓ Ensured use of hand sanitizer to all MTB Premise
- ✓ Initiation of "No Mask No Service" Policy
- ✓ Maintained vaccine report of MTB employees



Vaccinated Employees	
Single Dose	182
Double Dose	866
Booster Dose	1113
Total	2161 (86%)

Going Beyond the Internal Margins: Ensuring Labor Standards of Customers

Apart from gauging customers' financial and management capacities, MTB's credit risk management considers the occupational health & safety standards while extending credit facilities to them. The bank incorporated Environment & Social Due Diligence (ESDD) procedure in its credit policy, adhering to the central bank's comprehensive guidelines in this regard. Also, MTB's credit inspection and monitoring unit conducts regular visit to clients' factories/premises to observe their compliance against national labor standards and health & safety regulations. Besides, the bank's Sustainable Finance Department undertakes visit to clients' factories as deemed necessary to oversee clients' on child/forced labor.





The UNGC Principles: Environment

Principle 7	Businesses should support a precautionary approach to environmental challenges
Principle 8	Undertake initiatives to promote greater environmental responsibility;
Principle 9	Encourage the development and diffusion of environmentally friendly technologies

MTB's Stance, Policies & Strategies to Support Environment & Social Concern

Mutual Trust Bank comprehends the impact of its activities on the environment and social peripheries. Hence, the bank's business strategies are constructed and operated in such a way that contributes to the minimal amount of carbon footprint. The bank is committed to providing relentless effort to minimize its negative footprint on the environment.

Environment & Social Safeguard Policy: MTB has developed a comprehensive E&S safeguard policy, which provides an inclusive framework for managing the prevalent environmental and social concerns associated with the bank's direct operation or from indirect involvement. The bank's E&S safeguard policy is designed to uphold the following overarching principles:

-  be an environmentally responsible business by minimizing the environmental impact of its operations and acting promptly to reduce or respond to incidents that endanger health, safety or the environment;
-  enhance its system for identifying and assessing environmental and social risks as a part of the normal process of risk assessment and management by incorporating the latest requirements of Bangladesh Bank and international best practice standards and tools to manage these issues;
-  collaborate and influence the clients of the Bank to comply with the environmental, health and safety and labor issues regulations and to undertake resource efficiency activities through rigorous programs;
-  ensure proper due diligence is conducted and mitigation measures imposed on the clients whose business activities don't meet the Bank's environmental and social requirements

Corporate Social Responsibility (CSR) Policy:

