



# **QNB Group Sustainability Policy**

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## Summary Profile

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## 1. Introduction

Sustainability has become one of the most pressing topics impacting our society today. The topic of Sustainability consists of several dimensions across Environmental, Social and Governance related matters, commonly referred to as ESG (Environment, Social, Governance). This includes environmental aspects, such as climate change and resource scarcity. Social aspects, such as human rights, financial inclusion, community investment and data privacy. And corporate governance aspects, such as board composition, risk management, anti-corruption and ethical business practices.

There is now increasing demand from investors, customers, regulators and our own employees for greater transparency of our approach to ESG issues and we recognise the significant contribution QNB can make to society by adopting business practices to address these, especially through our financing activities. Furthermore, we believe that a proactive approach to sustainability strengthens QNB's business resilience and supports sustainable financial performance.

In response to these external demands, our purpose is to promote prosperity and sustainable growth across the markets we serve, and to support QNB's vision to be one of the leading bank in Middle East, Africa and South East Asia (MEASEA) by 2025, while maintaining our number one position in the Middle East and Africa.

QNB has defined a Group-wide sustainability strategy and policy, which have been developed in alignment with national and international standards and guidelines, with particular focus on the objectives of the United Nations Sustainable Development Goals (UNSDGs), Global Reporting Initiative (GRI) Universal Standards and the Qatar Stock Exchange (QSE) 'Guidance on ESG reporting'.

In addition, we reference and support the following international conventions, principles and guidelines, upon which this sustainability policy is based:

1. United Nations Global Compact (UNGC);
2. International Labour Organisation's (ILO) Declaration of Fundamental Principles of Rights at Work;
3. United Nations Guiding Principles (UNGP) on Business and Human Rights;
4. International Finance Corporation (IFC) Performance Standards;
5. International Capital Markets Association (ICMA) Green and Social Bond Principles;
6. Loan Market Association (LMA) Green, Social and Sustainability-Linked Loan Principles;
7. World Bank Environment, Health and Safety Guidelines; and
8. IFRS International Sustainability Standards Board (ISSB) (which incorporates recommendations of Taskforce on Climate Related Financial Disclosures (TCFD)).

Given the rapid evolution and developments of sustainability and ESG standards, QNB Group aims to adopt and apply internationally recognised best practices, standards and frameworks, once established in the market.

## 2. Purpose

This policy defines QNB's approach to sustainability and our Group-wide ESG commitments, covering both direct and indirect impacts of the business, to ensure a consistent approach across the organisation.

This overarching policy provides an overview of QNB's ESG commitments, rather than a detailed set of rules for implementation. As required, this policy is supplemented by topic-specific policies, position statements and guidelines to support effective implementation across all relevant divisions (business, support and control).

At a minimum, this policy requires compliance with all relevant legislative and regulatory ESG requirements in the markets where QNB operates, and that we adhere to internationally recognised sustainability principles for environmental protection, climate impact, human and labour rights, and anti-corruption.

## 3. Scope

This policy is produced by Qatar National Bank (Q.P.S.C.), as the parent entity of QNB Group, and is applicable to Qatar, all international branches and majority-owned subsidiaries of the Group.

Group Sustainability Policy is an overarching policy, which sets the minimum level of requirements and level of compliance for the Group entities to abide by. QNB Group subsidiaries are responsible for aligning with the requirements of this policy, through the establishment of their own internal governance, and ensuring compliance with all applicable local laws, regulations and standards.

## 4. Target Audience

This policy is relevant to all employees in the Group. It is the responsibility of the management of each country across QNB Group's international network to ensure that the policy is implemented and complied with where relevant to their respective areas of responsibility.

## 5. Sustainability Governance

The QNB Group sustainability programme, which consists of the Group-wide sustainability strategy, policy, and roadmap, is approved by the Board.

The Board oversees the overall execution of the Group's sustainability strategy and performance, and has oversight of ESG-related risks. The Board also links executive compensation to ESG performance through the Executive Management's Balanced Scorecard, which include KPIs for sustainability.

The topic of ESG, including climate-risk, is fully integrated into QNB's overall governance structure with clearly identified responsibilities: all Environmental and Social topics through the Group Board Risk Committee (GBRC) and all Governance-related topics through the Group Board Audit and Compliance Committee (GBACC). The ESG framework is cascaded down from the Board of Directors, down to the Group Management Risk Committee (GMRC) and the Group Senior Management Committee (SMC).

ESG-risk related dashboards have been established and are reported to Board and Executive oversight committees on a quarterly basis. Risk exposures are reported and monitored, together with associated action plans, escalations and/ or risk acceptance as appropriate.

