



Corporate social responsibility 2018



Our proactive approach to adopting sustainable environmental, social and governance (ESG) business practices allows us to help shape a better long-term future for the economies and communities we touch on a daily basis.

We are committed to the objectives of the **Qatar National Vision 2030** and the **United Nations Sustainable Development Goals** and have developed our sustainability strategy in line with these national and international frameworks and reporting in accordance with the GRI Standards.

Furthermore, we have pledged to disclose our ESG performance to the **Qatar Stock Exchange**, which became a signatory to the **United Nations Sustainable Stock Exchange Initiative** and released its ESG guidance to encourage voluntary ESG reporting by listed companies.

We are committed to alignment with:

Qatar National Vision 2030 and National Development Strategy 2018–2022



Human Development



Environmental Development



Economic Development



Social Development

United Nations Sustainable Development Goals



33%
percentage of women
in Group Executive
Management

18
number of products
and services with
an environmental
or social benefit

4.6%
of loan portfolio
allocated to
microenterprises
and SMEs

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 communities we serve.

There is now increasing demand from investors, customers, regulators and our own employees for greater transparency in our approach to sustainability and we recognise the unique position we hold to deliver a significant positive impact, especially through our financing activities.

By taking a positive and proactive approach to sustainability, QNB Group is able to:

- > reduce risk – by integrating environmental, social and governance (ESG) considerations into our operations and financing, steering us away from hazardous actions that contradict our commitment to sustainability;
- > drive new business opportunities – by providing customers with financial products and services that support sustainable development goals;

- > improve operational efficiency – by focusing on resource efficiency in our operations and enforcing effective governance to support this; and
- > strengthen our brand – by disclosing and continuously improving our approach to environmental stewardship, social responsibility and ethical business practices.

For these reasons, we have created a comprehensive sustainability strategy to maximise the shared value we generate for our business and our stakeholders now and for the long term.

We have done so after consultation with our key stakeholder groups – our customers, investors, employees, regulators and government, society and suppliers – taking into account their concerns and priorities. We have therefore identified the most material issues that we believe have the biggest impact on us as a bank and on our group of stakeholders. Through this framework, we have developed our sustainability strategy with careful consideration for the needs and expectations of our key stakeholder groups.

2.7%
community investment
as a percentage of
pre-tax profit

QR3.3 bn
value of our green
lending portfolio

Materiality

By identifying and prioritising the most material sustainability issues, we achieve a better understanding of the full range of value created by our business for society. This, in turn, allows the bank to be able to improve its operations by focusing on what matters most.

In line with the materiality assessment process set out in the GRI sustainability reporting standards, QNB Group has compiled a comprehensive list of relevant economic, social and environmental impact areas. Our Executive Management has reviewed the Group’s materiality matrix to ensure that the range of issues included provides a complete representation of the organisation’s significant sustainability impacts.