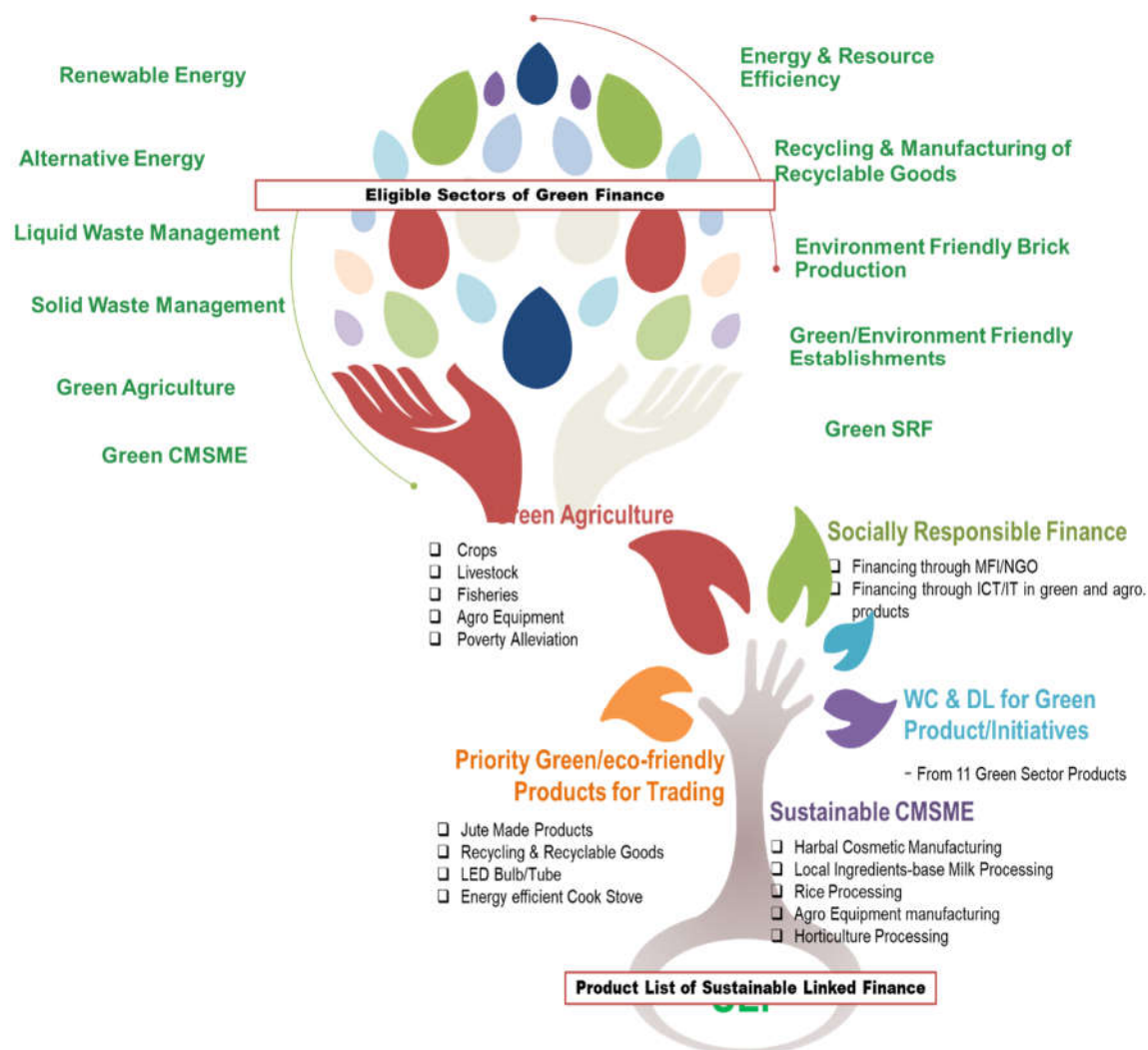
MTB believes that a responsible and sustainable business organization is one that does its business responsibly by keeping in mind the interests of its stakeholders – both internal and external. We believe our conscious choice of protecting the environment today will lead to a better and sustainable tomorrow. CSR is a way towards sustainable business by creating long-term value for the stakeholders, the environment and the community as a whole. MTB has been deeply involved in Corporate Social Responsibility (CSR) related activities since its inception and is very much aware about global sustainability and CSR related trends and issues. MTB's priority sectors are education, healthcare, environment and disaster management. Our CSR strategies are based on the fundamental conviction of sustainable business that integrates good governance and social priorities with a view to enhancing community empowerment in a sustainable manner.

Credit Risk Management Policy: Having an articulated credit policy, which provides a holistic framework for gauging and mitigating potential risks in lending activities, is a must for a responsible financial institution. MTB has formulated a well-structured credit risk management policy, which is also approved by its Board. In its credit policy, the bank has instilled environmental and social risk assessment process. Moreover, and to negate the environmental & social impact of the investments, MTB has integrated E&S due diligence into its credit appraisal processes, which is an imperative element of MTB's credit policy.

Actions to Implement Relevant Policies & Strategies and Measurement of Outcome

Green Financing Through MTB Green Energy

MTB has its own developed green finance product named MTB Green Energy loan. It promotes investment in renewable energy sectors with the aim of reducing carbon footprint in the country. Other than that, MTB also follows Bangladesh Bank (BB) guideline of 68 green products for providing green loans to its customers. Some of them are solar irrigation, brick field, vermicomposting, green industry, ETP, energy efficient machinery etc.



