



# Sustainability Report

2018





## QNB Sustainability Report 2018

Sustainability has become one of the most pressing topics impacting our society today. This includes environmental aspects, such as climate change and resource scarcity. Social aspects, such as human rights, financial inclusion and data privacy. And corporate governance aspects, such as board composition, anti-corruption and ethical business practices. Collectively, these are commonly referred to as ESG (Environment, Social, and Governance).

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, and to support QNB's vision to become one of the leading banks in the Middle East, Africa and South East Asia (MEASEA) by 2020, QNB has defined a Group-wide sustainability programme. This has 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) Standards and the Qatar Stock Exchange (QSE) 'Guidance on ESG reporting'.

This sustainability report provides an overview of QNB Group's 2018 performance of the most material ESG topics, covering both direct impacts (through our business operations) and indirect impacts (through our financing and community activities).

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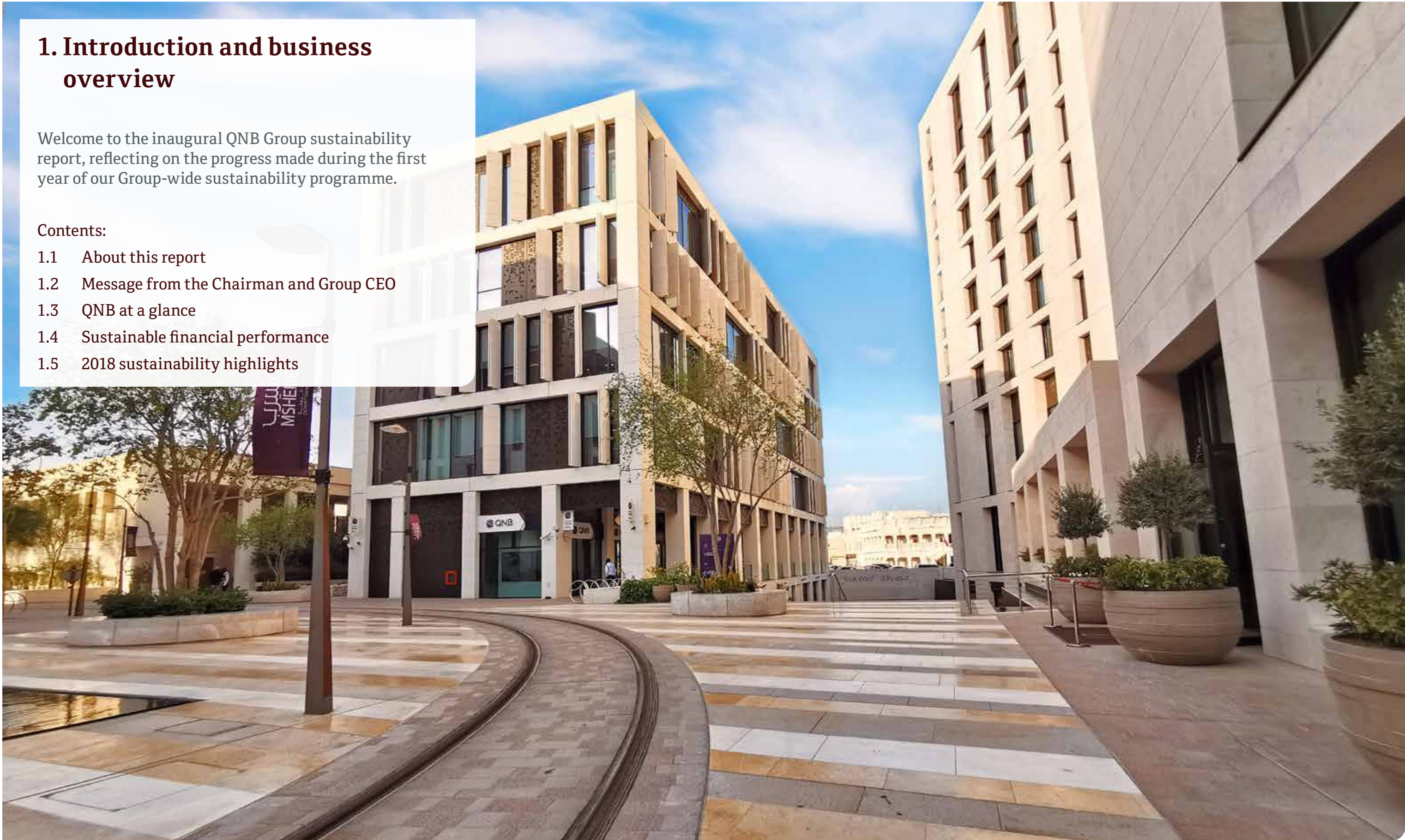
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# 1. Introduction and business overview

Welcome to the inaugural QNB Group sustainability report, reflecting on the progress made during the first year of our Group-wide sustainability programme.

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- 1.2 Message from the Chairman and Group CEO
- 1.3 QNB at a glance
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## 1.1 About this report

At QNB Group, reporting is an important mechanism that demonstrates transparency and accountability to our stakeholders. This inaugural QNB Group sustainability report provides an overview of our approach to sustainability and performance in the topics most material to our business.

This report forms part of QNB Group's 2018 publications and supplements the [QNB 2018 Annual Report and QNB 2018 Corporate Governance Report](#), both of which can be found on QNB's Group website.

### Reporting period

This report covers the period from 1 January 2018 to 31 December 2018.

### Reporting framework and guidelines

This report has been produced in accordance with GRI Standards: core option and GRI G4 Financial Services Sector Disclosures. In addition, this report aligns with the QSE 'Guidance on ESG Reporting' and the UNSDGs.

For an overview of how we align with these frameworks and guidelines, including our GRI Standards Content Index, please see the '[ESG data and further information](#)' chapter of this report.

### Currency

All financial data within this report is shown in Qatari Riyal (QR) unless otherwise stated.

### Feedback

If you have any questions regarding this report or other sustainability-related queries, please contact us at: [sustainability@qnb.com](mailto:sustainability@qnb.com)

### Scope

This report is produced by QATAR NATIONAL BANK (Q.P.S.C.) and covers Qatar, our international branches and major subsidiaries: QNB Finansbank (Turkey), QNB ALAHLI (Egypt), QNB Indonesia and QNB Tunisia. The data in this report covers the scope outlined below, unless stated otherwise.

#### 2015

- Qatar & International Branches
- QNB ALAHLI (Egypt)

#### 2016

- Qatar & International Branches
- QNB ALAHLI (Egypt)
- QNB Finansbank (Turkey)

#### 2017

- Qatar & International Branches
- QNB ALAHLI (Egypt)
- QNB Finansbank (Turkey)
- QNB Indonesia
- QNB Tunisia

#### 2018

- Qatar & International Branches
- QNB ALAHLI (Egypt)
- QNB Finansbank (Turkey)
- QNB Indonesia
- QNB Tunisia



## 1.2 Message from the Chairman and Group CEO

**H.E. Mr. Ali Shareef Al-Emadi**  
Chairman of the Board of Directors



On behalf of the Board of Directors, I am delighted to introduce QNB Group's inaugural sustainability report as an important part of our journey to become one of the leading banks in MEASEA by 2020.

Banking is, of course, more than just numbers. It is important for us to think about what we can deliver beyond profit, to ensure we are protecting our environment and our people, as well as our investments. Reflecting the increasing demand from investors, regulators, customers and our own employees, we have increased our emphasis on sustainable business practices throughout the Group and have bolstered our commitment to corporate responsibility.

Continuing this approach to addressing key environmental, social and governance issues will positively contribute to the value our business generates for shareholders and the wider society.

**Mr. Abdulla Mubarak Al-Khalifa**  
Acting Group Chief Executive Officer



I am pleased to present the first standalone report of QNB's sustainability performance and progress during 2018, for all of our stakeholders and interested parties.

Last year we launched the QNB Group-wide sustainability strategy across the organisation. Our strategy has been developed in alignment with the objectives of the Qatar National Vision 2030 (QNV2030), UNSDGs and the sustainability criteria set forth by the QSE.

As a result, we have improved the way in which we incorporate sustainability criteria into our financing activities, launched initiatives to reduce our environmental impact and supported local communities through volunteering and donations. Furthermore, we strengthened our risk management framework and improved the transparency of our corporate governance business practices. This helps ensure we operate in a responsible and ethical manner.

We are early on in our sustainability journey and I firmly believe a proactive approach to managing environmental, social and governance factors will strengthen our business resilience in the long-term and support QNB Group's position as the number one bank in the Middle East and Africa (MEA) across all financial metrics.

## 1.3 QNB at a glance

QNB is a highly-rated bank with a significant international presence, serving 24 million customers across our network. We are proud of our Qatari heritage and of the continuing substantial contribution we make to the region and beyond.

### Our heritage

Established in 1964 as the first Qatari-owned bank, QNB is the leading financial institution in the Middle East and Africa (MEA).

QNB Group today is present in more than 31 countries spanning across three continents, with more than 30,000 employees serving 24 million customers.



## Our businesses

### Wholesale and Commercial Banking

A comprehensive suite of wholesale and commercial banking products and services. These include structured finance, project finance, transaction banking, financial institutions, treasury, investment banking and advisory services.

### Retail Banking

A broad array of retail banking products and services across a multichannel network with more than 1,183 branches and an ATM network of more than 4,400 machines\*. These include premium banking services through QNB First and QNB First Plus, designed for our more affluent clients.

\*Including subsidiaries and associates

### Asset and Wealth Management

A broad collection of onshore and offshore private banking and asset management products, with a bespoke relationship-driven approach for our institutional, high net and ultra-high net worth clients. These offerings are complemented by brokerage and custody services in our major presence markets.

### International Business

Leading the expansion of QNB's global presence and enabling international cooperation, consistency and unrivalled customer service by providing oversight and best practice sharing among international units.

### Our financial strength

Assets

**USD236.8 bn**

Net profit

**USD3.8 bn**

Net profit growth

**5%**

Earnings per share

**USD3.9**

### Our top-tier credit ratings

Moody's

**Aa3**

Standard & Poor's

**A**

Fitch

**A+**

### Outlook

Stable

Stable

Stable

### Our international presence

Countries

**31**

Employees

**30,000**

Customers

**24 million**

### Our vision

Our vision to become a leading MEASEA bank by 2020 and global bank by 2030 is founded on a strategy of sustainable growth

### This is supported by

Sustainable finance + sustainable operations + beyond banking

### This allows

Sustainable financial performance

### This is delivered through

#### Protecting our leading market position in Qatar

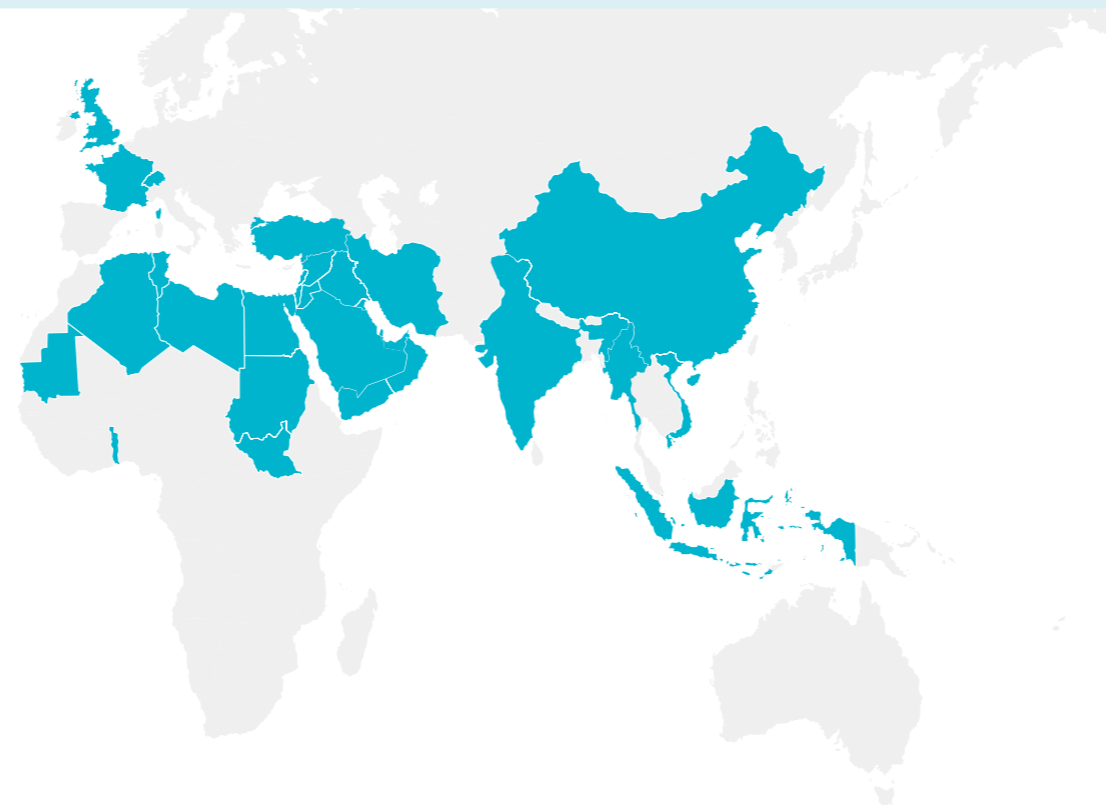


- > Maintain our market share and profitability in the public sector.
- > Grow our market share and profitability from the private sector and individuals.

