



QIB Sustainability Policy Framework

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1.0 Introduction

Sustainability is critical to our society and our planet. Environmental, Social, and Governance (ESG) factors along with their associated impacts are becoming more and more relevant for Financial Institutions. Conducting business in an ethical manner today requires identifying potential Environmental, Social and Governance based risks and opportunities that may impact the financial performance of investments and credit worthiness of borrowers.

Being an Islamic Bank, business Ethics and Sustainability are inherent in QIB core principles, owing to the convergence between the elements of sustainability and the principles of Islamic Banking; since both resolve around mitigating adverse impacts on the environment and society and promoting sound environmental stewardship and good governance. Caring for the environment, promoting equality, social justice and inclusion while pursuing economic prosperity for all, is therefore an integral part of QIB business identity. Additionally, QIB takes utmost care to demonstrate accountability and transparency in all its operations and dealings, to help safeguard the interests of the Bank's Shareholders, including impacted Communities, Customers and other Stakeholders.

Sustainability ambitions of the Bank are aligned to the Qatar National Vision 2030, the Sustainable Development Goals (SDGs), as well as the guidance promoted by the Qatar National Environment and Climate Change Strategy (QNECCS), all of which provide a solid foundation for undertaking ambitious efforts, that can be leveraged as strategic advantage in the national as well as global context.

QIB further strives to identify opportunities into product innovation, in the field of Sustainable Banking and Sustainable Finance. This entails the development of financial products and services with Social and Environmental benefits.

2.0 Purpose

This Policy Framework aims to formalize The Bank's commitment to sustainable operations. It further provides an overview of QIB's approach to integrating

ESG factors in lending and investment activities, governance mechanisms and day to day operations.

This framework is derived from QIB's Sustainability Policy and is supplemented by other public and internal documents, including the Sustainability Management Committee Terms of Reference, QIB Credit and Investment Risk Policy, QIB's Sustainable Finance Framework and the annual Sustainability Reports.

This Sustainability Policy Framework is the Master Document applied across QIB's own operations and portfolio. Adherence to this framework is ensured through regular training and engagement with employees, shareholders, customers, suppliers, and regulators.

3.0 QIB approach to Sustainability & ESG

As one of the major Financial Institutions of Qatar, offering a wide range of services and maintaining a diverse portfolio across different sectors, QIB acknowledges the significance as well as urgency of sustainability and hence have been embedding Environmental, Social and Governance factors into its strategy, operations and systems.

While sustainability and ESG are closely related, they represent distinct aspects of responsible business practices. Sustainability embodies the Bank's broader commitment to holistic well-being, encompassing environmental, social, and economic considerations. ESG, as a framework, focuses specifically on evaluating Environmental, Social, and Governance performance. Both concepts are integral to the Bank's sustainability framework as they guide its efforts to drive positive impact across various dimensions:

3.1 On Strategy Level

QIB has formulated a sustainability strategy, aligned to the four pillars of the Qatar National Vision 2030 (namely; Human, Social, Economic and Environmental development) as well as the guidance laid down by the Qatar National Environment and Climate Change Strategy (QNECCS) and the United Nations Sustainable

Development Goals in order to address pressing social and environmental matters. With these frameworks serving as a guide, QIB have enhanced the consideration for sustainability in its financing and investing activities, continue to support local communities and take initiatives that reduce environmental impact. Being an Islamic institution, the Bank also abides by the Sharia principles of environmental stewardship and social inclusion.

3.1 On Policy Level

In addition, QIB continually strives to adopt sustainable business practices that have a positive impact on the environment and society. The Credit and Investment Risk Policy is updated to formalize the Bank's approach towards ESG integration in lending and investments by supporting the Bank oversee ESG Risks and opportunities that are inherent to QIB portfolio companies and investments. The Bank also works with its lending and investment managers to foster steady progress towards developing ESG related skills and competencies.