Sustainable Banking

Today's banks are more than mere financial intermediaries; they are custodians of the larger interests of society. It is also acknowledged that sustainable banking is the way to go. Being the engine of growth, banks need to spruce up their sustainability goals. Every bank needs to wake up to the reality and firm up their roadmap for sustainable banking. They could choose to align with voluntary bodies on sustainable banking, namely, the UNEP FI, Equator Principles, and GRI etc. or develop a sustainable banking policy guideline by themselves. Technology plays a crucial role in taking banks towards their sustainability goals. Armed with the flexibility and analytical capability of their technology landscape, banks can add muscle to their sustainable banking practice in the course of time.

As the engine driving money supply and the economic fate of nations, financial institutions have a big obligation to ensure that their actions are not against the greater good. Hence, they must weigh not only the financial implications of every decision, but also its impact on sustainability issues, such as biodiversity, climate change, human rights etc. In fact, this is also a matter of self-interest, because while social and environmental risks may not be added to financial risk in the short term, there is a high likelihood that they will be added over a longer period of time, to compromise the well-being of individual financial institution and the financial system as a whole. Clearly, sustainable banking is emerging as the ideal path for tomorrow's banking enterprise.

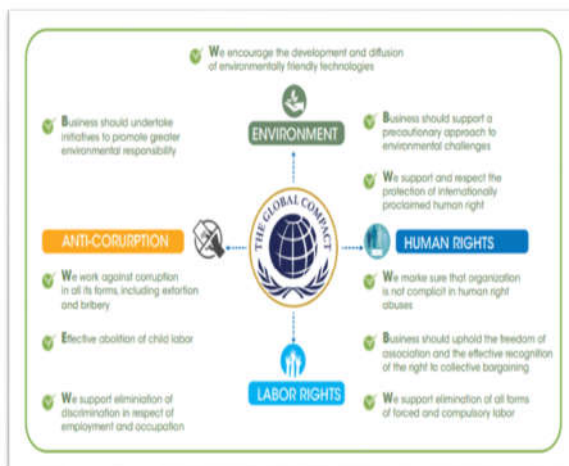
While continuing responsible business practices, MTB, being a corporate citizen, cannot ignore corporate philanthropy which includes monetary donations and aid to nonprofit organizations and communities. Donations are made currently and in areas such as the arts, education, housing, health care, social welfare, disaster management and the environment, among others, but excluding political contributions and commercial event sponsorship.

MTB, being a commercial bank, does not operate factories or power plants which release pollutants to the environment - air, water, soil, natural vegetation, biodiversity etc. - nor does its supply chains require huge amounts of raw materials with large environmental footprints. In fact the perceived sum of the bank's impact might be simply the resources used in its administrative offices, branches, banking booths, ATM booths, Kiosk centers, sales offices, agent banking centers, etc. and IT facilities. However, its financed projects/ facilities, activities, businesses might have large environmental footprints and social impacts.

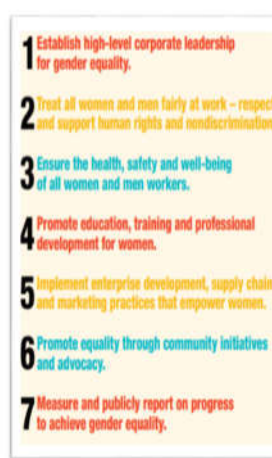
Due to the emerging need of sustainability all around the globe, many countries officially adopted a historic new agenda, entitled “**Transforming Our World: The 2030 Agenda for Sustainable Development**,” which was agreed upon by the 193 Member States of the United Nations, and includes 17 **Sustainable Development Goals (SDGs)**. Its implementation will help achieve overall development plans, reduce future economic, environmental and social costs, strengthen economic competitiveness and reduce poverty. The SDGs will serve as guidelines for businesses to assess and manage social, economic and environmental risk, while contributing to bettering their reputation, image and their strategic position in the world's markets. The UN SDGs will help us create a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