A designated Group Sustainability team within Group Strategy acts as an advisory body to the GSC and senior management on all sustainability-related matters. The Group Sustainability team engages with external stakeholders and drives all ESG-related reporting, disclosures, and interactions with the relevant bodies, institutions, investors, and partners. The team is at the core of QNB Group's various ESG initiatives, acting as a central focal point for ESG-related projects in collaboration with concerned departments. Group Sustainability team is also responsible for setting up ESG-related goals and targets (KPIs) for relevant divisions across QNB Qatar, as well as monitoring their progress on implementation.

## 6. Climate Impact

We recognise the significant contribution QNB can make to society by adopting business practices that address climate risk, especially through our financing activities and engagement with our customers. We believe that a proactive approach to climate risk strengthens QNB's business resilience and supports sustainable financial performance through reducing risks, opening up new business opportunities, and strengthening our brand. QNB embeds all specific climate-related aspects of risk management and business development into its policies and the procedures of relevant units.

We measure and assess exposure to climate risk (physical and transition) in our lending portfolio to identify potential high risk areas to support mitigation measures and guide the evolution of the Environmental and Social Risk Management (ESRM), which serves as an input to the Group's risk management framework and risk appetite.

We measure and disclose financed scope 3 greenhouse gas (GHG) emissions from our lending portfolio, as part of our ambition to support the transition to a net zero carbon economy.

The Group Board governs climate risk strategy and climate risk management. Group Board Risk Committee is appointed to oversee climate-related activities, initiatives, performance and achievements of the management.

Group Strategic Risk Management is primarily responsible for assessing the materiality of commercial climate risks, quantifying risk impacts, conducting scenario analyses and stress tests, and quantifying financed scope 3 emissions.

Group Sustainability team's key climate-related responsibilities are proposing QNB's climate risk targets as informed by output/ insight from Group Strategic Risk Management portfolio analysis and Group Risk Appetite, collating data from respective divisions to calculate scope 1 (direct), 2 (indirect/ purchased) and operational 3 (e.g., waste and business travel) GHG emissions, identifying climate risks and opportunities that can impact the reputation of the Bank, promoting the climate-related agenda within the Bank, and developing climate risk disclosures.

Respective responsible QNB divisions are accountable

for delivering specific initiatives to reduce Group's direct environmental impact and carbon footprint.

## 7. Sustainability Strategy and Commitments

At QNB, we define sustainability as the delivery of long-term value in financial, environmental, social and ethical terms, for the benefit of our customers, shareholders, employees and communities. As a growing international bank, QNB Group plays an important role in contributing to financial stability and economic growth in the markets where we operate, while also helping to shape the future of the people and communities we serve.

Our sustainability framework consists of three pillars: sustainable finance, sustainable operations and beyond banking. All three pillars support QNB's goal of sustainable financial performance, through reducing risks, opening up new business opportunities and strengthening our brand. Under each pillar we have identified the sustainability topics most material to our business and a set of commitments to establish common global standards across the Group.

### 7.1 Sustainable Finance

'Sustainable finance' is the integration of ESG criteria into QNB's financing activities to deliver profit with purpose. Our ambition is to support customers manage their risks, lend to businesses that contribute towards sustainable development goals, improve access to finance for SME's and underrepresented groups, and provide a responsible customer service. Sustainable finance is the most significant way in which QNB can support national and global sustainable development goals. Moreover, it enables us to reduce reputational risks in our portfolio and maximize business opportunities emerging from the transition to a greener, more inclusive economy.

QNB's 'Sustainable finance' commitments are:

#### 1. Environmental and social risk management (ESRM):

We apply the Group's ESRM framework, which includes environmental and social screening, together with due diligence and monitoring focused on large corporate and large project finance exposures, including climate risk. Relationship Managers and Credit Department conduct the relevant procedures. The ESRM framework was developed in accordance with national and international laws and regulations and is publicly available on QNB website. The ESRM policy sets forth QNB Group's overarching minimum standards and approach to E&S matters in its sustainable financing and business operations.

The ESRM references and aligns with the Equator Principles with regards to risk categorisation and thresholds for project finance transactions.

#### 2. Sustainable products and services:

Through our Sustainable Finance and Product Framework (SFPF)<sup>1</sup>, we have standardised our assessment methodology and incorporate the latest international standards in order to integrate ESG-linked conventions into our overall products and services offering. We provide customers with products and services that address an environmental or social challenge, such as the promotion of financial inclusion or mitigation of climate change. At the same time, we contribute to our strategic commitment

towards promoting sustainable financing and further develop our green, social and sustainability linked lending portfolio. Our SFPPF actively promotes ESG, creates positive E&S impact with our clients, and allows to track QNB's contribution towards the UN sustainable development goals.

### **3. Sustainable investing:**

We build our internal capacity to assess ESG risks and opportunities associated with QNB's and our customer's investments.