#### Accelerating international growth



- > Build a specialised international wholesale bank.
- > Expand asset and wealth management.
- > Significantly focus and scale up current international footprint.
- > Selectively explore inorganic opportunities.



### Our subsidiaries and associates

Name	% stake
QNB Finansbank (Turkey)	99.88%
QNB ALAHLI (Egypt)	95%
QNB Indonesia	91%
QNB Tunisia	99.99%
QNB Syria	51%
QNB Suisse (Switzerland)	100%
QNB Capital LLC (Qatar)	100%
QNB Financial Services (Qatar)	100%
Mansour Bank (Iraq)	54%
Bank of Commerce and Development (Libya)	49%
Commercial Bank International (CBI) (UAE)	40%
Housing Bank for Trade and Finance (HBTF) (Jordan)	35%
Ecobank Transnational Incorporated (Ecobank) (Togo)	20%
Al Jazeera Finance Company (Qatar)	20%

## 1.4 Sustainable financial performance

QNB Group has continued to deliver strong financial performance. As at 31 December 2018, total assets increased by 6% to QR862.2 billion and net profit increased by 5% to QR13.8 billion. QNB Group has demonstrated its continuing resilience, comfortably surpassing the minimum liquidity, capital and leverage ratios required by both the Qatar Central Bank (QCB) and Basel III throughout 2018.

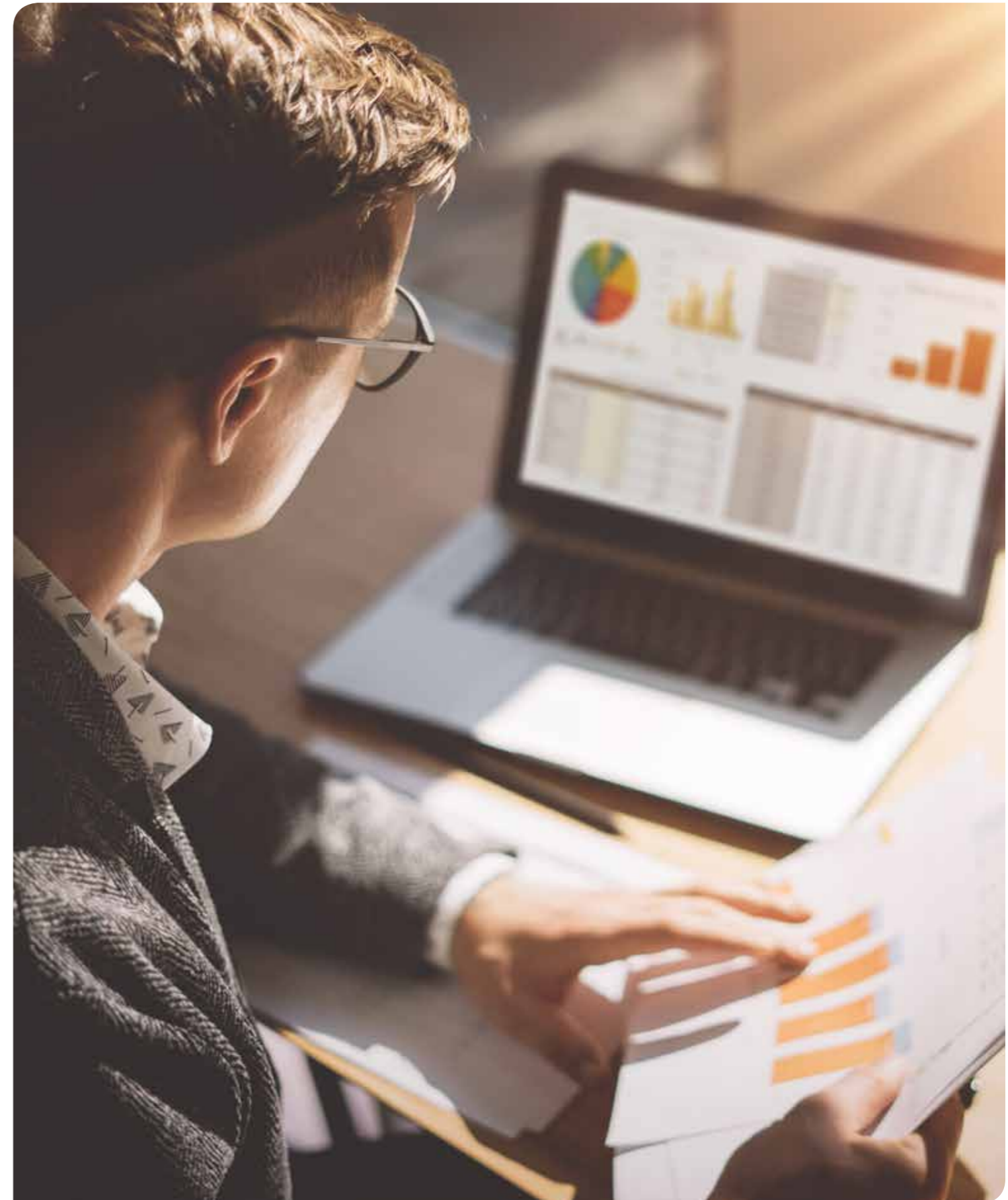
This performance is reflected in QNB Group's position as the number one bank in MEA across all financial metrics. We believe our approach to sustainability will help maintain this position and support us on our journey to become one of the leading banks in MEASEA by 2020.

Key Performance Indicators (KPIs) <sup>1</sup> : Sustainable financial performance	2015	2016	2017	2018
<b>Key financials</b>				
Revenues (operating income) <sup>2</sup> (QR thousand)	16,268,374	23,084,712	22,927,292	24,549,911
Operating costs (QR thousand)	3,505,187	7,022,940	6,674,383	6,344,141
Income tax expense (QR thousand)	672,791	939,048	913,565	1,135,130
Dividends paid to shareholders (QR thousand)	2,449,053	2,938,864	5,541,857	5,541,857
Employee wages and benefits (QR thousand)	2,055,104	3,628,234	3,433,558	3,321,504
Net profit (QR thousand)	11,328,764	12,404,279	13,141,070	13,883,337
Total assets (QR thousand)	538,607,140	719,694,515	811,077,990	862,197,599
<b>Key ratios</b>				
Loan-to-deposit ratio (%)	98.3%	102.7%	99.8%	99.3%
Cost-to-income ratio (%)	21.5%	30.4%	29.1%	25.8%
Non-performing loans (%)	1.4%	1.8%	1.8%	1.9%
Return on equity (%)	20.6%	19.7%	18.7%	21.0%

<sup>1</sup>The figures in this table cover all QNB Group branches, associates and subsidiaries

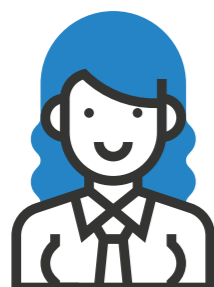
<sup>2</sup>Operating income includes share of results of associates

For further information regarding our financial performance, please refer to the [QNB 2018 Annual Report](#).





## 1.5 2018 sustainability highlights



**33%**

Percentage of women in Group Executive Management



**QR26.5 billion**

Value of loan portfolio to SMEs and microenterprises



**5.4 million**

Number of transactions performed via Mobile Money Wallet by previously underserved customers



**21**

Number of sustainable financial products and services offered to customers



**48.4 hours**

Average number of training hours per employee



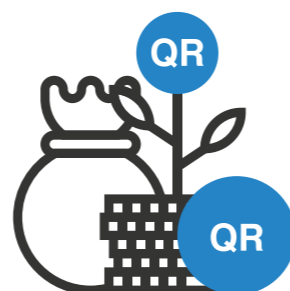
**2.7%**

Community investment as a % of pre-tax profit



**20%**

Reduction in carbon intensity (CO<sub>2</sub>/employee) since 2015



**QR7 billion**

Value of QNB's green lending portfolio<sup>3</sup>



**43.6%**

Percentage of transactions completed via digital channels

<sup>3</sup>QNB's green lending portfolio has been revised to align with categories defined within the ICMA Green Bond Principles

## 2. QNB's approach to sustainability

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.

### Contents:

- 2.1 QNB sustainability framework and strategy
- 2.2 Sustainability governance
- 2.3 Stakeholder engagement
- 2.4 Materiality assessment
- 2.5 External commitments



## 2.1 QNB sustainability framework and strategy

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 series of actions plans to improve our performance.

### QNB Group sustainability framework

#### Sustainable financial performance



#### 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 to manage their environmental and social risks, lend to businesses that contribute towards sustainable development goals, improve access to finance for SMEs and underserved groups, and provide a responsible customer service. Delivering '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 maximise business opportunities emerging from the transition to a greener, more inclusive economy.

QNB's material topics identified within 'sustainable finance' are:

- Sustainable investment, lending, products and services
- Supporting SMEs and entrepreneurship
- Financial inclusion, accessibility and education
- Digital innovation and transformation
- Responsible customer communication and marketing
- Data security and customer privacy
- Customer experience

#### Sustainable operations



'Sustainable operations' is the integration of ESG criteria into our business operations and across our supply chain to ensure we operate ethically and efficiently. Our ambition is to strengthen corporate governance and risk management 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 material topics identified within 'sustainable operations' are:

- Governance, compliance and risk management
- Talent attraction, development and retention
- Diversity and inclusion
- Environmental impact of operations
- Responsible procurement and supply chain

#### Beyond banking



'Beyond banking' refers to QNB's Corporate Social Responsibility (CSR) 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 material topic identified within 'beyond banking' is:

- Community investment and socio-economic development

## 2.2 Sustainability governance

The QNB Group sustainability programme is owned and governed by the QNB Group Strategy Committee (SC), chaired by the Group Chief Executive Officer and attended by the Group's Executive Management Team.

The SC is the decision-making body for all matters relating to the Group's sustainability programme. Responsibilities include reviewing the strategic framework and ambition, deciding on priority initiatives for implementation with accountable working groups, monitoring performance and assessing ESG related risks and opportunities.

When required, the SC reports key risks and opportunities to the Board of Directors via the Group Board Nomination, Remuneration, Governance and Policies Committee (GBNRGPC). As a minimum, the Board of Directors receives an annual update on the overall execution of the Group's sustainability strategy and performance.