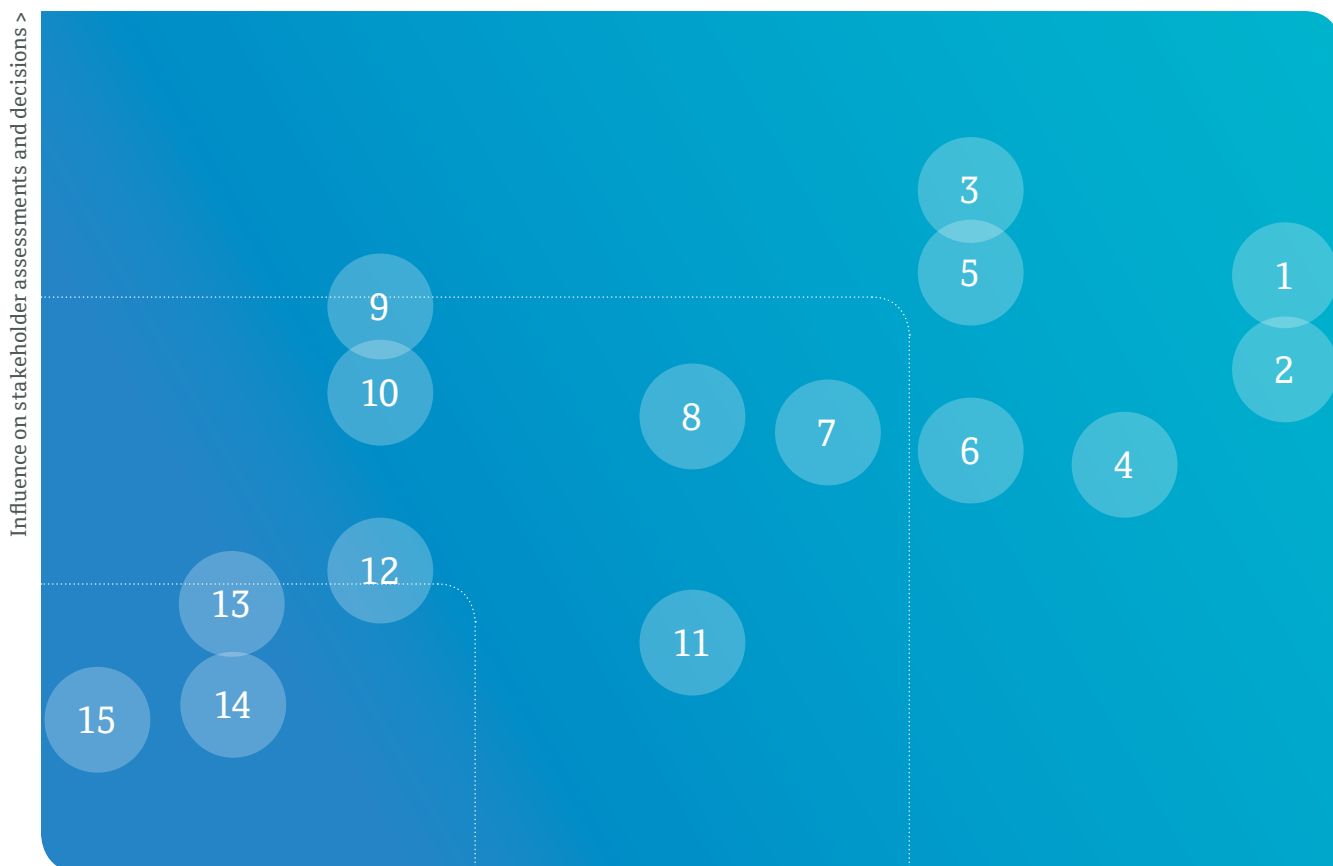
We have aligned our sustainability priorities with the objectives of the Qatar National Vision 2030, United Nations Sustainable Development Goals and the Qatar Stock Exchange ESG guidance.

This approach to materiality provides the foundation of our strategy and enables us to be confident that our priorities accurately reflect and address areas of most relevance to our business, helping us meet stakeholder expectations.

Our sustainability strategy

Our strategy summarises what sustainability means for QNB by incorporating the key material issues that need to be addressed and balanced to drive the creation of shared value for all of QNB’s stakeholders. It consists of three pillars: sustainable finance, sustainable operations and beyond banking.

QNB Group materiality matrix



Significance of impacts >

Rank Material topic

- | | |
|---|--|
| 1. Governance, business ethics and compliance | 8. Supporting SMEs and entrepreneurship |
| 2. Financial performance | 9. Sustainable investment, lending, products and services |
| 3. Financial stability and systemic risk management | 10. Digital innovation and transformation |
| 4. Customer experience | 11. Diversity and inclusion |
| 5. Customer privacy and data security | 12. Community investment and socio-economic development |
| 6. Talent attraction, development and retention | 13. Financial inclusion, accessibility and financial education |
| 7. Responsible customer communication and marketing | 14. Environmental impact of operations |
| | 15. Responsible procurement |

Case study – Renewable energy project financing in Turkey

We have financed the development of twelve different renewable energy projects in Turkey.