The SDG goals are-

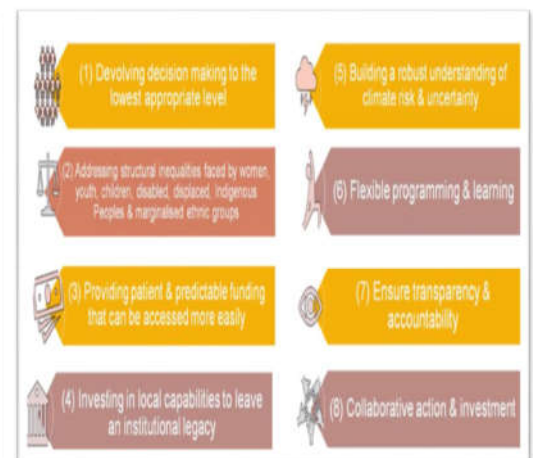
- GOAL 1: No Poverty.
- GOAL 2: Zero Hunger.
- GOAL 3: Good Health and Well-being.
- GOAL 4: Quality Education.
- GOAL 5: Gender Equality.
- GOAL 6: Clean Water and Sanitation.
- GOAL 7: Affordable and Clean Energy.
- GOAL 8: Decent Work and Economic Growth.
- GOAL 9: Industry, Innovation and Infrastructure.
- GOAL 10: Reduced Inequalities
- GOAL 11: Sustainable Cities and Communities
- GOAL 12: Responsible Consumption and Production
- GOAL 13: Climate Action
- GOAL 14: Life below Water
- GOAL 15: Life on Land
- GOAL 16: Peace and Justice
- GOAL 17: Partnerships for the Goal



UNGC Principles



WEP Principles



Locally Led Adaptation Principles

MTB's Green Initiatives in 2021

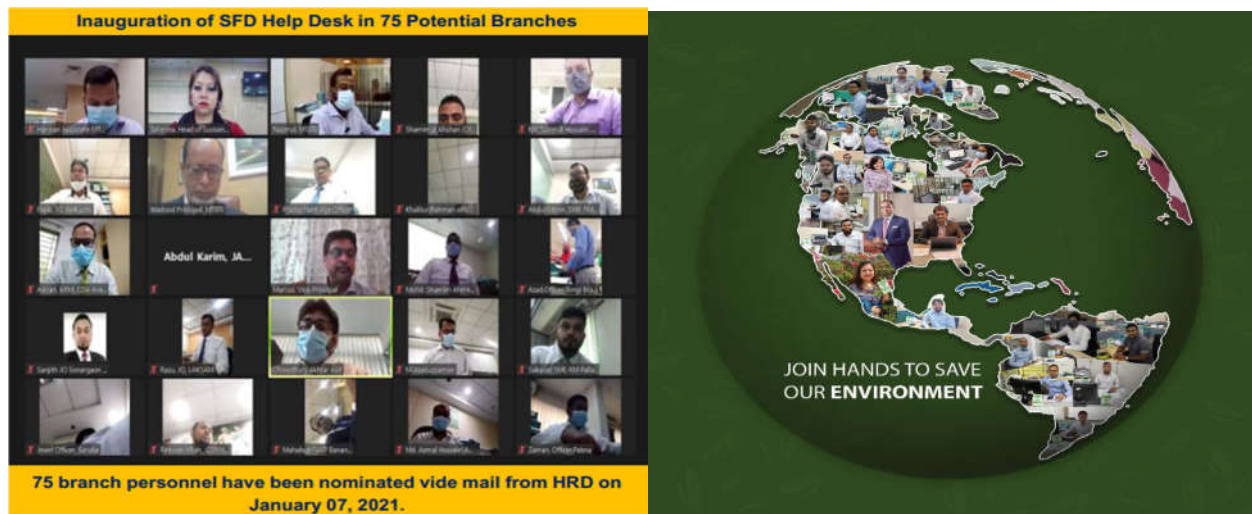
Mutual Trust Bank Limited has been recognized as one of the top ten sustainable banks of the country by Bangladesh Bank based on its performance in 2020. Bangladesh Bank's Sustainable Finance Department prepared a list of top 10 sustainable banks and five non-bank financial institutions and published their names on its website based on sustainability rating. This is the first time Bangladesh Bank has published such a rating based on four indicators such as Sustainable Finance, Green Refinance, Corporate Social Responsibilities and Core Banking Sustainability.