4.0 QIB Sustainability policy framework pillars

The Sustainability Policy Framework, which reflects the QIB respective priorities and responds to material ESG factors that can impact its business operations as a Bank, has been derived from the Bank's overarching Sustainability Policy. It consists of five pillars, supporting the goal of sustainable financial performance by capitalizing on new business opportunities while addressing risks:

- Empowering QIB people;
- Positive Community Impacts;
- Governance, Ethics & Risk Management;
- Responsible Banking Operations; and
- Sustainable Finance.



Under each pillar, key material topics are identified, taking account of their importance to QIB and to its Customers, Shareholders, Investors and other Stakeholders. These pillars and their corresponding topics present the strategic priorities of the Bank to enable sustainable growth and enhance Customers' satisfaction in alignment with the pillars of Qatar National Vision (QNV) and Sustainable Development Goals (SDGs):

4.1 Empowering People

QIB recognizes that empowering its people is fundamental to achieving the Bank's sustainability goals. This Policy Framework outlines QIB approach to fostering a supportive and inclusive environment, promoting employees' well-being, encouraging professional growth, and enhancing engagement and collaboration among workforce. By empowering its people, the Bank aims to create a positive impact on its employees, their communities and the world.

- **Inclusive and Diverse Workplace**

QIB is committed to maintaining an inclusive and diverse workplace that respects and values differences in Culture, Gender, Race, Ethnicity, Age, Abilities, and Perspectives. QIB, in addition, actively promotes diversity in recruitment, providing equal opportunities for all employees, and ensuring fair and unbiased hiring practices.

- **Employee Health and Well-Being**

QIB prioritize the physical and mental well-being of its employees and, thus, provides access to wellness programs, health benefits, and resources that support a healthy work-life balance. It also encourages regular breaks, flexible working hours, and paid time off to reduce burnout and increase productivity.

- **Learning and Development**

Out of its belief in continuous learning and professional development for its Employees, the Bank offers training programs, workshops and mentor opportunities to help Employees enhance their skills and expertise. QIB also supports employees in pursuing further education and certifications related to their roles and interests.

- **Employee Engagement**

To foster an environment where employees feel empowered to share their ideas, opinions and feedback, QIB established dedicated channels for open communication and active listening between Management and employees to encourage participation in decision-making processes that might affect their work as well as the organization.

- **Local Workforce Development**

QIB prioritize hiring and promoting local talents to foster economic growth and provide opportunities for community members. For that matter, QIB collaborates with educational institutions and vocational training centers to create tailored programs that equip locals with the skills needed for employment in the financial sector. Learning and Development

- **Human Rights**

Upholding the ideals of Human Rights is centric to QIB Sustainability Strategy as well as Sharia Principles. The Bank strives to comply with relevant International Human Rights declarations and applicable laws, including local labor laws (which are further aligned to the 6 conventions of the International Labor Organization (ILO), ratified by the State of Qatar). This is in line with national efforts in Qatar to safeguard Human Rights, manifested by the establishment of an autonomous, legally immune national committee for Human Rights.

QIB fosters an environment of diversity, equity, and inclusion where all employees feel appreciated, respected, and empowered to speak up. Those principles are communicated to QIB's employees, investees, suppliers, and investors.

As a preventative measure, the Bank provides its employees with a Whistleblowing mechanism through which Employees can report on suspected adverse Human Rights outcomes, among others, confidentially and anonymously.

With the Board and the top management at helm, QIB has a robust system in place to address any Human Rights related concern or factors/topic that may arise.

4.2 Positive Community Impacts

QIB is committed to making a positive impact on the communities where it serves by providing support and fostering financial inclusion. QIB recognizes that its responsibility goes beyond business operations, extending to the well-being and economic empowerment of the local communities.

This Policy Framework outlines the Bank's approach to creating positive community impacts through targeted support, financial inclusion initiatives, and accessibility to financial products and services. By investing in the communities where the Bank operates in, QIB aims to drive sustainable growth and shared prosperity:

- **Community Support & Investment**

QIB allocates resources and funds to support community development projects that align with its core values and have a measurable positive impact. Recognizing the power of partnerships, QIB collaborates with local organizations, government bodies, and other stakeholders to maximize the impact of its support and investments. By leveraging collective expertise and resources, comprehensive solutions are created for complex community challenges.