Over the past four years, QNB Finansbank has financed twelve renewable energy projects worth over USD350 million to support Turkey's transition to a more environmentally sustainable and diverse electricity supply.

We financed the development and construction of six solar, three wind and three hydroelectric power plants that have helped to shift the country's energy mix, significantly reducing greenhouse gas emissions.

These projects produce approximately 2.8 million MWh per year and reduce greenhouse gas emissions by 1.4 million tonnes of CO₂e per year.

The solar and wind projects, specifically, have contributed to Turkey's aim of establishing a non-hydro renewable generation capacity of 27GW in the next five years. Of this, 5GW is expected to be solar and 20GW wind.



Sustainable finance

We are integrating ESG criteria into QNB Group's lending, products and services, to reduce reputational risks in our portfolio and maximise opportunities from increased investor and customer interest for products and services that deliver profit with purpose.

Integrating sustainability into our core business divisions is a significant way in which we can support national and global sustainable development goals. For example, we have financed renewable energy projects, low emission rail transportation, wastewater treatment and recycling facilities and green building projects. In addition to directing capital towards activities that help protect the environment while promoting socioeconomic development, we seek to improve access to finance for SMEs and entrepreneurs to drive economic growth and diversification in the markets in which we operate and build our own customer base.

For example, QNB Finansbank joined forces with the European Bank for Reconstruction and Development to support women entrepreneurs in Turkey with a tailored loan to finance and grow their business, together with mentoring and training. We have supported more than 6,000 female entrepreneurs since 2015, with our loan commitments reaching nearly a quarter of a billion Turkish Lira.

As part of QNB's strategic commitment to sustainable financing, the bank applies the Equator Principle categorisation for project finance loans that (i) exceed USD10 million and (ii) have a tenor greater than two years. The Equator Principles are the internationally recognised framework for environmental and social due diligence in project finance.

Sustainable operations

This refers to the management of our direct environmental, social and governance (ESG) impacts, to ensure we operate ethically and efficiently. Our approach to improving QNB Group's direct impacts is to measure, manage and report performance in alignment with the criteria set by the Qatar Stock Exchange 'Guidance on ESG reporting'. In addition, to improve our transparency we have proactively identified and disclosed Group-wide performance data to several external sustainability indices and ratings, including Qatar Stock Exchange's sustainability reporting portal.

Sustainable operations starts with our people. We continuously strive for the highest levels of professionalism and truly believe that investing in our people will make us a stronger bank. We invest in training to keep our employees' skill set relevant in an ever-changing world economy. To achieve this, we have in place a Group Leadership and Management Development Curriculum. This consists of seven learning programmes delivered by internal and external partners to improve the competency of existing and emerging Leadership, Management and Team Leader roles.

To drive a culture of sustainable thinking within our organisation, we have taken a number of actions to raise awareness among our employees, including: a sustainability awareness section introduced within the mandatory employee induction programme, employee engagement activities during key international dates and digital communications to all staff with suggestions on how to make a difference personally. Externally, we have been active in supporting a number of collaborative sustainability seminars and workshops with governments, academia and the private sector.