A designated Group Sustainability Team acts as an advisory body to the SC and senior management on all sustainability related matters. The team also oversees working groups established to deliver priority initiatives and disseminates policy requirements and standards to the subsidiaries.

The Group sustainability policy will be subject to annual review by the SC and applied to the entire Group including international branches and majority-controlled subsidiaries. It is the responsibility of the Group Sustainability Team to inform the subsidiaries of any revision or modification to the policy, for its correct local adoption in compliance with prevailing regulatory requirements.



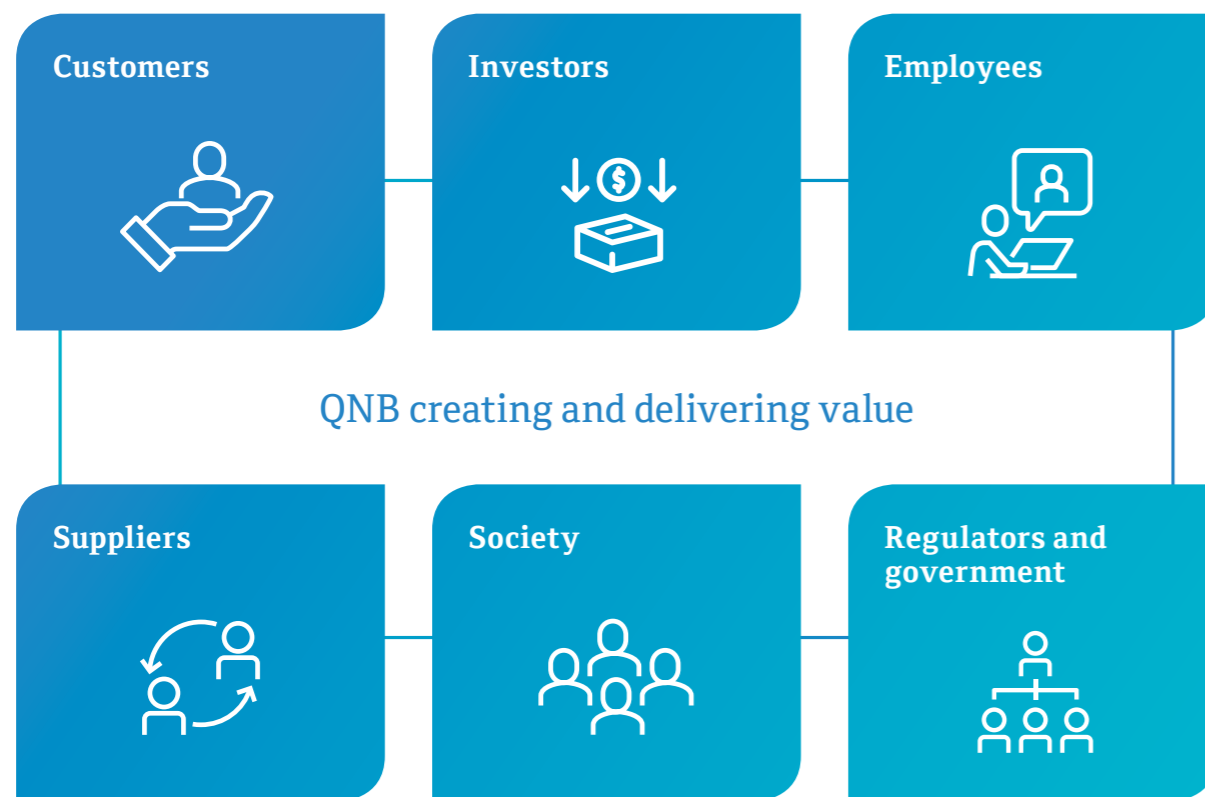
\* It is the responsibility of the Group Sustainability Team to disseminate strategy, policy and priority initiatives to Subsidiaries' Sustainability Teams.









## 2.3 Stakeholder engagement

The QNB Group sustainability strategy was developed in consultation with key stakeholder groups – our customers, investors, employees, regulators and government, society and suppliers – taking into account

their needs and expectations. We have therefore identified the most material issues that we believe deliver the greatest value for our stakeholders.



Stakeholders		Needs and expectations	QNB engagement channels
	<b>Customers</b> We operate in 31 countries serving over 24 million people and businesses	<ul style="list-style-type: none"> <li>• Customer service and satisfaction</li> <li>• Easy-to-use digital &amp; mobile banking</li> <li>• Competitive rates and fees</li> </ul>	<ul style="list-style-type: none"> <li>• Annual customer satisfaction survey</li> <li>• Customer Care Centre</li> <li>• Mobile and online banking</li> <li>• Complaints management</li> </ul>
	<b>Investors</b> QNB is owned 50% by Qatar Investment Authority and 50% by the public	<ul style="list-style-type: none"> <li>• Increasing share price and dividends</li> <li>• Strong corporate governance, risk management and ratings</li> <li>• Transparency and disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Board of Directors meetings</li> <li>• Public reports</li> <li>• Quarterly analyst calls</li> <li>• Investor days and roadshows</li> </ul>
	<b>Employees</b> Our workforce consists of more than 30,000 employees globally	<ul style="list-style-type: none"> <li>• Competitive salaries, benefits and rewards</li> <li>• Professional development</li> <li>• Fairness and equal opportunity</li> </ul>	<ul style="list-style-type: none"> <li>• Employee engagement survey</li> <li>• Learning and development programmes</li> <li>• Training needs analysis</li> </ul>
	<b>Regulators and Government</b> We adhere to local regulations and laws in all markets	<ul style="list-style-type: none"> <li>• Compliance with all legal and regulatory requirements</li> <li>• Robust anti-corruption and bribery measures</li> <li>• Strong risk management and governance</li> </ul>	<ul style="list-style-type: none"> <li>• Public disclosures (e.g., Annual and Corporate Governance Report)</li> <li>• Group Compliance &amp; Audit teams</li> </ul>
	<b>Society</b> We recognise the ESG challenges facing society	<ul style="list-style-type: none"> <li>• Creating employment opportunities</li> <li>• Making a positive contribution to the challenges facing society</li> <li>• Addressing climate change risks and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Products and services with environmental or social benefits</li> <li>• CSR activities</li> <li>• HR recruitment teams</li> </ul>
	<b>Suppliers</b> We engage more than 3,000 suppliers to support our business	<ul style="list-style-type: none"> <li>• Timely payment</li> <li>• Fair and transparent tender process</li> <li>• New business opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Bidding and tendering</li> <li>• Supplier e-portal</li> <li>• Supplier audits</li> </ul>

## 2.4 Materiality assessment

By identifying and prioritising our material sustainability topics, we are able to focus on what matters most to our business and stakeholders. In line with the materiality assessment process set out in the GRI Standards, QNB Group has compiled a comprehensive list of relevant economic, ethical, 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 QNV2030, UNSDGs and the QSE 'Guidance on ESG Reporting'. This approach to materiality provides the foundation of our strategy and enables us to be confident that we address the topics of most relevance to our stakeholders.

### QNB Group materiality matrix



#### Rank material topic

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

## 2.5 External commitments

### National and international frameworks

We are committed to the objectives of the QNV2030 and the UNSDGs.

The QNV2030 serves as a clear roadmap for Qatar's future, guiding economic, social, human and environmental development for the coming decade. The vision is supplemented by the National Development Strategy, with five year plans to support its implementation.

The UNSDGs are the principle global framework for sustainability. Their aim is to protect the planet, end poverty, fight inequalities and ensure prosperity. Launched in 2016, through to 2030, the 17 goals are underpinned by 169 targets.

Our sustainability strategy has been developed in line with these national and international frameworks.

We are committed to alignment with:

### Qatar National Vision 2030 and National Development Strategy 2018–2022



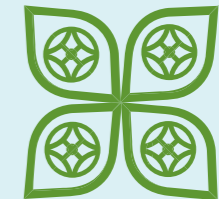
Human Development



Environmental Development



Economic Development



Social Development

### United Nations Sustainable Development Goals



## United Nations Sustainable Development Goals

The table below shows how our QNB's most material sustainability topics align with the UNSDGs.

UNSDG	Objective	QNB's material topics (ranking)
	Promote inclusive and sustainable economic growth, employment and decent work for all	<ul style="list-style-type: none"> <li>- Financial performance and stability (#2,#3)</li> <li>- Supporting SMEs and entrepreneurship (#8)</li> <li>- Financial inclusion, accessibility and education (#13)</li> </ul>
	Promote just, peaceful, inclusive societies and institutions	<ul style="list-style-type: none"> <li>- Governance, compliance and risk management (#1)</li> <li>- Customer experience (#4)</li> <li>- Responsible customer communication and marketing (#7)</li> </ul>
	Ensure inclusive and quality education for all and promote lifelong learning	<ul style="list-style-type: none"> <li>- Talent attraction, development and retention (#6)</li> <li>- Community investment and socio-economic development (#12)</li> </ul>
	Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> <li>- Sustainable investment, lending, products and services (#9)</li> <li>- Environmental impact of operations (#14)</li> </ul>
	Build resilient infrastructure, promote sustainable industrialization and foster innovation	<ul style="list-style-type: none"> <li>- Customer privacy and data security (#5)</li> <li>- Digital innovation and transformation (#10)</li> </ul>
	Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> <li>- Diversity and inclusion (#11)</li> </ul>
	Ensuring sustainable consumption and production by promoting resource efficiency and non-hazardous materials	<ul style="list-style-type: none"> <li>- Responsible procurement and supply chain (#15)</li> </ul>

## ESG reporting and disclosures

To promote transparency in the banking sector we will report our sustainability performance annually, in accordance with the GRI Standards: core option and GRI G4 Financial Services Sector Disclosures. For further information please see our [GRI Standards Content Index](#).

Furthermore, we have pledged to disclose [QNB's ESG performance to the QSE](#) which became a signatory to the United Nations Sustainable Stock Exchange Initiative and released its 'Guidance to ESG reporting' to encourage voluntary disclosures by listed companies. In the spirit of transparency, QNB's performance data is publicly available.

In addition, throughout 2018 we proactively engaged and disclosed our ESG performance to several organisations including MSCI, FTSE Russell and the CDP (formerly Carbon Disclosure Project).



### 3. 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 to manage their environmental and social risks, lend to businesses that contribute towards sustainable development goals, improve access to finance for SME's and underserved groups, and provide a responsible customer service.

#### Contents:

- 3.1 Sustainable investments, lending, products and services
- 3.2 Supporting SME's and entrepreneurship
- 3.3 Financial inclusion, accessibility and education
- 3.4 Data security and customer privacy
- 3.5 Responsible customer communication and experience



### 3.1 Sustainable investments, lending, products and services

Investors and regulators are increasingly seeking greater information regarding the management of sustainability risks and opportunities in banks' lending and investment portfolios. This can be seen by the growth of global initiatives in the financial sector. For example, the Equator Principles (EP) and the UN Principles for Responsible Investment (UNPRI), and more recently, the Task Force on Climate-related Financial Disclosures (TCFD). Moreover, due to customer demand we have witnessed the growth of bespoke financial products and services that provide an environmental or social benefit.

At QNB, integrating sustainability into our investments, lending, products and services is a priority focus area. This involves key divisions within the bank, such as Corporate and Institutional Banking, Retail, Credit Risk, Treasury and Financial Control. In the sections below, we provide an overview of our key activities and progress made during 2018.

#### 2018 progress

#### Environmental and social risk management in lending

Large infrastructure and industrial projects can have adverse impacts on people and the environment. We at QNB, as financial intermediaries, are committed to work with our clients to identify, assess and manage environmental and social risks. Such collaboration promotes sustainable environmental and social performance and can lead to improved financial outcomes.

In 2018, as part of QNB's strategic commitment to sustainable financing, the Board of Directors approved the integration of

formal sustainability requirements within the QNB Group wholesale credit policy and credit review practices. Looking ahead in 2019, we are developing our internal Environmental and Social Risk Management System (ESMS).