- **Financial Inclusion & Accessibility**

At QIB, the commitment to promoting financial inclusion and ensuring accessibility to financial products and services for all segments of society are evident. Aligned with the United Nations Sustainable Development Goals (UNSDGs) and the country's vision for human development without exclusions, the Bank is dedicated to empowering individuals from diverse backgrounds, irrespective of gender, age, ethnicity, marital status, nationality, religion, or profession.

- **Tailored Financial Products & Services**

QIB designs and offers a range of financial products and services tailored to meet the specific needs of different Customer segments. This includes low-income individuals, students, women, and underserved populations.

QIB endeavors to address the needs of unbanked and

vulnerable populations, such as low-income individuals, refugees, and migrant workers, by offering inclusive financial services and products. QIB's goal is to provide accessible and affordable financial solutions that help individuals achieve their financial goals and enhance their overall well-being.

- **Financial Literacy & Education Programs**

Recognizing the significance of financial literacy in promoting financial inclusion, QIB runs financial education programs. These initiatives empower individuals with essential knowledge and skills for effective financial management. The programs aim to improve financial decision-making, budgeting, saving, investing and understanding of banking services.

- **Digital Financial Services**

Embracing technological advancements, QIB prioritizes digital financial services to improve accessibility for all, regardless of their level of familiarity with traditional Banking services. QIB's digital Banking solutions aim to make financial transactions and services seamless and user-friendly, ensuring that no one is left behind in the digital era.

4.3 Governance, Ethics & Risk Management

QIB places a strong emphasis on Governance, Ethics and Risk Management as foundational pillars of its Sustainability Strategy. The Bank firmly believes that a responsible and transparent approach to Governance and Risk Management is essential for maintaining the trust of stakeholders, ensuring ethical conduct, and safeguarding the long-term sustainability of its operations.

ESG risks and opportunities are considered at all levels of decision-making at the Bank. Additionally, QIB's Governance Framework aligns with the Governance Principles set by Qatar Central Bank, wherein formulated clear expectations, roles, and responsibilities for each decision-making level in the Bank:

Roles and Responsibilities

A. Board of Directors:

The Board of Directors has ultimate responsibility for the Bank, including approving and overseeing the implementation of the Bank's strategic objectives, policies, risk profile, governance framework and corporate culture. The Board further monitors the Bank's Sustainability Strategy and makes necessary recommendations and/or decisions.

B. Executive Management:

The Bank has a dedicated Sustainability Management Committee, chaired by the GCEO and comprised of members of the Executive Team and Departments' Heads. The committee is responsible for setting the Bank's Sustainability Strategy, monitoring the sustainability performance, and suggesting updates and additions to the Sustainability Policy, among other responsibilities. The committee reports directly to the Board of Directors.

C. Sustainability Working Group:

The Sustainability Working Group comprises of managerial focal points from each business function within QIB. The group is responsible for implementing new projects and initiatives, internal ESG reporting to the Sustainability Management Committee, collecting and sharing key ESG data with the Committee and contributing to the Annual Sustainability Report.

D. Other Business/Support Functions:

All relevant business departments are responsible for ensuring the alignment with the Bank's sustainability policies and tracking sustainability performance.

Training & Development of In-House Capacity

QIB believes that training on sustainability is essential for successfully implementing its sustainability goals. Hence, QIB's Board of Directors, Executive Management as well as all the Bank's employees, across all ranks, are exposed to an ongoing learning process across the Bank. The sustainability landscape continuously changes with emerging sustainability risks, opportunities, monitoring and reporting methodologies and new initiatives, therefore, QIB ensures that all the employees are constantly

updated on sustainability-related matters via awareness-raising sessions.

In addition to general sustainability training, QIB is committed to develop a specialized in-house ESG capacity to facilitate the integration of ESG in decision-making as well as specific operations.

Training & Development of In-House Capacity

One of the Bank's objectives is to minimize its risk profile while maintaining a strong performance and to be resilient and self-reliant under unforeseeable adverse events. To that end, the Bank has a suite of internal Policies defining Risk Appetite and addressing various types of Risks (i.e. Credit, Investment, Market, etc.).