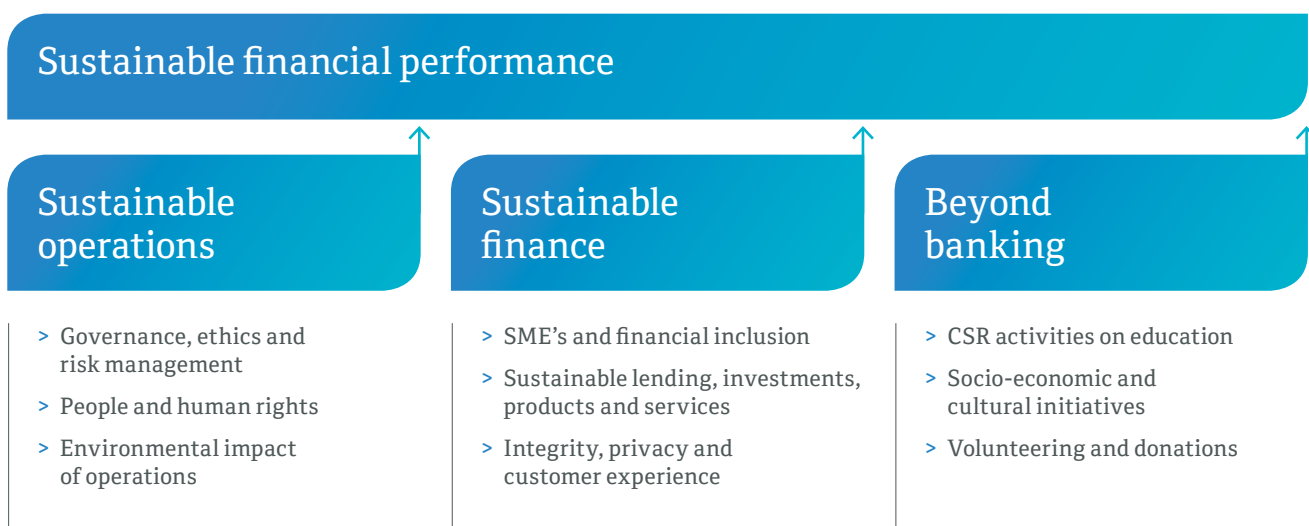
We conduct our business with accountability and integrity by maintaining the highest standards of corporate governance and by taking appropriate measures to prevent any form of bribery, corruption or financial crime, including money laundering, terrorism financing and fraud. In 2018, to further demonstrate our belief in robust governance, we agreed that all the voting results at next year's (2019) annual shareholders' meeting will be made public. We have also begun incorporating sustainability due diligence into our management of external suppliers and started to track spend with local suppliers across the Group.

Meanwhile, to reduce the environmental impact of our operations, we recently launched a recycling initiative in partnership with a local firm during UN World Environment Day, with staff across our offices and branches in Qatar pledging to reduce, reuse and recycle. We also initiated the roll-out of energy efficiency measures with an LED lighting upgrade in our Qatar offices and solar panel installations on several branches in Egypt, helping to reduce our carbon footprint. We are accounting for our greenhouse gas (GHG) emissions by measuring Scope 1 and 2 this year, aiming to measure Scope 3 in the near future.

Beyond banking

For a full overview of how we are supporting the wider society.