#### Sustainable lending portfolio

In 2018, our Corporate and Institutional Banking teams provided funding for a range of sustainable projects. To standardise our approach to tracking these projects within our portfolio, we adopted the categorisation set out in the International Capital Markets Association (ICMA) Green and Social Bond Principles. This approach to assessing our portfolio enables us to better understand QNB's contribution towards sustainable development goals and the wider impacts resulting from our lending activities.

As an example, we recognise climate-related risks and the importance of financing projects that support the objectives of The Paris Agreement on climate change. Throughout 2018, QNB engaged in the financing of a number of projects that reduced carbon emissions. Transactions included the financing of renewable energy, externally certified green buildings and low emission transportation. In addition to directing capital towards activities that help protect the environment, we seek to improve our understanding of transactions with a social benefit. To achieve this, we began measuring our lending to sectors such as healthcare and food security. We aim to build on the progress made in 2018, through increasing internal awareness of the sustainability risks and opportunities associated with our lending portfolio.

### 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 CO<sub>2</sub>e 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.



KPIs: Sustainable investments, lending, products and services	2015	2016	2017	2018
Lending portfolio financing environmentally-friendly, low carbon activities (QR million) <sup>4</sup>	-	-	-	7,039

<sup>4</sup>QNB's green lending portfolio has been revised to align with categories defined within the ICMA Green Bond Principles

**Sustainable products and services**

In addition to tracking the sustainability credentials of our overall loan portfolio, we are also committed to providing our customers with tailored products and services that help address an environmental or social challenge.

In 2018, QNB provided institutional and individual clients with 21 sustainable products and services. To qualify, the product or service must specifically address an environmental or social challenge as defined by an internal criteria. This includes increasing the financial inclusion of underserved groups, supporting businesses that help advance the green economy and assisting customers with disabilities.

For example, in Qatar, in an effort to better cater to the financial needs of the aging population, QNB offers the Qatar Retirement Programme. Through this programme, we offer preferential loan rates and discounts on

bank fees and credit cards. The preferential rates are offered to all retirees irrespective of their age or income status. During 2018, the balance of loans in this programme grew by over 20% to QR646 million.

In Egypt, QNB ALAHLI provides an 'affordable mortgage finance programme' with subsidised rates as part of an initiative with the Central Bank of Egypt (CBE). The rates depend on the customer's income bracket. As at December 2018, the total granted to 'lower & low income clients' amounted to EGP309 million.

In Turkey, QNB Finansbank runs the 'youth entrepreneur and women entrepreneur loans programme', funded by the Credit Guarantee Fund. This programme aims to finance firms of young and / or women entrepreneurs. It was started in 2017 and finished in 2018. In 2018, the total volume of CGF loans extended to young and female entrepreneurs was TRY41 million.

KPIs: Sustainable investments, lending, products and services	2015	2016	2017	2018
Products or services helping customers to meet an environmental or social challenge (number) <sup>5</sup>	-	10	18	21

<sup>5</sup>Prior year figures have been revised and restated

**Case study – Green Economy Financing Facility in Egypt**

The solar power plant has a significant environmental impact, expected to offset 1,180 tonnes of CO2 annually, the equivalent of planting ~1,000 trees.

QNB ALAHLI is playing a leading role in the Egyptian solar energy market by encouraging small & medium scale solar developments. Particular focus is given to integrating renewable energy in the industrial sectors, where QNB ALAHLI is proud to be the first bank in Egypt to finance an industrial roof top solar installation, generating 1MW at the Coca Cola bottling plant in Sadat City.

The transaction was financed under the Green Economy Financing Facility (GEFF), a sustainable financing programme that encourages green & sustainable investments. This is offered by the European Bank for Reconstruction & Development (EBRD) and backed by resources from the European Union. QNB ALAHLI is the first bank in Egypt to participate in this programme.

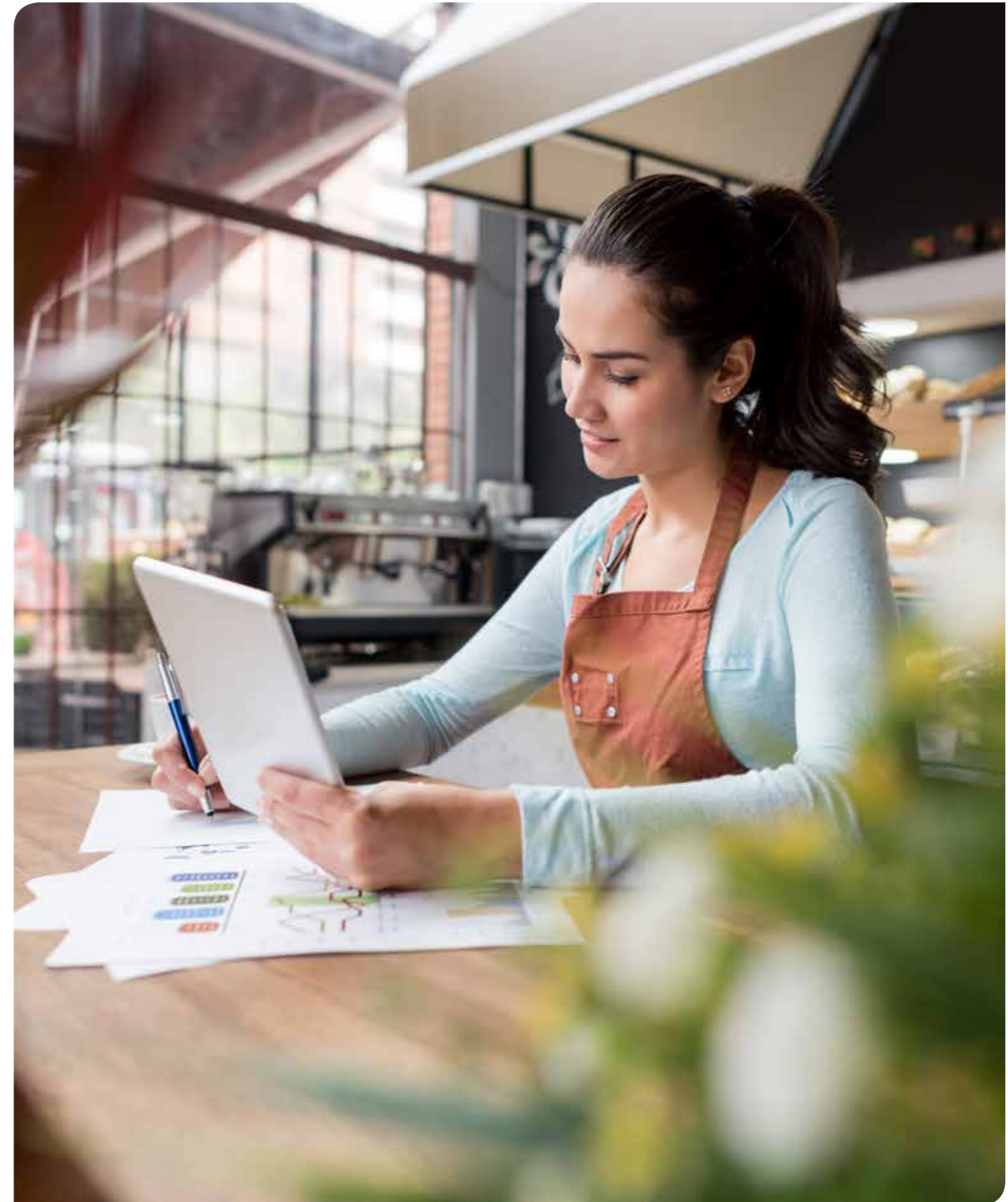


## 3.2 Supporting SMEs and entrepreneurship

SMEs and entrepreneurs are essential for innovation and economic growth. However, many often lack the access to finance and available products or services may not meet their specific needs. QNB Group has a strong commitment to provide SME finance, reflected in tailored products and services offered across our network.

### 2018 progress

QNB Qatar is fully committed to, and supports, the goals of QNV2030. The primary goal is to diversify the economy by strengthening the private sector. As a financial intermediary, we view ourselves as a natural catalyst to nurture the growth of the private sector, specifically SMEs. We have a dedicated SME Centre in Doha with a team of SME relationship managers exclusively available to provide tailored financing solutions for SMEs to help grow their businesses. Over the past year, we have seen a surge in the numbers of SMEs in Qatar, as entrepreneurs step in to seize opportunities in the run up to the 2022 FIFA World Cup® and in the wake of projects supporting the growth in self-sufficiency. One tangible way we are helping SMEs to grow is through our QNB Simplify e-commerce platform in collaboration with the Ministry of Transport and Communication's Digital Transformation of SMEs (DTSME) initiative. This service, the first of its kind in the country, provides a toolkit to build a shop, load products and allow companies to easily create a secure online portal for their services. This creates a platform to connect local businesses with new customers on a global scale. For entrepreneurs, QNB provides start-up loans in collaboration with Qatar Development Bank (QDB) and supports entrepreneurial programmes. Examples include Qatar Business Incubator Centre (QBIC) demo days and several University programmes.



In Egypt, QNB ALAHLI provides SMEs with tailored value propositions for the microfinance and SME segments. Including specific SME lending programmes such as dedicated working capital and term loans, fast injection lending and non-lending packages for microfinance. We have partnered with several financing organisations to improve our offer such as, the Micro, Small and Medium Enterprise Development Agency (MSMEDA), and signed a credit guarantee agreement with the Credit Guarantee Company (CGC). This enables us to extend our business into previously untapped sectors. QNB ALAHLI has also launched a mobile payment solution in cooperation with Visa International, allowing our clients to replace cash transactions with digital payments. These improvements have facilitated our SME portfolio increasing to 23% of our total funded and unfunded book, surpassing the CBE 2019 target of 20% a year early.

In Turkey, QNB Finansbank maintained its stronghold as one of the leading banks in the SME and agricultural banking segments. In a year of macroeconomic volatility in Turkey and across emerging markets, the support we provided to SMEs to weather the market pressures was instrumental for the sustainable long-term economic development of the country. We have been one of the participants of the Credit Guarantee Fund Programme both in 2017 and 2018 to align with the macro agenda of the country, having underwritten in excess of TRY9.9 billion in loans to SMEs. To provide our SME customers with quick access to our services, we have a wide range of online and mobile applications dedicated to SMEs. For example, our 'SME Cloud', 'SME Internet Banking' and our 'SME Comfort Line' which allows banking transactions via phone. Moreover, in support of Turkish SME's increasing preference for digital channels, our 'paperless branch' concept is in full force, with an expanding list of products and services available through digital channels.

KPIs: Supporting SME's and entrepreneurship	2015	2016	2017	2018
Microenterprise <sup>6</sup> customers (number)	1,690	1,086,647	1,204,670	1,276,170
SME <sup>7</sup> customers (number)	7,761	109,874	121,147	129,828
Credit facilities extended to microenterprises (QR million)	6,265	12,082	15,577	13,751
Credit facilities extended to SMEs (QR million)	4,141	15,285	16,546	12,802
Lending portfolio extended to microenterprises & SMEs (%)	2.7%	5.3%	5.5%	4.3%

<sup>6</sup> The definition of a microenterprise varies among QNB and its subsidiaries; each entity was allowed to utilise its own definition in compiling data for this table. A microenterprise is generally described as a business with fewer than ten employees, and having a balance sheet or turnover less than a certain amount

<sup>7</sup> The definition of a SME varies among QNB and its subsidiaries; each entity was allowed to utilise its own definition in compiling data for this table

## Case study – Supporting SME Growth in Turkey

The programme was first introduced in Q4 of 2016. Since then, we have provided SME's with over TRY329 million in facilities through this initiative.

QNB Finansbank, in association with the European Union and European Mutual Fund (EMF), is an active member of the 'Competitiveness of Enterprises and Small and Medium-Sized Enterprises' (COSME) programme.