As part of its promise to achieving SDG goal: 13, MTB endorsed the principals for locally led climate adaptation by **Global Center for Adaptation** on January 12, 2021. Besides, MTB attended **Climate Adaptation Summit** during January 25 & 26, 2021. MTB enrolled into **SDG Ambition Accelerator** program started from January 18 till June 2021.

MTB's commitment to gender equality (SDG: 5) is evidenced at every level of the bank, from our Board through our senior leadership to our new hires.

Besides, **MTB Sustainability Report 2020** has also been prepared in line with GRI Standards. Moreover, during ESG training, employees and business owners learn steps they can take to minimize the negative impact they may be having on the environment. Most importantly, they learn how to maximize their positive environmental contributions. Therefore, MTB Sustainable Finance Department conducted ESG Training on **“Sustainable Banking, Environmental & Social Risk Management”** for MTBians time to time over the year of 2021. MTB also established **“Sustainable Finance Help Desk”** in 75 potential branches of MTB for making customers aware about sustainable financing and available green products in refinancing.



MTB signed a MoU with Bangladesh Bank on February 25, 2021 for Tk 1,000-crore revolving refinance fund for the technological development and upgradation of export-oriented industries, setting interest rate on the loans from the scheme at between 5 per cent and 6 per cent. MTB received Refinance of BDT 20 Crores from Bangladesh Bank on July 14, 2021. MTB submitted quarterly progress report on green financing and other refinancing schemes to Bangladesh Bank for respective quarter in 2021. Prior to that uniform format for sustainable finance reporting was updated by Bangladesh Bank on January 06, 2021. Following that, MTB attended session on

sustainability reporting by Bangladesh Bank for the Banks & Fis on March 25, 2021. MTB also updated its ESMS Compact Tool in 2021.

MTB Green Events

MTB organizes green events like observing World Earth Day, World Environment Day in befitting manner for creating awareness regarding green banking for its internal and external stakeholders. MTB observed **World Environment Day 2021** on June 05, 2021. Prior to that, MTB observed **World Earth Day** on April 22, 2021. MTB posted on different social



media platform on World Environment Day and Earth Day for creating environmental awareness among its various stakeholders. Because nowadays social media is an effective means of calling attention to environmental problems, making the public aware of the problems created by pollution and, hence, can be instrumental in creating public pressure to do something about them.

Furthermore, to commemorate World Earth Day 2021, Mutual Trust Bank and the Non-Profit Lal Sabuj Society launched a nation-wide virtual debate on climate change issues. MTB sponsored the debate championship. It was hosted by Lal Sabuj Society. Teams of young debaters registered on the event's Call to Action on Social Media, where 244 debaters between grades 8 to 10, of 61 teams and from 34 districts are participated in the Debate. The event, launched was virtually launched on April 22, 2021. Eight virtual sessions hosted by experts on the field were also hosted by the organizing team under the event banner at launch.

Snippet of MTB's Environmental Awareness:



The UNGC Principles: ANTI-CORRUPTION

Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery
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The pervasiveness of financial crimes, such as corruption, money laundering, and terrorism financing, is mounting up these days. Because of the incessant nature of different forms of delinquencies, banks/financial institutions need to institutionalize a robust mechanism to fend off any fraudulent activity. Therefore, strict governance, transparent policies, and relentless assessment in regular transactional activities are integral parts for banks/financial institutions to safeguard from the prevalence of unbefitting conducts.

MTB's Stance, Policies & Strategies to Combat Corruption

Integrity and transparency are embedded in MTB's core values, and neither the bank nor its employees are inclined toward any form of corruption, bribery, and money laundering activities. Mutual Trust bank rigorously adheres to all relevant national rules and regulations pertaining to the prevention of corruption. The bank is committed to providing nationwide service with utter sincerity, while its employees are abided by a code of conduct that strictly refrains themselves from doing any misconduct.

MTB Money Laundering & Terrorism Financing Risk Management Guideline: MTB has a Board approved anti-money laundering risk management guideline, which entails the customer acceptance policy and the ML & TF Risk Assessment Guideline. The customer acceptance policy incorporates the detailed customer due-diligence procedure for acceptance/rejection of customers, procedures to open & operate different types of accounts.