QNB Group sustainability framework



Sustainability continued

Sustainability performance summary

Framework pillar	Material issue	Key performance indicator	2015	2016	2017	2018
Sustainable financial performance	Financial performance and stability	Pre-tax profit (QR million)	12,002	13,343	14,005	15,018
		Net loans and advances to customers (QR million)	388,292	520,417	584,319	612,507
		Cost-to-income ratio (%)	21.5%	30.4%	29.1%	25.8%
		Loan-to-deposit ratio (%)	98.3%	102.7%	99.8%	99.3%
Sustainable finance	Sustainable investment, lending, products and services	Number of products or services helping customers to meet an environmental or social challenge	–	8	15	18
		Lending portfolio financing environmentally-friendly, low carbon activities (QR million)*	–	–	–	3,298
	Supporting SMEs and entrepreneurship	Credit facilities extended to micro-enterprises (QR million)*	6,265	13,171	27,031	12,898
		Credit facilities extended to SMEs (QR million)*	4,141	19,386	28,560	14,981
		Lending portfolio financing micro-enterprises and SMEs (%)*	2.7%	6.3%	9.5%	4.6%
	Digital innovation and transformation	Digital transactions (online and mobile as a % of total)*	31.0	36.4	41.1	42.4
	Responsible customer communication and marketing	Non-performing loan ratio for lending	1.4%	1.8%	1.8%	1.9%
	Customer privacy and data security	Number of data security breaches	0	1	0	0
		Amount of fraudulent transaction activity (QR million)*†	2.5	25.1	24.1	16.8
	Customer experience	Net promoter score – Qatar*	63	47	56	55
Sustainable operations	Governance, compliance and risk management	Incidents of non-compliance with laws and regulations	0	0	0	0
		Total amount of legal and regulatory fines and settlements (QR million)	0	0	0	0
		Confirmed incidents of bribery or corruption	–	0	0	0
		Percentage of Board seats occupied by independent directors	30%	40%	40%	40%
		Liquidity Coverage Ratio (LCR)	87%	85%	135%	124%
		Capital Adequacy Ratio (CAR)	16.3%	16.0%	16.5%	19.0%
	Talent attraction, development and retention	Employee engagement score (%; QNB Qatar and its international branches)	–	53%	59%	56%
		Average number of training hours provided per employee*	25.4	38.6	41.0	44.8
		Employee turnover rate (voluntary) (%)*	4.7%	7.7%	9.0%	9.9%
		Number of grievances filed during reporting period*	205	296	378	448
	Diversity and inclusion	Female employment rate (%)*	39%	48%	47%	48%
		Women in senior management (%)*	13%	15%	17%	20%
	Environmental impact of operations	Energy intensity (GJ/full-time employee)*	27.3	31.3	30.7	20.8
		GHG emissions intensity (tonnes CO ₂ e/full-time employee)*	4.7	4.2	4.1	2.9
Water intensity (m ³ /full-time employee)*		38.4	22.5	22.5	16.6	
Paper consumption intensity (kg/full-time employee)*		93	83	66	43	
Beyond banking	Community investment and socio-economic development	Community investment as a percentage of pre-tax profits (%)	3.0%	2.4%	2.7%	2.7%

* 2018 figures represent a nine-month period until end of September. All other years cover a 12-month period.

† 2016 onwards includes QNB Finansbank total value of fraudulent transaction activity; for Qatar, international branches and QNB Al Ahli 2018 includes total fraudulent transaction activity vs prior years which only had card fraud.

Note: Includes QNB Qatar, selected international branches, QNB Finansbank, QNB Al Ahli, QNB Indonesia and QNB Tunisia. Some prior year figures have been revised and restated.

Case study – Mobile Money Wallet

Implemented in 2015, the Wage Protection System (WPS) is designed to ensure that workers are paid as per their employment agreement, in the local currency and into a local bank. This measure reflects Qatar's goal to protect the rights of workers, ensure a healthy relationship between employers and employees and secure the financial inclusion of all its residents.

QNB supported the launch of workers' salary processing through the Ooredoo Mobile Money application, enabling fair and timely payment of salaries and improved access to financial services for the unbanked. This solution offers a comprehensive suite of financial services such as remittance, payroll, bill payments, mobile top-ups and peer-to-peer payments, cash withdrawal and transfers.

5.4 million transactions in 2018

Companies in Qatar, both large corporates and SMEs, are now using the solution to distribute salaries electronically to their low-waged employees. In 2018, more than 5.4 million transactions were performed via the Mobile Money Wallet service, a 36% increase compared to 2017.



Beyond banking – Corporate social responsibility

“Over the years, our volunteers have supported a wide range of community projects, including fundraising, keep-clean rallies, financial education initiatives, mentoring and training, coaching a children’s sports team and even providing a warm meal to those less fortunate.”

A fundamental part of our sustainability programme is our focus on corporate social responsibility (CSR). By thinking beyond and harnessing the power of our people, our customers, services and products, QNB Group has an unparalleled opportunity to make every community we reach a better place. This, in turn, helps us to create an even stronger brand and deliver a better business performance.

Our people and CSR

Our goal is to enable economic and social empowerment through our services across our footprint, particularly in developing and emerging economies that are underserved by other banks. By helping individuals and companies achieve their aspirations, fostering diversity and social inclusion, and promoting environmental sustainability, we help to raise standards of living and encourage communities to come together for good.

By creating and cultivating social good in all the communities we touch, QNB Group is helping to provide long-term value creation.