The main aim of the programme is to support the growth of small and medium-sized enterprises by enabling access to finance. It does this by overcoming barriers regarding their collateral restrictions. The programme provides security to the banks by means of credit guarantees. In turn the bank provides the needed credit facility to the SME without asking for additional security.



### 3.3 Financial inclusion, accessibility and education

QNB Group operates across a number of markets where access to financial services is limited and levels of financial literacy are low. Our approach is to extend financial services to underserved and unbanked segments of the population, while carefully managing the associated risks. QNB undertakes various initiatives to educate customers about financial planning and management which helps to limit those risks. We also continue to improve the accessibility of our branches to those differently-abled.

#### 2018 progress

##### Financial inclusion

In Qatar, our CASH Card provides the unbanked population with a method to make payments at government ministries. These cards can be purchased and re-loaded from the e-cash kiosk using a valid Qatar identify card or passport for non-residents. Another example in Qatar is the QNB Prepaid Card. This is a general purpose reloadable prepaid card, targeted at segments that do not have access to a credit line or those that are credit averse. The QNB Prepaid Card enables greater financial inclusion to the unbanked, youth and those that do not have access to credit facilities. In 2018, the monetary value in terms of net sales for prepaid cards was QR225 million, a volume increase of 81% compared to 2017. In Egypt, QNB ALAHLI participated in the Arab Financial Inclusion initiative held by the CBE. During the two-week event we successfully attracted 27,067 new clients.

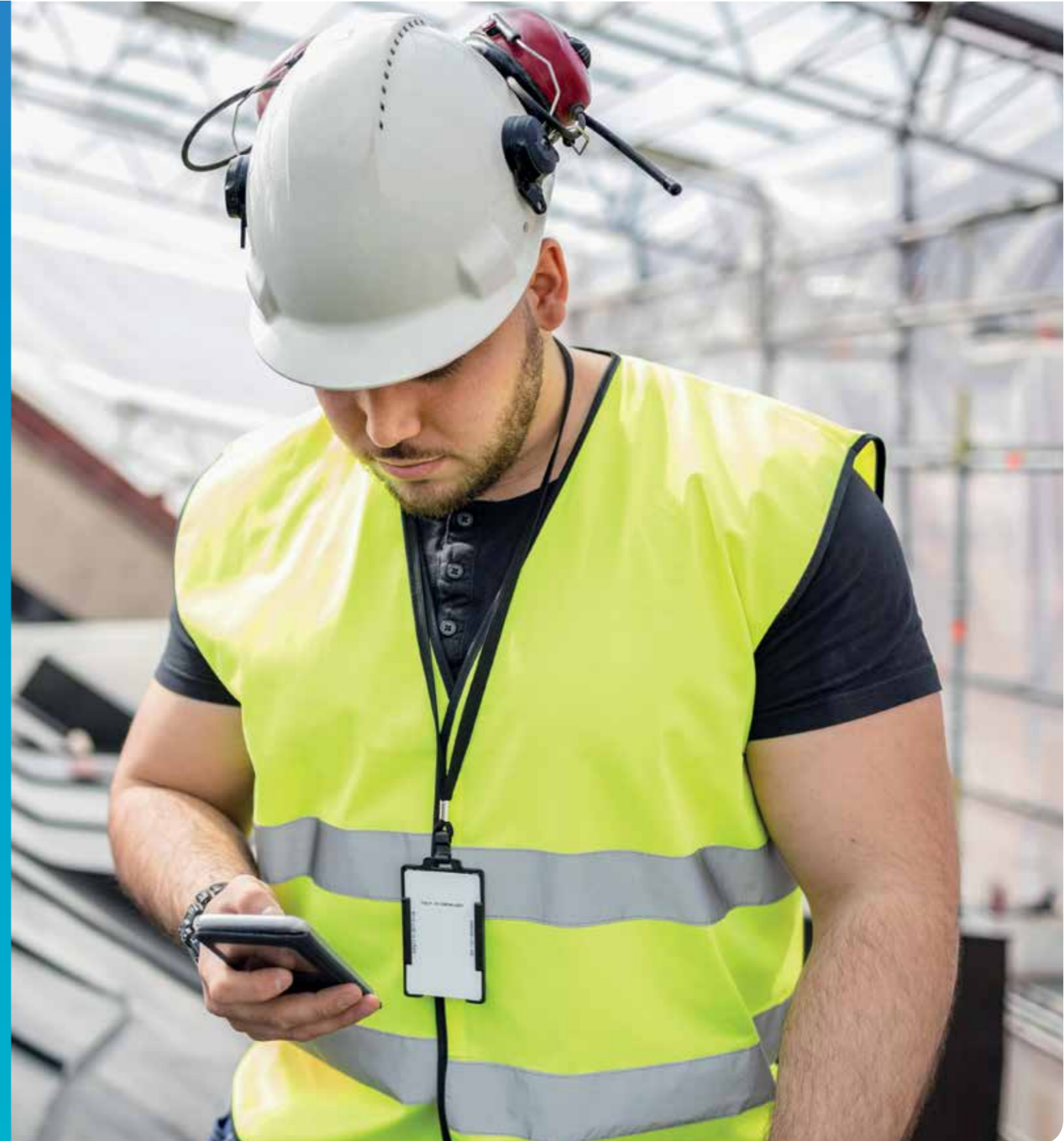
#### Case study – Mobile Money Wallet

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.



### Accessibility

Across QNB Group we are committed to making our branches accessible to customers who are differently-abled. In Turkey, we have an Accessibility and Disability Support Services Programme. The aim of the programme is to improve the accessibility of banking services by the elderly (70+) and differently-abled. Features of the programme include branch ramp access, informative signs with braille, counters with a portable hearing induction loop and sign language translation support via smart tablets.

### Education

Throughout our global operations, QNB Group delivered a number of initiatives to educate existing and potential customers on various aspects of financial management. A case in point in Qatar, we partnered with the national telecommunications company to create the Ooredoo Mobile Money Wallet. This product is designed to increase access to finance for the unbanked. To educate customers, a designated Ooredoo Mobile Money team makes periodic visits to residential areas. Here they conduct awareness sessions on digital processing of transactions using the mobile application.

Another example is in Indonesia, where we collaborated with the University of Indonesia. Together, we delivered a financial management class to a group of teenagers in Kampung Lio Depok, West Java. The majority of attendees had not completed their secondary education. Therefore, the aim of this initiative was to educate the group on money management tips and general information regarding financial services.



### 3.4 Data security and customer privacy

With cybercrime on the increase, cybersecurity threats are becoming more frequent and more sophisticated, while the banking sector remains a high-profile target. That is why we place the highest priority on continuous enhancements to protect our customers' data and the bank's information technology systems.

The bank's approach to ensuring information is protected is through a well-defined governance structure, implementing the regulatory requirements, adopting industry standard best practices and focusing on technology, people and policies.

#### Our three pillars of cybersecurity



Each of these pillars needs to be continually strengthened to protect our customers' data and the bank's information technology systems. To oversee this, QNB has established a senior Group Cyber Security Committee (GCSC) responsible for driving the cybersecurity strategy for the firm. This committee reports to the Board of Directors and meets quarterly. Our Service Operations Centre (SOC) has been active since 2017 and allows us to immediately identify and block any malicious activity 24 hours a day, 365 days a year.

#### 2018 progress

##### Cybersecurity

On the technology pillar, we have developed a three year strategic plan based on regulatory requirements and cybersecurity innovative solutions. The technology investment focus for 2018 has been on security enhancements to the employee mobility platforms, data classification, and data leakage prevention capabilities.

On the people pillar, we are investing in the creation of internal Red Team capabilities to assess the security posture of the firm by undertaking simulated cyberattacks. This is complemented by a new training and awareness programme rolled out to our employees to raise their awareness from social engineering and phishing attacks.

We have also strengthened the policies pillar, where we conducted a security maturity review and are continuously enhancing our cybersecurity controls. As a testament to our investments and preparedness in cybersecurity, QNB has achieved ISO 270001 certification.

#### EU General Data Protection Regulation (GDPR)

QNB appointed a Data Protection Officer and created a dedicated centralised Data Protection Team whose primary objective is to build a robust operating model incorporating multiple privacy regulations including GDPR.

During 2018, the Data Protection Team successfully embedded key GDPR requirements into business as usual activities including Article 30 Records of Processing Activities (ROPA) and Article 35 Data Protection Impact Assessment (DPIA). A thorough roadmap was created using a risk based approach to enhance technical and security measures in accordance with privacy by design principles, with the documentation infrastructure being maintained by Group Compliance. QNB's customer rights and data protection policy are published on QNB's website in accordance with the regulation.

#### EU Revised Payment Services Directive (PSD2)

Regulatory changes regarding the new terms and conditions for PSD2 were pro-actively communicated to QNB's European customers through SMS and emails. The new regulation allows customers to make cheaper, more transparent and safer payments. The Phase 1 implementation, which focuses on transparency of charges and other regulatory requirements, was completed this year. Phase 2, which is compliance with the associated regulatory technical standards published in March 2018, will be completed in 2019.

KPIs: Data security and customer privacy	2015	2016	2017	2018
Data security breaches (number)	0	1	0	0
Amount of fraudulent transaction activity (QR million)* <sup>8</sup>	2.5	25.2	23.1	19.8

<sup>8</sup> 2016 onwards includes QNB Finansbank total value of fraudulent transaction activity; for Qatar, international branches, QNB ALAHLI and QNB Indonesia 2018 includes total fraudulent transaction activity vs prior years which had only card fraud



### 3.5 Responsible customer communication and experience

Banks face increasing scrutiny when it comes to providing customers with transparent information and fair advice related to financial products and services. We seek to provide our customers with all necessary details regarding QNB's products and services to enable them to make informed decisions as consumers.

#### 2018 progress

##### Responsible customer communication

QNB have taken the following actions to ensure transparency and open engagement with our customers.

In Qatar and International Branches:

- The second edition of our Standard Service Protocol was introduced to all staff. This requires they follow a standardised service delivery process to provide fair and equitable treatment to all our customers
- Our sales staff receive ongoing training on QNB's products and services from a dedicated coaching and mentoring team, to ensure they can accurately communicate fees, charges, terms and conditions
- All product information covering fees, charges, terms and conditions is published on the QNB website
- For our private banking customers we assess their desired risk appetite to ensure the tailored products we offer are well aligned

In Egypt:

- All new products are approved by the 'New Product Committee'
- All financial content within customer marketing material is reviewed by Compliance before being published to ensure that it adheres to applicable regulations
- Regular training and coaching sessions are provided to the network staff (Branch Managers, Relationship Managers and Call Centre Team) to make sure they are up to date with new product features and regulations
- Internal audits and 'mystery shopper quality campaigns' are conducted to randomly check compliance

In Turkey:

- QNB Finansbank provides transparent information for sales and marketing of all retail products through all sales channels in compliance with the Turkish Customer Protection Law
- Customers are provided with all the necessary information about a retail product during sales activities. For customers who do not have the time to go through all these documents on paper, we provide them in digital format. We can then obtain their approval via digital platforms
- Sales personnel are monitored continuously through regular KPI tracking and mystery shopping results

#### Customer experience

As a part of QNB's customer experience management, we continued our annual customer satisfaction survey using an independent third-party research provider. The provider assesses customer satisfaction with various products and services. In

addition, the mystery shopper survey programme was undertaken throughout the year which covers all key channels to assess the service performance levels. There is also a dedicated Service Quality Team to promptly address customer complaints and grievances received through various channels (i.e., branches, call centre and social media).

KPIs: Customer experience	2015	2016	2017	2018
Net promoter score <sup>9</sup> (QNB Qatar)	63	47	56	63
Net promoter score (QNB Finansbank)	-	32	37	43

<sup>9</sup> Net Promoter Score (NPS) is a globally recognised metric for measuring customer experience and the overall perception of a company brand. The NPS is calculated as the difference between the percentage of Promoters and Detractors. The NPS is expressed as an absolute number lying between -100 and +100

KPIs: Responsible customer communication and marketing	2015	2016	2017	2018
Non-performing loan ratio (%)	1.4%	1.8%	1.8%	1.9%



## 4. 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 and risk management practices, promote equality throughout our workforce, and reduce the 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'.