### **4. SME's, microenterprises and entrepreneurs:**

We are committed to support the growth of SME's, microenterprises and entrepreneurs with access to finance, and improve the financial inclusion of unbanked or underserved communities.

### **5. Responsible customer communication and marketing:**

We provide transparent and responsible financial advice and communication to our customers to enable better financial decisions.

### **6. Accessibility**

We ensure accessibility through digital and physical channels and branches, including barrier-free technologies to deliver accessibility to our services for the customers with special needs.

### **7. Customer privacy and data protection:**

We ensure customer information is protected and respect the right to privacy within the guidelines of all applicable privacy and data protection laws and regulations, such as the General Data Protection Regulation. We also maintain robust cybersecurity risk mitigation strategy, supported by a dedicated governance framework with Board-level oversight.

## **7.2 Sustainable Operations**

'Sustainable operations' is the integration of ESG criteria into our business operations and across the supply chain to ensure we operate ethically and efficiently. Our ambition is to strengthen corporate governance practices, promote equality throughout our workforce, and reduce carbon emissions generated by our operations. This approach keeps us compliant with increasing ESG-related regulations while helping QNB to be an 'employer of choice'.

QNB's 'Sustainable operations' commitments are:

### **1. Corporate governance, compliance and risk management:**

QNB Group's approach to corporate governance (CG) is founded upon a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated, by adopting the highest standards of professionalism, honesty, integrity and ethical behavior. QNB's CG framework helps clarify the responsibilities of the Chairman and members of the Board of Directors, the committees emanating from the board, and the duties and the authorities of the Group CEO, and the Executive Management. The framework also clearly outlines the role of external audit, compliance, internal control frameworks, and risk management in working to evaluate the bank and its practices. It also determines disclosure requirements and the bank's responsibilities towards

shareholders, stakeholders, the environment and society.

### **2. Anti-Bribery and Corruption:**

We adopt a zero-tolerance approach to bribery and corruption and commit to the highest standards of professionalism and integrity in all business dealings and relationships, wherever we operate. We implement and enforce effective processes, measures and systems to counter any form of corruption, money laundering and financing of criminal activity. We encourage reporting through QNB's confidential whistleblowing mechanism, to protect the Bank's image and reputation.

### **3. Human rights and labour standards:**

We fully respect the human rights of people impacted by our business and ensure dignity and equality for all, regardless of a persons' race, religion, gender, age or language. QNB has established a workplace in which employees are treated with fairness, equality and respect and continually and actively promotes a culture of mutual trust across our network. This encompasses equal remuneration and development opportunities, grievance mechanisms, anti-discrimination, and ensuring the safety and security of our workforce. We expect our customers and suppliers to respect human rights and QNB prohibits the use of child and forced labour in our workforce or throughout our supply chain. Where local legislation may conflict with QNB's position on human rights, we comply with the law while seeking to promote good practice through our own conduct.

### **4. Talent management and development:**

We provide ongoing training and career development for our employees to help the business attract, recruit and retain the best talent. We help identify each employee's strengths and development needs, in alignment with the desired business skills, and create individual employee development plans to support their career goals. To promote continuous development, we offer programmes and initiatives focusing on identification and development of high potential talent with the Bank. We also undertake succession planning and run a Global Mobility Program to increase the international exposure of those deemed high-potential.

### **5. Environmental and climate impact of operations:**

We comply with all relevant environmental laws and regulations. We manage QNB's direct environmental impact through continual improvement of our internal environmental management initiatives/ systems. We set targets to minimize the carbon/ GHG emissions associated with our operations, improve resource efficiency (e.g., energy, water, paper, waste), and disclose our scope 2, 1 and operational 3 emissions.

### **6. Responsible procurement and supply chain:**

We assess sustainability risks in our supply chain as part of our third-party risk management framework and collaborate with our Third Parties to ensure compliance. Third Parties are required to adhere to local laws and regulations as a minimum requirement.

### **7. Tax compliance and transparency:**

We apply the letter and spirit of the tax laws in all regions where we operate. The Tax Compliance Unit within Group Compliance ensures that QNB's banking services are not associated with any arrangements known or suspected to facilitate tax evasion.

## 7.3 Beyond Banking

'Beyond banking' refers to QNB's Corporate Social Responsibility activities in the communities where we operate. Our ambition is to make a positive contribution towards wider society with an emphasis on education and financial literacy. In addition, we support and deliver a range of initiatives within our focus areas of social and humanitarian, arts and culture, health and environment, economic and international affairs, and sport.

QNB's 'Beyond banking' commitments are:

### 1. Community investment and socio-economic development:

We are committed to delivering targeted activities and initiatives that progress socio-economic development under the six focus areas of: youth and education, economic and international affairs, health and environment, arts and culture, social and humanitarian, and sport.