Above: Sponsoring the iconic Camel Race Festival for the Sword of H.H. the Amir.

This starts with our people. With around 80 different nationalities working together in more than 31 countries across three continents, we are proud of our diversity. We work in an atmosphere of mutual respect and support, and share the same values that define the bank and our approach to doing business. It is perhaps because of this that we have such a consistently high engagement score.

All our employees are encouraged to participate in our CSR initiatives. Many choose to do so by contributing time and expertise to worthy causes which the bank supports. Over the years, our volunteers have supported a wide range of community projects, including fundraising, keep-clean rallies, financial education initiatives, mentoring and training, coaching a children’s sports team and even providing a warm meal to those less fortunate.

Our activities fall under the six main areas of focus below.

Arts and culture

Our cultural heritage helps to define who we are and what we want to become. This year, we were proud to add our support to the arts and culture by:

- > marking the annual Garangao Night and supporting Qatari culture with a series of family events to distribute traditional gifts to children in Souq Waqif and Festival City Mall. This event highlights the importance of engaging children in cultural activities;
- > sponsoring the Darb Al Sai, held each year in celebration of Qatar’s National Day, where QNB staff helped to connect the younger generation to their heritage through a series of interactive 3D experiences in branches;
- > highlighting the rich heritage of the Arab region by sponsoring the iconic Camel Race Festival for the Sword of H.H. the Amir held in Al Shahaniya Racing Club, a significant symbol of Qatar’s cultural heritage and diverse history; and
- > supporting highly-talented young musicians in Turkey through our Contemporary Education Association sponsorship, which helps musicians aged between 15 and 25 with specialised education.



Economic and international affairs

Financial empowerment is as important as enhancing our understanding of international affairs when it comes to helping both individuals and multinationals prosper. In 2018, we have done this by:

- > acting as the golden sponsor of the Moushtarayat Government Procurement and Contracting Conference 2018, organised by Qatar Development Bank under the patronage of the Prime Minister and Minister of Interior H.E. Sheikh Abdullah bin Nasser bin Khalifa Al-Thani, that aims to create new opportunities to benefit SMEs in the country;
- > sponsoring the Made in Qatar exhibition, organised by the Qatar Chamber of Commerce along with the Ministries of Energy and Industry in Qatar and Oman, which brings together a diverse range of industries and businesses to help drive investment in the region;

- > organising an economic seminar in cooperation with the Institute of International Finance (IIF) to highlight the recent macroeconomic developments in the United States, the current US administration’s approach to international trade policy, emerging market economies and the economic developments in the MENA region;
- > supporting the Qatar Business & Investment Forum in Berlin by sponsoring the event; and
- > providing platinum sponsorship for the International Products Exhibition and Conference (IPEC), held under the patronage of H.E. Sheikh Abdullah bin Nasser bin Khalifa Al-Thani, that showcases some of the unique investment and development opportunities in Qatar to a range of select international investors and business owners.

Health and environment

Promoting good health and improving our environment are two vitally important areas of CSR for us. To further these causes in 2018, we:

- > actively supported World Autism Awareness Day, which this year focused on empowering women and girls with autism. As before, many of our staff volunteered their time to raise awareness about the condition and to support those with autism, helping them to further develop their skills in the workplace;
- > donated medical equipment to a variety of hospitals in Egypt to help provide free medical services for those who need it most while cutting waiting lists;
- > organised a special celebration at the Kuwait Center for Mental Health where staff from QNB Kuwait worked with medical staff, patients and their families to raise awareness about mental health, promoting social inclusion;
- > held a Blood Donation Drive over three days across three of the bank’s Doha offices, which provided a significant contribution to blood bank stocks at Hamad Hospital Blood Donor Center, while bank staff in Indonesia gave blood in partnership with the Red Cross there; and
- > launched a recycling initiative during UN World Environment Day where we recycled more than 19 tons of paper with our Qatari partner Elite Paper Recycling, as part of our drive to reduce, reuse and recycle.