### Contents:

- 4.1 Governance, compliance and risk management
- 4.2 Talent attraction, development and retention
- 4.3 Diversity and inclusion
- 4.4 Environmental impact of operations
- 4.5 Responsible procurement and supply chain



## 4.1 Governance, compliance and risk management

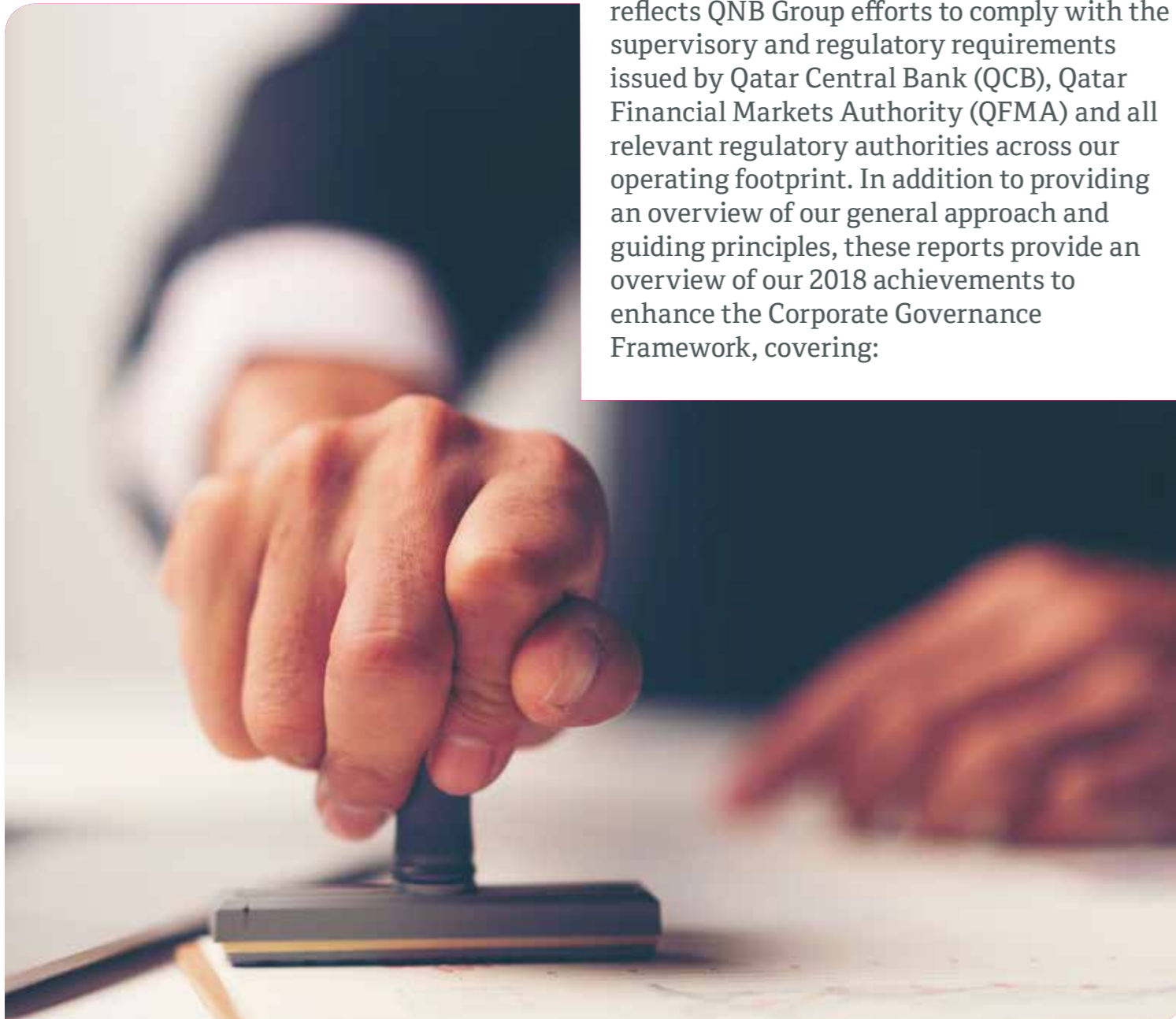
QNB has a robust set of corporate governance measures in place across the Group that combines all aspects of internal control, risk and compliance. These help QNB to successfully navigate the constantly changing regulatory landscape, allowing it to meet customer expectations and deliver sustainable value to its stakeholders.

### 2018 progress

#### Corporate governance and compliance

The Group has adopted various undertakings during 2018 to improve our transparency around reporting financial and non-financial information to our stakeholders. The QNB Corporate Governance Report, issued as a supplement to the QNB Annual Report, reflects QNB Group efforts to comply with the supervisory and regulatory requirements issued by Qatar Central Bank (QCB), Qatar Financial Markets Authority (QFMA) and all relevant regulatory authorities across our operating footprint. In addition to providing an overview of our general approach and guiding principles, these reports provide an overview of our 2018 achievements to enhance the Corporate Governance Framework, covering:

- Board composition, independence and remuneration: Independent and Non-Executive Board Members roles and executive committee responsibilities highlighted
- Anti-corruption and bribery: Strengthening of QNB's Framework to Combat Bribery and Corruption and QNB's Anti-Money Laundering and Combating Terrorism Financing (AML/ CTF) framework
- Code of Ethics and Conduct: As an approach to establish effective corporate governance QNB's 'Code of Ethics and Conduct', serves as a guide to the Group, its Directors, management and employees, in articulating and reinforcing QNB's values, ethics and business principles. It is supplemented with an appropriate mechanism to report any concerns pertaining to non-adherence to the said code
- Whistleblowing: Financial crime compliance structures, frameworks and tools (including whistleblowing mechanism)
- Risk management: Risk management framework and governance structure, covering strategic, credit, operational, information security and reputational risk
- Tax transparency: Enabling transparent and effective tax information exchange across QNB Group
- Disclosure of voting results: In line with regulatory requirements and shareholder's rights
- Compliance training: Group Compliance training and awareness sessions in 2018



KPIs: Corporate governance <sup>10</sup>	2015	2016	2017	2018
Incidents of non-compliance with laws and regulations (number)	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 (number)	0	0	0	0
Percentage of Board seats occupied by independent directors (%)	30%	40%	40%	40%
Percentage of Board seats occupied by women (%)	0	0	0	0
CEO pay ratio <sup>11</sup>	-	-	-	13.5

<sup>10</sup> The figures in this table covers QNB Group branches and subsidiaries

<sup>11</sup> Ratio of CEO salary and bonus against the median full time employee salary and bonus. QNB Qatar only

For more information on our approach to Governance, compliance and risk management, please see the [QNB 2018 Corporate Governance Report](#) and [QNB 2018 Annual Report](#).

**Risk management**

Our centralised approach to risk management is complemented by local expertise and a risk culture in which every employee is responsible for potential risks in the course of their work. QNB Group's sustainable performance depends on our ability to manage risk at all levels. As a result, we have a robust risk management governance framework that ensures we maintain a crucial balance between risk and reward.

QNB's risk profile and appetite are approved by the Board of Directors and Group Board Risk Committee (GBRC) and then cascaded down to every division, department and employee. QNB Group's Risk Appetite Statement is central to the Group's integrated approach to risk management and articulates the risk culture, governance and boundaries of QNB Group.

We believe that risk management is the responsibility of all employees across the bank and have been active in raising awareness and reinforcing individual accountability through a focus on the "Three Lines of Defence/ Control model".

**In line with Basel guidelines, the Group has adopted the 'Three Lines of Defence/ Control' model.**

**1.**  
Business and process functions

Responsible and accountable for identifying, assessing and controlling the risks of their activities

**2.**  
Risk and control functions

Introduce policies and systems to ensure that the risks in the business and process units have been appropriately identified and managed

**3.**  
Internal audit function

Independently assesses the effectiveness of the processes created in the first and second lines of control  
Provides assurance on these processes and value-added recommendations to improve the process and promote best practice

Strengthening the risk management and compliance culture remains a top priority for the bank. This year we continued to invest in governance standards, frameworks and tools to enhance our risk management. These range from increasing the number and proficiency of credit risk staff, to improved risk modelling, to improvements on how we capture operational risk data and new enhancements in

cybersecurity. Together with our prudent risk management approach, these investments and enhanced capabilities have allowed us to maintain a high asset quality. This is demonstrated by our very low non-performing loan ratio of 1.9% and enables us to maintain top-tier credit ratings from international rating agencies.

KPIs: Risk management <sup>12</sup>	2015	2016	2017	2018
Capital adequacy ratio (CAR) (%)	16.3%	16.0%	16.5%	19.0%
Liquidity coverage ratio (LCR) (%)	87%	85%	135%	124%

<sup>12</sup>The figures in this table covers QNB Group branches and subsidiaries



## 4.2 Talent attraction, development and retention

To be an 'employer of choice', QNB is committed to attracting, developing and retaining the best talent from the diversity our communities have to offer, and promoting the inclusivity and equality of our people.

### 2018 progress

#### Employee overview

Talent attraction, development and retention is critical to the success of our business. In light of our rapid expansion in recent years, we are dedicated to ensuring that each of our operations is able to access and build the talent they need to deliver on our strategy and support our customers.

KPIs: Employment <sup>13</sup>	2015	2016	2017	2018
Total employees (number)	7,928	20,883	22,251	22,633
Full time employees (number)	7,928	20,881	22,250	22,632
Part time employees (number)	0	2	1	1
Broken down by contract type				
Indefinite or permanent contracts (number)	7,914	20,864	22,139	21,960
Fixed term or temporary contracts (number)	14	19	112	31
Broken down by career level				
Senior management employees (number)	99	142	162	185
Middle management employees (number)	1,311	2,502	2,642	2,744
Non-management employees (number)	6,518	18,239	19,447	19,721
Broken down by age				
Employees age 18-30 (number)	3,118	9,122	9,023	9,213
Employees age 31-50 (number)	4,330	11,112	12,082	12,632
Employees age 51+ (number)	480	649	729	805
Youth employment rate (%)	39%	44%	41%	41%
Broken down by gender				
Male employees (number)	4,861	10,878	11,668	11,802
Female employees (number)	3,067	10,005	10,532	10,848
Female employment rate (%)	39%	48%	47%	48%
Nationalisation				
Qatarisation (%) <sup>14</sup>	52%	52%	54%	54%

<sup>13</sup> Employment figures (and all data within section 4.2) cover QNB Qatar, International Branches, QNB ALAHLI, QNB Finansbank, QNB Indonesia and QNB Tunisia only unless stated otherwise

<sup>14</sup> As a percentage of total QNB Qatar staff



## Learning and development

QNB's designated learning and development teams proactively work across all areas to identify the learning and development needs of its staff. This supports the growth of our business and ensures we meet increasing regulatory demands. Our offering includes a broad curricula of technical and behavioral development opportunities with the aim of up-skilling employees across QNB's local and international operations. Our approach to delivery is multi-faceted, through classroom-based courses, eLearning modules and

external training programmes delivered by internationally recognised partners. Furthermore, we also support staff to obtain professional qualifications to progress their careers.

In 2018, we invested QR26 million in the development of our people and delivered a total of 1,096,286 hours training to staff across the Group. Highlights included a number of new risk-related courses to further strengthen our approach to risk management. These

covered Group Operational Risk, Anti-Fraud Awareness, Audit Risk and Controls, and several Compliance risk-related awareness courses.

QNB continues to roll out both its Leadership Development Programme (LDP) and Management Development Programme (MDP) to its employees within Qatar and many of QNB Group's international branches. These programmes are aimed at middle managers and senior leaders. 252 staff attended in 2018.