QIB defines the maximum level of risk it tolerates in a stand-alone internal Risk Appetite Framework Policy, which is reviewed and approved by the Board of Directors on an annual basis, considering any developments in the business environment, stakeholders' requirements and strategy. The QIB Risk Appetite Framework is divided into three dimensions:

a. Unacceptable Risks: these are risks for which the Bank has zero-tolerance. They are derived from the Sharia Principles and Regulatory and Reputational Risks.

b. Acceptable Quantitative Risks: These risks can be explained by hard numbers like credit rating, capital cushion/buffer, and loss tolerance/limit. Quantitative risk appetite is set using target rating numbers, debt/equity ratio, and credit policies.

c. Acceptable Qualitative Risks: These risks are defined using policies and guidelines. Qualitative risk appetite is set using the Bank's liquidity policy, credit policy, operational risk guidelines and new business and product review, among others.

ESG risks are an integral part of each of the three dimensions listed above. Some ESG risks are unacceptable because they go against government regulations or the Sharia principles (e.g. investing in alcohol, tobacco, or gambling industries).

Exclusions

To uphold ethical and responsible Banking practices, QIB avoids providing financing or investing in the following:

1. Credits which violate any laws of the country.
2. Credits or investments in non-Sharia-compliant businesses; including gambling, alcohol, and pornography.
3. Investments in non-Sharia-compliant equities or equity funds.
4. Credits to Customers in countries that are engaged in war or countries which are unstable and susceptible to civil riots or similar events.
5. Credits to Customers whose integrity or moral character is questionable.
6. Credits to regulators or members of Sharia supervisory bodies, unless allowed by a regulatory body for its management and staff.
7. The Bank is restricted from granting any finance to external auditors or their families unless fully cash secured basis.
8. Credits to persons, entities listed in sanctions list as defined in QIB Credit and Investment Risk Policy.

4.4 Responsible Banking Operations

At QIB, responsible Banking Operations serve as a fundamental pillar of the Bank's sustainability strategy. QIB's position on ESG factors/topics is derived from international best practices as well as the Bank's commitment to Sharia principles. Sharia extends beyond the credit approval process into all aspects of life. The goals of Sharia include, among others, the protection of the environment and people. It encourages environmental stewardship and social justice. As such, it captures the essence of sustainability. QIB's commitment to sustainability encompasses the following key elements:

Customer Relationships

QIB prioritizes building strong and sustainable relationships with its Customers. The Bank strives to deliver exceptional Customer service, ensuring

transparency, fairness, and ethical behavior in all interactions. Customers' feedback and concerns, as well, are actively considered in the development of Banking products and services, fostering a customer-centric approach.

Digitization & Innovation

Embracing technological advancements, QIB actively promotes digitization and innovation in its Banking operations. The Bank seeks to enhance Customers experiences through user-friendly digital platforms and services. Innovative solutions are always explored to increase accessibility, convenience, and efficiency for Customers, while also contributing to reduced environmental impact through paperless processes.

Data Privacy & Security

QIB places a paramount emphasis on data privacy and security. Robust measures are implemented to protect Customers data and ensure compliance with applicable data protection regulations. The Bank prioritizes the responsible use of data, respecting Customer privacy and confidentiality in all aspects of its operations.

Data Privacy & Security

QIB is committed to minimizing its direct environmental impact and actively contributes to climate change mitigation efforts. In terms of managing the direct impact on the environment, QIB has implemented energy-saving mechanisms, emissions reduction initiatives and monitor its electricity and fleet fuel consumption regularly to reduce the direct and indirect emissions resulting from operations. The outcome of these efforts is publicly disclosed in the annual Sustainability Report. The Bank, as well, takes proactive steps to mitigate its carbon footprint and monitor environmental performance regularly.

Responsible Procurement & Supply Chain

QIB adopts responsible procurement practices to promote sustainability throughout its supply chain. Suppliers are therefore encouraged to adhere to ethical and sustainable standards, and the Bank actively collaborates with partners who share its commitment to social and environmental responsibility.