Left: Supporting Qatar Business and Investment Forum in Berlin.

Beyond banking – Corporate social responsibility continued

Below: Supporting the International White Cane Day.



Social and humanitarian

Our commitment to help build a better society, strengthen communities and contribute to a more sustainable world is unwavering. This year:

- > QNB Tunisia staff worked with the Nabeul Rotary Club to distribute winter clothing and heating equipment to low-income families and students in Nabeul Governorate. This is part of our annual Warm Winter campaign, which is now in its third year;
- > worked with Qatar Social and Cultural Center for the Blind to highlight International White Cane Day, raising awareness about blindness and combating the negative stereotypes about the disability;
- > we organised an initiative with the Qatari Society for Rehabilitation of Special Needs during the holy month of Ramadan to highlight the importance of small contributions in changing other people's lives;
- > QNB was the official sponsor and participated in the celebration of Dreema Day, which this year marked Arab Orphan day, to raise public awareness about the issue; and
- > the bank donated and contributed to a number of projects in Egypt to help develop a number of poorer villages and improve the living standards of the families who live in them. Working with a number of agencies, including Al Orman Charity Association, we provided water delivery projects for 27 villages in five governorates in order to supply pure drinking water to 5,000 families in the neediest villages.



Top: We signed an exclusive four-year deal with the IAAF.

Above: We are proud to have appointed the Brazilian football star, Neymar Jr., as our global brand ambassador.

Sport

Sport provides a positive experience no matter whether you are a participant or a spectator. It promotes a culture of cooperation, healthy competition, activity and fitness. This year, QNB:

- > partnered with the International Association of Athletics Federations (IAAF) and signed an exclusive four-year deal to support the Organisation and the 17th IAAF World Championships in Doha next year at the renovated multi-purpose Khalifa International Stadium. The deal will also see QNB implement a schools engagement programme in Qatar which aims to promote sport and healthy living;
- > was the official sponsor of Asia Champions League, the annual continental club football competition organised by the Asian Football Confederation (AFC);
- > acted as a main sponsor, for the third consecutive year, of the FINA Marathon Swim World Series and FINA Swimming World Cup Doha; and
- > sponsored Qatar Stars League Management (QSLM), which organises and manages the first division football championship in Qatar and the Qatar Cup in accordance with the Qatar Football Association (QFA), FIFA and AFC.



Above: QNB staff took part in explaining the importance of financial planning in our Global Money Week activities.

Youth and education

Our future lies in the hands of our youth and in their education. This year, we were proud to support both by:

- > explaining the importance of financial planning and money management to 1,250 children in 15 different schools across Qatar as QNB staff took part in our Global Money Week activities. These activities were aimed at developing the basic skills of children in the field of money management and planning to ensure a stable financial future;

- > partnering with Carnegie Mellon University in Qatar to cooperate in the field of training, education and community work where budding entrepreneurs will be mentored by professionals. The partnership was signed by QNB and Michael Trick, Dean of Carnegie Mellon University and will focus on executive education programmes offered by CMU-Q for QNB employees, while the bank will provide scholarships and internships for CMU-Q students;
- > supporting the Small Hands Big Dreams initiative, created by QNB Finansbank, that helps children aged 4 to 14 better understand the characteristics of innovation, creativity, analytical thinking and trustworthiness in order to prepare them to be the leaders of tomorrow. The project aims to reach all regions of Turkey;
- > participating in several educational projects in cooperation with a number of institutions and non-governmental organisations in Egypt, including the development of a school in Luxor and a secondary school in Dakahlia. These educational projects highlight the bank's interest in providing educational opportunities to students in areas most in need;
- > hosting a financial management session for 200 college students in Atma Jaya University, Makassar, Indonesia with Indonesia Financial Services Authority (OJK); and
- > partnering with Prestasi Junior Indonesia to help achieve financial literacy in Jakarta.

Below: Supporting financial literacy in Jakarta, Indonesia.



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