To supplement these programmes, QNB also delivers a Supervisory Development Programme (SDP) aimed at first line managers and team leaders who are new to the responsibility of overseeing other employees. QNB has also launched the Personal Effectiveness Programme (PEP) aimed at potential team leaders. These programmes have received positive feedback from participants and managers alike.

KPIs: Learning and development	2015	2016	2017	2018
Total training hours (number)	200,994	858,493	932,715	1,096,285
Average training hours provided per employee (number)	25.4	41.1	41.9	48.4
Training hours broken down by career level				
Average training hours of senior management (number)	8.4	18.3	11.6	17.2
Average training hours of middle management (number)	22.3	32.7	30.5	29.7
Average training hours of non-management (number)	26.2	42.4	43.7	51.3
Training hours broken down by gender				
Average training hours of male employees (number)	25.4	39.5	38.3	43.6
Average training hours of female employees (number)	25.3	42.9	46.1	53.6
Performance reviews				
Employees who received a performance and career development review (%)	98%	83%	82%	89%

## QNB Group Leadership and Management Development Curriculum

Executive Leadership Development Program (ELDP)

Leadership Development Program (LDP)

International Leadership Development Program (LDP) Online

Management Development Program (MDP)

International Management Development Program (MDP) Online

Supervisory Development Program (SDP)

Personal Effectiveness Program (PEP)



## Succession planning

In Qatar, to ensure leadership continuity and maintain the capabilities required to deliver our long-term strategy, we have strengthened our approach to leadership continuity planning, which is to be conducted twice annually for our senior leaders.

For those employees identified as potential successors, line managers provide ongoing coaching and support. This is supplemented by relevant formal courses to aid their development. Through regular evaluation of talent across the organisation, we are better able to identify future leaders and increase QNB's overall business resilience. Going forward, we will continue to refine our approach to further strengthen QNB's leadership pipeline.

## Employee engagement

In 2018, QNB commissioned a leading HR consulting firm to conduct an employee engagement survey that measured the satisfaction and motivation of QNB employees.

In Qatar and international branches, 85% of employees responded, providing feedback on a number of aspects, including work culture at the bank, compensation, company practices and processes, and career opportunities. We use this feedback, coupled with our existing employee engagement practices such as employee recognition awards, to identify areas for improvement.

QNB are regularly placed among the top employers in the Middle East. Our most recent employee engagement survey placed us 7% above the Middle East financial sector benchmark. In comparison to regional and industry benchmarks, QNB is above or in line with the majority of performance metrics.

KPIs: Talent retention	2015	2016	2017	2018
<b>Employee engagement</b>				
Employee engagement score (%) <sup>15</sup>	N/A	53%	59%	56%
Absenteeism rate (%)	3.0%	2.9%	3.0%	2.8%
<b>Turnover</b>				
Total employee turnover (number)	424	2,822	3,659	3,985
Total employee turnover (%)	5.3%	13.5%	16.4%	17.6%
Voluntary employee turnover (number)	370	1,612	2,052	2,501
Voluntary employee turnover (%)	4.7%	7.7%	9.2%	11.1%
<b>Voluntary turnover broken down by age</b>				
Employees age 18-30 (number)	224	1,128	1,440	1,857
Employees age 31-50 (number)	135	448	581	587
Employees age 51+ (number)	11	36	31	57
<b>New employees broken down by age</b>				
Employees age 18-30 (number)	700	2,386	3,144	3,874
Employees age 31-50 (number)	203	420	525	495
Employees age 51+ (number)	6	21	18	18
<b>Parental leave</b>				
Return to work rate (%) <sup>16</sup>	90.8%	99.1%	89.0%	87.1%
Retention rate (%) <sup>17</sup>	89.6%	83.3%	83.6%	82.1%

<sup>15</sup> QNB Qatar only

<sup>16</sup> Number of female employees who returned to work after parental leave ended

<sup>17</sup> Number of female employees who returned from parental leave and were still employed twelve months after returning to work

## Grievances

An important part of our focus on human rights is our effort to create a work space and corporate culture based on equality and mutual respect. During 2018, we undertook a review of our Human Resources business practices against the United Nations Guiding Principles on Business and Human Rights to

identify areas for improving our approach. Subsequently, as part of our 2019 business plan, we are working to improve internal policies to ensure our people can report any instance of harassment, discrimination or other misconduct, alongside sufficient procedures to review and respond to any such incidents.



## 4.3 Diversity and inclusion

With operations spread over 31 countries on three continents and employees from 80 different nationalities, we are a truly multicultural company. We actively promote a culture of respect, equality and mutual trust across all our network.

### 2018 progress

#### Female employment

While our hiring is independent of gender and performance-based, we do seek to keep a balance between male and female hiring, and promote female inclusion within the workforce. We are proud that 48% of our employees across the Group are women.

At the same time, we recognise there is still work to do on this front. As at 31 Dec 2018, 18% of senior management roles were occupied by women and 33% of the Executive Management Team. Females occupied 0% of Group Board positions and 31% of subsidiary Board positions. This will be a focus of ours in the upcoming years in alignment with the QNV2030.

KPIs: Female employment	2015	2016	2017	2018
Female employment rate (%)	39%	48%	47%	48%
By career level				
Women in senior management (%)	13%	16%	17%	18%
Women in middle management (%)	24%	34%	33%	33%
Gender pay ratio <sup>18</sup>				1.07

<sup>18</sup>Median male salary to median female salary. QNB Qatar and International branches only





## 4.4 Environmental impact of operations

QNB's global operations involve the consumption of natural resources and the generation of carbon emissions associated with climate change. While we recognise our greatest environmental impacts are 'indirect' through our financing activities, we also need to responsibly manage the 'direct' environmental footprint associated with operating QNB offices, branches and data centres.

### 2018 Progress

In line with our investor and consumer preferences, QNB is committed to protecting the environment, with particular focus on reducing our carbon emissions and increasing resource efficiency (i.e., energy, water, paper, waste, etc).

Across the bank, we have introduced a raft of initiatives to improve our efficiency and reduce our environmental footprint. For example, in Egypt we have begun installing solar panels in branches, saving around 28% of the annual energy consumption in the selected branches. In Qatar, an LED lighting upgrade in QNB offices and branches has cut our power consumption and lowered demand for air conditioning from the resulting reduced heat. Furthermore, all our paper and cardboard waste in Qatar is now recycled to supply the local carton packaging industry.

KPIs: Environmental impact of operations	2015	2016	2017	2018
<b>Energy</b>				
Total energy consumption (GJ)	216,072	654,593	689,758	664,860
Energy intensity (GJ/ employee)	28.8	32.1	31.4	29.9
<b>Greenhouse Gas (GHG) emissions<sup>19</sup></b>				
Scope 1 direct GHG emissions (tonnes of CO <sup>2</sup> e) <sup>20</sup>	1,286	12,341	12,315	12,241
Scope 2 indirect GHG emissions (tonnes of CO <sup>2</sup> e)	36,013	75,946	82,394	77,702
Total GHG emissions (tonnes of CO <sup>2</sup> e)	37,299	88,287	94,709	89,943
GHG emissions intensity (tonnes of CO <sup>2</sup> e/ employee)	5.0	4.3	4.3	4.0
<b>Water</b>				
Water consumption (m <sup>3</sup> )	304,215	469,403	467,935	498,182
Water intensity (m <sup>3</sup> / employee)	40.6	23.0	21.4	22.4
<b>Materials and waste</b>				
Total paper consumption (kg)	497,125	1,741,820	1,466,734	1,413,965
Total paper consumption intensity (kg/ employee)	66	85	67	63

<sup>19</sup> QNB's greenhouse gas emissions are measured in accordance with the international GHG protocol that defines reporting scopes 1 and 2

<sup>20</sup> Tonnes of carbon dioxide equivalent expresses the impact of each different greenhouse gas in terms of the amount of carbon dioxide that would create the same amount of warming



## Environmental initiatives

### Qatar:

- Launched recycling programme across main offices in Doha, recycling >21 tonnes of paper locally
- Rolled out LED lighting upgrade across all major offices in Doha to improve energy efficiency over the life cycle of our building assets
- Switched off more than 50% of lights and chillers after working hours to reduce energy consumption
- Set carbon reduction target of 20% by 2022 against 2017 baseline

### Egypt:

- Rolled out solar panel installations at QNB branches
- Altered air conditioning settings to reduce energy demand
- Used electronic means and double-sided printing to reduce paper consumption

### Turkey:

- Obtained Leadership in Energy and Environmental Design (LEED) certification (Silver award) for our Turkish headquarters in Kristal Kule
- Established method for measuring carbon footprint of operations, for adoption in 2019
- Implemented energy efficiency measures in offices and data centre such as replacement of energy intensive mechanical and electrical plan and PC shutdown initiative
- Controlled building energy consumption (lighting, AC, etc.) through automated systems
- Recycled electrical and electronic equipment through authorised companies
- Made double-sided printing default setting to reduce paper consumption

## Case study – recycling initiative in Qatar

During UN World Environmental Day, QNB Qatar launched its first recycling initiative across all main offices and stores, in partnership with a local Qatari recycling firm.

The initiative supports the objectives of the QNV2030 to increase recycling rates in the country. During the launch we ran a series of staff engagement activities to raise employee awareness on the topic of sustainability, including practical 'top tips' communicated to over 3,000 employees on how to live a more sustainable lifestyle. Employees and customers were also invited to make their own environmental pledges to 'reduce, reuse and recycle' at selected offices.

By the year end, over 21 tonnes of paper and cardboard waste was recycled into quality raw materials used to supply the corrugated carton packaging industry. This significantly reduced the amount of waste sent to landfill while also supporting the local green economy.



## 4.5 Responsible procurement and supply chain

We seek to manage operational, financial, regulatory, and reputational risks associated with our supply chain and enhance our impact on society by adopting responsible procurement practices. This means being mindful of the sustainability risks of the resources we buy and suppliers we deal with to run our operations. Our approach is to screen third parties against a standardised sustainability criteria and identify those with a high potential impact. When required, we engage and collaborate with suppliers to ensure environmentally and socially sound practices. We strive to source local suppliers to support the local economy and job market. This local spend is tracked and disclosed externally.