### 2. Education and financial literacy:

As part of our long-term strategy focusing on education, we build partnerships with educational institutions and promote financial education amongst our customers and other groups (e.g., youth, disadvantaged). Our ambition is to improve their skills and knowledge regarding financial planning and management.

### 3. Volunteering:

We facilitate and encourage our employees to volunteer in initiatives coordinated by our Corporate Social Responsibility team.

### 8. Implementation

This policy is complemented by, and should be read in conjunction with, the other QNB Group policies, position statements, guidelines and management plans that have been established to implement sustainable business practices across the business:

Strategic pillar	Policy commitment	Relevant QNB policies, position statements and guidelines
Sustainable Finance	6.1.1 Environmental and social risk management in lending	QNB Wholesale Credit Policy (6.3.4 Sustainable Lending) QNB Group ESRM Policy Framework QNB Sustainable Finance and Product Framework (SFPPF)
	6.1.8 Customer privacy and data protection	QNB Group Data Privacy Policy QNB Code of Ethics and Conduct (-8Disclosure of Confidential Information) QNB Information Ownership and Classification Policy Information Technology Risk Management Policy Information Security Policy Cybersecurity Policy
Sustainable Operations	6.2.1 Corporate governance, compliance and risk management	Group Compliance Policy Corporate Governance Manual Conflicts of Interest and Insider Dealing Policy Whistle Blowing Policy Chinese Walls Policy Group Risk Policy Fraud Control Policy Fraud Investigation Policy Stakeholders' Rights Policy QNB Articles of Association QNB Board Charter QNB Board Policy Disclosure and Transparency Policy Third Party Risk Management (TPRM)
	6.2.2 Anti-Bribery and Corruption	QNB Anti-Bribery and Corruption Policy QNB Anti-Money Laundering and Combating Terrorist Financing Policy QNB Code of Ethics and Conduct (26-Whistleblowing, 28-Fraud, Money Laundering and Terrorist Financing) Know Your Customer (KYC) Policy QNB Group Sanctions Policy Politically Exposed Persons (PEP) Policy Third Party Supplier Code of Conduct (TPSSC)

Sustainable Operations	6.2.3 Human Rights and labour standards	QNB Human Capital Global Policy (13.4.1 Grievances) QNB Group Human Rights Statement QNB Modern Slavery and Human Trafficking Statement (UK only) QNB Code of Ethics and Conduct (24-Safety and Security) Third Party Supplier Code of Conduct (TPSSC) QNB Group ESRM Policy Framework QNB Sustainable Finance and Product Framework (SFPF)
	6.2.4 Talent management and development	QNB Human Capital Global Policy (11-People Development) QNB Code of Ethics and Conduct (18-Professional Development)
	6.2.5 Environmental impact of operations	QNB Group Administration and General Services Group-wide Policy (Health, Safety, Security and Environment) QNB Climate Report
	6.2.7 Responsible procurement and supply chain	QNB Third Party Risk Policy Third Party Supplier Code of Conduct (TPSSC) QNB Code of Ethics and Conduct (4-Supplier Relationships)
	6.2.8 Tax compliance and transparency	Foreign Account Tax Compliance Act (FATCA) Common Reporting Standards (CRS)
Beyond Banking	6.3.1 Community investment and socio-economic development	QNB Code of Ethics and Conduct (5-Social Responsibility) Group Communications Policy - Corporate Social Responsibility (CSR)

## 9. Reporting, Disclosures and Transparency

To promote transparency in the banking sector we are committed to publicly disclosing our sustainability performance in the QNB Annual Report and/ or QNB Sustainability Report, in accordance with the Global Reporting Initiative (GRI) Universal Standards and Qatar Stock Exchange 'Guidance on ESG Reporting'. We place particular emphasis on ensuring high standards of data quality and use this to drive continuous improvement.

Furthermore, we proactively engage and disclose our ESG data to several organisations including, but not limited to: Qatar Stock Exchange, MSCI, S&P Global, Sustainalytics, FTSE Russell and CDP.

To enhance disclosure, QNB Group publishes sustainability-related policies and statements on its website. These include but are not limited to: the Code of Ethics and Conduct, Anti-Bribery and Corruption (ABC) Policy Statement, Group Environmental and Social Risk Management (ESRM) framework, Third Party Supplier Code of Conduct (TPSSC), and the Modern Slavery Act (United Kingdom).

## 10. Dialogue with Stakeholders

In order to receive all important feedback and understand their priorities, QNB maintains dialogue and consultation channels with its main stakeholders: employees, shareholders, customers, suppliers and regulators.

QNB Sustainability team along with Investor Relations team are actively and regularly involved in periodic meetings with QNB investors to address any ESG-related topics, updates, questions or concerns.



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