Fraud Management Policy: The bank has its board approved Fraud Management Policy entailing proper management and mitigation of fraud-forgeries.

MTB Integrity Strategy Implementation Unit: MTB has established MTB Integrity Strategy Implementation Unit. The unit is mandated to identify ways to protect the culture of loan defaults and promote consciousness with a view to reducing frauds, forgeries, irregularities, and other sources of corruption across the Bank.

Committees Comprising Board Members: To implant a holistic risk management framework and to instigate transparency and financial integrity into the bank's daily operation, following committees at the Board level relentlessly govern the bank's strategic affairs:

- Board Risk Management Committee
- Audit Committee of the Board

HR Policies: The bank's code of conduct and other HR policies sternly refrain its employees from engaging in any illicit form of conduct.

Actions to Implement Relevant Policies & Strategies and Measurement of Outcome

- The Central Compliance Committee (CCC), consisting of 19 members met 4 times during the year, discussed AML&CFT measures and provided guidance to stakeholders.
- Throughout the year, the MTB Anti Money Laundering (AML) and Combating Financing of Terrorism (CFT) Division carried out its duties under the supervision of the Chief Anti Money Laundering Compliance Officer (CAMLCO) and CCC.
- Branches and some of the divisions/departments exposed to money laundering and terrorist financing risks have branch/divisional/departmental anti money laundering compliance officers with specific roles & responsibilities defined by AML&CFT Division.
- Like every year, the Managing Director & CEO issued his statement of commitment regarding strategy, action plan, compliance and consequence of non-compliance in 2021.
- Revised the policy guidelines in accordance with the international standards, laws of the land, guidelines, circulars and instructions issued by Bangladesh Financial Intelligence Unit and Banking Regulation & Policy Department of Bangladesh Bank.
- Arranged 27 workshops/conferences/training programs where a total of 3166 participants received training on 'Money Laundering and Terrorist Financing Risk Management' in 2021. MTB has a board approved annual training calendar. It organized BAMLCO Conference, Managers' Conference, Trade Based Financial Compliance Conference and workshops/training programs on ML & TF Risk Management for new joiners, existing employees and agent & agent employees, workshops/training programs on Credit Based Money Laundering for relevant employees, role based program (role based and advanced) for sensitive roles such as Branch Heads, Branch Operations Managers & BAMLCOs, RMs of branches and divisions/departments who are directly exposed to ML & TF risks.
- MTB also arranged training session on "Prevention of Money Laundering and Combating Financing of Terrorism" for the Managers of Scheduled Commercial Banks operating in Narayanganj district under Bangladesh Financial Intelligence Unit's Lead-Bank Program on November, 2021.
- During 2021, MTB conducted 45 re-orientation sessions for branches focusing on key AML&CFT compliance requirements, common challenges and mitigations.
- AML & CFT Division continued Branch AML&CFT Assurance Review (BAAR) on branches and divisions/departments focusing on AML&CFT compliance areas. The AML&CFT Assurance Framework entails identification of key control areas for AML & CFT risk, assessing the key controls through Control Sample Testing (CSTs) periodically. In 2021, AML&CFT Division conducted assurance review on 45 branches and 2 divisions.
- MTB continued sanction screening against United Nations Security Council Resolution (UNSCR), Office of Foreign Assets Control (OFAC), adverse media and domestic sanction lists through automated screening tool.
- MTB launched "Accuity TBML Compliance Solution" with screening, vessel tracking, and dual-use-goods verification tools to prevent trade-based money laundering (TBML). To determine the fair market value of items during trade transactions, MTB has also subscribed to an independent price verification tool from "IHS Markit."
- AML&CFT Division reviews the adverse media news sent by Hawker Limited every day, search the alleged names in internal system and take necessary steps, as applicable.

- Designed AML&CFT awareness poster/banner and displayed the same on a conspicuous (noticeable) place of the branches and agent banking centers. In addition, video message on due diligence requirements during over the counter transactions is displayed on TV screens of MTB branches.
- Under a program called "Knowledge Assessment on Risk Management of AML&CFT" (KARMA), MTB continued e-evaluation in three rounds to assess the employees' knowledge on AML & CFT in 2021.