4.5 Sustainable Finance

At QIB, Sustainable Finance serves as a vital pillar of our commitment to environmental, social, and economic responsibility. QIB recognizes that financial decisions have significant implications for the well-being of the planet and society. QIB is committed to offering Sharia compliant sustainable finance products and services to QIB Customers. Furthermore, QIB had signed the Equator Principles Agreement, which compels the Bank to work closely with Customers assessing environmental and social risks for larger projects that qualify as project finance and larger corporate related finance meeting the criteria of Equator Principles. This commitment aims to address any social or environmental risks identified in the financed projects or corporate finance, aligning QIB with international best practices for sustainable project financing; and is governed by our dedicated Sustainable Finance Framework, hosted on our website.

5.0 ESG Due Diligence Process

As of 1st January 2023, QIB employs a fully-fledged ESG Risk Due Diligence process before approving any credit or investment proposal exceeding QAR 250 Million and rated Medium or High as per EBRD (European Bank for Reconstruction and Development) sector ratings. The process includes ESG categorization and ESG rating. For transactions below this threshold, QIB assigns ESG classification based on the EBRD classification. All Customers, projects, investment with exposures above QR 250 Million identified as medium or high risk by the ESG risk classification matrix are reviewed through QIB ESG due diligence toolkit generating an ESG score. QIB's ESG toolkit assesses (17) ESG criteria, including Environmental Management Certifications, Human Rights commitments and measures, Anti-Corruption Conduct, and Allegations Screening.

Where applicable, the project's ESG rating is also calculated. The project is assessed in alignment with the International Finance Corporation's (IFC)

Performance Standards. QIB may engage with the Customer, requesting additional documents relevant to ESG. These documents may include, but not limited to, Environmental and Social Impact Assessment studies (EIAs), Environmental and Social Action Plans (ESAPs), Environmental Management Plans (EMPs), and evidence of stakeholders' engagement.

The ESG ratings are conducted internally and reviewed by the Credit Review & Risk Analysis Department and the Credit and Investment Risk Committee.

6.0 Climate change

QIB recognizes the short-term and long-term impacts of climate change on the environment, people, economy and the Bank's portfolio. Such impacts include droughts, floods, sea-level rise, and other extreme weather events, which can have a material impact on the Bank's assets.

Above aspects are assessed using the toolkit per above threshold to inform QIB's investment decision-making specifically for those transactions falling under equator principle.

7.0 Supporting SMEs

QIB is committed to supporting SMEs in the region, through dedicated efforts taken in this regard from time to time.

8.0 Engagement

QIB's approach to sustainability involves continuous engagement with Stakeholders, both internal and external. Through a range of communication channels, QIB listens to and seeks feedback from diverse groups of Stakeholders, whose inputs guide the Bank's sustainability strategy and the factors/topics prioritized for action and improvement.

QIB's goal is to create long-term value and deliver its business strategy through a collaborative and proactive approach to building and maintaining relationships with Stakeholders.

9.0 Reporting

Stemming from QIB's belief in transparency and sector leadership, the Bank is committed to releasing an annual Sustainability Report outlining the Bank's actions towards achieving sustainability and reporting on all relevant metrics that are material to the Bank, including its Environmental Performance, Customer Relations, Data Privacy, and Anti-Corruption and Anti-Terrorism Financing.

QIB is actively looking for ways to improve the quality and accessibility of its reporting and is always open for feedback from external/internal Stakeholders.

10.0 Policy Administration & Maintenance

In line with the terms and conditions of QIB Policy Management Framework (the "Framework"), this Policy shall be regularly reviewed, updated and approved at annual intervals, at least. All amendments, changes and/or updates incorporated to the Policy will be subject to the review and approval cycle instated in the aforementioned "Framework".

Owner of the Policy shall be responsible for the maintenance of this Policy Document as well as assessing its contents on an on-going basis, which might drive the necessity for any changes to the Policy, if required. However, owner of the Policy shall keep a separate file for tracking such changes, updates or amendments, as and when performed, for audit trail purposes.