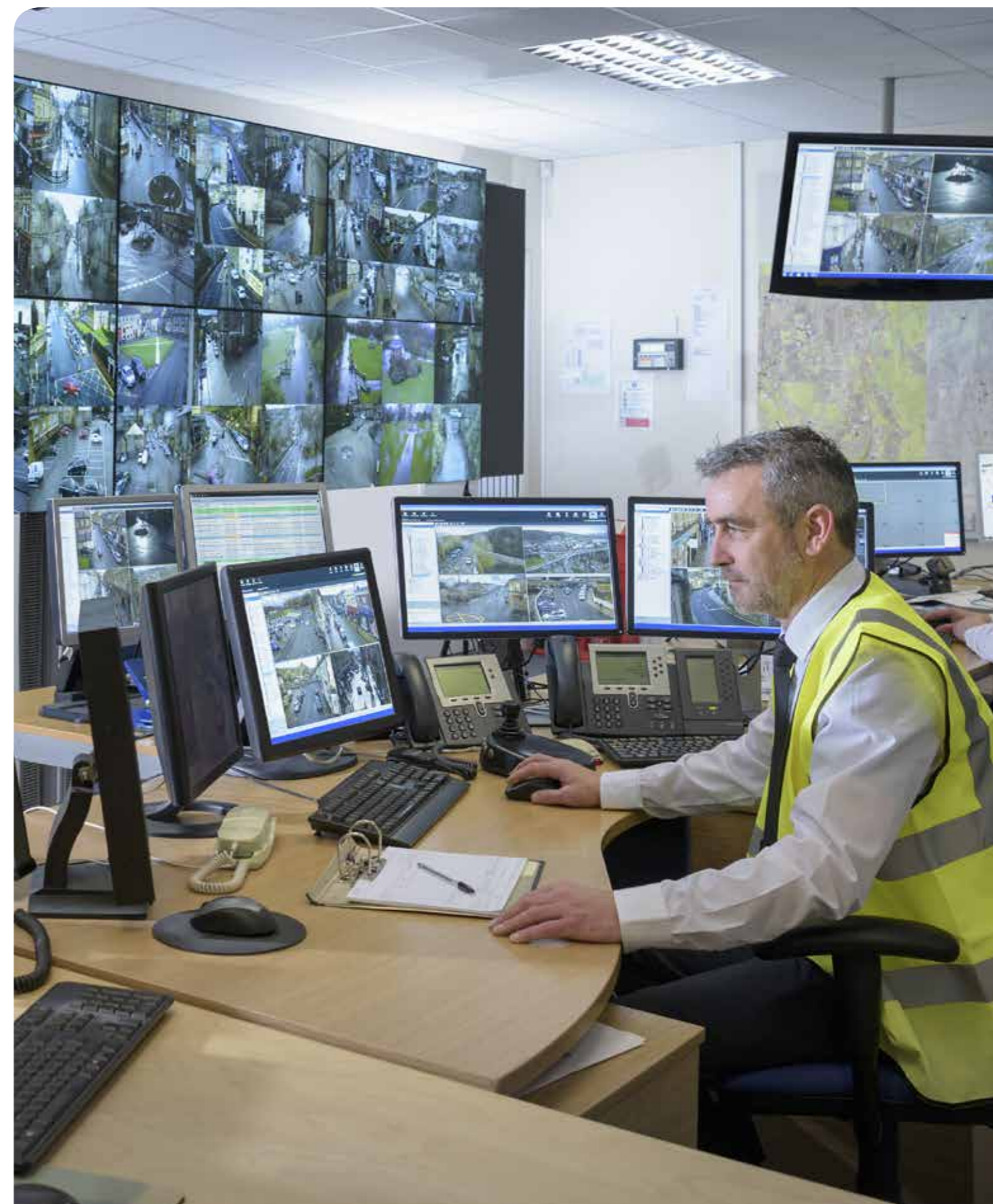
### 2018 Progress

In Qatar, we have integrated sustainability criteria within the third party risk management process, to strengthen our due diligence of external suppliers. Furthermore, we established an auditable methodology for tracking and reporting local procurement spend with suppliers.

In 2019, we plan to bring in a comprehensive third-party risk management (TPRM) approach supported by newly enhanced risk assessments contained within the new operational risk management system. Because QNB Group relies on a number of diverse third-party suppliers to help us across our operations, it is important for us to effectively audit each one of these providers to provide a thorough risk and performance assessment.

KPIs: Responsible procurement and supply chain	2015	2016	2017	2018
Local procurement spend (%) <sup>21</sup>	84%	88%	94%	89%

<sup>21</sup> QNB Qatar, QNB ALAHLI, QNB Indonesia and QNB Tunisia only



## 5. 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.

### Contents:

- 5.1 Community investment and socio-economic development



## 5.1 Community investment and socio-economic development

### 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.

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.

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.



Supporting Qatar Business and Investment Forum in Berlin.

### 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.



Supporting World Autism Awareness 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.



Supporting the International White Cane Day.



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

**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.

**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.



School book donation by QNB Indonesia

KPIs: Community investment	2015	2016	2017	2018
Total value of community investments (QR million)	359	329	365	403
Community investment as a percentage of pre-tax profits (%)	3.0%	2.5%	2.6%	2.7%



## 6. ESG data and further information

To promote transparency in the banking sector we are committed to publicly disclosing our annual sustainability performance in accordance with the GRI Standards and QSE 'Guidance on ESG Reporting'.

### Contents:

- 6.1 QNB sustainability performance summary
- 6.2 Qatar Stock Exchange ESG KPIs
- 6.3 GRI Standards Content Index
- 6.4 Abbreviations



## 6.1 QNB sustainability performance summary

### QNB Group 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	14,055	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	Products or services helping customers to meet an environmental or social challenge (number)	-	10	18	21
		Lending portfolio financing environmentally-friendly, low carbon activities (QR million)	-	-	-	7,039
	Supporting SMEs and entrepreneurship	Credit facilities extended to micro enterprises (QR million)	6,265	12,082	15,577	13,751
		Credit facilities extended to SMEs (QR million)	4,141	15,285	16,546	12,802
		Lending portfolio financing micro enterprises and SMEs (%)	2.7%	5.3%	5.5%	4.3%
	Digital innovation and transformation	Digital transactions (online and mobile as a % of total)	31.0	33.3	41.1	43.6
	Responsible customer communication and marketing	Non-performing loan ratio for lending (%)	1.4%	1.8%	1.8%	1.9%
	Customer privacy and data security	Data security breaches (number)	0	1	0	0
		Amount of fraudulent transaction activity (QR million) <sup>22</sup>	2.5	25.2	23.1	19.8
	Customer experience	Net promoter score - Qatar (score from -100 to +100)	63	47	56	63

<sup>22</sup> 2016 onwards includes QNB Finansbank total value of fraudulent transaction activity; for Qatar, international branches and QNB ALAHLI 2018 includes total fraudulent transaction activity vs prior years which only had card fraud

Note: Some prior year figures have been revised and restated

### QNB Group sustainability performance summary - Continued

Framework pillar	Material issue	Key performance indicator	2015	2016	2017	2018	
Sustainable operations	Governance, compliance and risk management	Incidents of non-compliance with laws and regulations (number)	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 (number)	-	0	0	0	
		Board of Directors seats occupied by independent directors (%)	30%	40%	40%	40%	
		Basel III 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)	Employee engagement score (%; QNB Qatar and its international branches)	N/A	53%	59%	56%
			Average training hours provided per employee (number)	25.4	41.1	41.9	48.4
			Employee turnover rate (voluntary) (%)	4.7%	7.7%	9.2%	11.1%
			Grievances filed during reporting period (number)	205	588	610	754
	Diversity and inclusion	Female employment rate (%)	Female employment rate (%)	39%	48%	47%	48%
			Women in senior management (%)	13%	16%	17%	18%
	Environmental impact of operations	Energy intensity (GJ/ full-time employee)	Energy intensity (GJ/ full-time employee)	28.8	32.1	31.4	29.9
			GHG emissions intensity (tonnes CO2e/full-time employee)	5.0	4.3	4.3	4.0
Water intensity (m3/ full-time employee)			40.6	23.0	21.4	22.4	
Paper consumption intensity (kg/ full-time employee)			66	85	67	63	
Beyond banking	Community investment and socio-economic development	Community investment as a percentage of pre-tax profits (%)	3.0%	2.5%	2.6%	2.7%	

## 6.2 Qatar Stock Exchange ESG KPIs

In 2016, the Qatar Stock Exchange (QSE) subscribed to the United Nations Sustainable Stock Exchanges Initiative (SSEI) and committed to issuing voluntary guidelines for the reporting of Environmental, Social, and Governance (ESG) information by listed companies in Qatar. The QSE 'Guidance to ESG Reporting' were released in 2017, and in 2018 QSE launched the 'Qatar Stock Exchange Sustainability and ESG Dashboard' (<http://qse.arabsustainability.com>), to encourage listed companies to disclose their ESG performance data and improve transparency.

QNB are committed to supporting QSE by making ESG reporting a common practice throughout the Group and communicating our performance on the set of key performance indicators (KPIs) recommended within the QSE guidance. As part of QNB's advocacy for this topic, we shared QNB's sustainability framework and strategy with other Qatar listed companies at the QSE Inventor Relations Annual Conference in December 2018.

Below is QNB Group's performance against the QSE ESG indicators.

### QSE Social indicators

	2015	2016	2017	2018
Does the company prohibit the use of child or forced labor throughout the supply chain? (Yes / No)	Yes	Yes	Yes	Yes
Number of grievances about human rights issues filed, addressed and resolved	0	0	0	0
Total number of injuries and fatal accidents (employees)	0	0	0	0
Total number of injuries and fatal accidents (contractors)	0	0	0	0
Total number of injuries and fatal accidents (employees and contractors)	0	0	0	0
Disclosure and adherence to a Human Rights Policy? (Yes / No)	No	No	No	No
Employee turnover rate (%)	4.7%	7.7%	9.2%	9.9%
Total workforce (number)	15200	28000	28000	30000
Nationalisation rate (%)*	52%	52%	54%	54%
Spending on locally-based suppliers (%)	84%	88%	94%	89%
Employee wages and benefits (QR thousand)**	551	997	943	912
Average hours of training per employee (hours)	25.4	41.1	41.9	48.4
Women in the workforce (%)	39%	48%	47%	48%
Does the company publish and follow a policy for occupational and global health issues? (Yes / No)	No	No	No	No
Pre-tax profits invested in the community (%)	3.0%	2.5%	2.6%	2.7%

### QSE Environmental indicators

	2015	2016	2017	2018
Does the company publish and follow an environmental policy? (Yes / No)	No	No	No	No
Any legal or regulatory responsibility for an environmental impact? (Yes / No)	No	No	No	No
Energy intensity (GJ/ full time employee)	28.8	32.1	31.4	29.9
Total amount of energy used (GJ)	216,072	654,593	689,758	664,860
Total volume of water recycled / reused (m3)	0	0	0	0
Total waste produced (kg)				160,173
Total greenhouse gas emissions (tonnes CO2e)	37,299	88,287	94,709	89,943
Renewable energy used (%)	0	0	0	0
Primary source of energy	Electricity	Electricity	Electricity	Electricity
Total water use (m3)	304,215	469,403	467,935	498,182

### QSE Governance indicators

	2015	2016	2017	2018
Disclosure of the voting results of the latest AGM (Yes / No)	No	No	No	Yes
CEO pay ratio*				13.5
Median male salary to median female salary***				1.07
Does the company publish and follow a Supplier Code of Conduct? (Yes / No)	No	No	No	No
Role separation of Chairman and CEO (Yes / No)	Yes	Yes	Yes	Yes
Independent directors on the Board (%)	30%	40%	40%	40%
Female directors on the Board (%)	0	0	0	0
Executive compensation linked to performance indicators (Yes / No)	Yes	Yes	Yes	Yes
Does the company publish and follow an Ethics Code of Conduct? (Yes / No)	Yes	Yes	Yes	Yes
Sustainability or CSR report published. (Yes / No)	Yes	Yes	Yes	Yes
Third-party assurance of non-financial information (Yes / No)	No	No	No	No
Does the company publish and follow a Bribery/Anti-Corruption Code? (Yes / No)	No	No	Yes	Yes

\* Qatar only

\*\*QNB Group total

\*\*\*QNB Qatar and international branches only

## 6.3 GRI Standards Content Index

GRI Standard	Disclosure number and title	Page number(s)	Omissions
<b>GRI 101: Foundation</b>			
<b>GRI 102: General disclosures</b>			
Organisational profile	102-1 Name of the organization	4	
	102-2 Activities, brands, products and services	6	
	102-3 Location of headquarters	Doha, Qatar	
	102-4 Location of operations	7	
	102-5 Ownership and legal form	Refer to QNB 2018 Annual Report	
	102-6 Markets served	7	
	102-7 Scale of the organization	7	
	102-8 Information on employees	29-32	
	102-9 Supply chain	35	
	102-10 Significant changes to the organization and its supply chain	There were no significant changes	
	102-11 Precautionary principle or approach	27,28	
	102-12 External initiatives	15,16	
	102-13 Membership of associations	There are no sustainability related memberships	
Strategy	102-14 Statement from senior decision-maker	5	
	102-15 Key impacts, risks and opportunities	11,14	
Ethics and integrity	102-16 Values, principles, standards and norms of behavior	27	
	102-17 Mechanisms for advice and concerns about ethics	27	

GRI Standard	Disclosure number and title	Page number(s)	Omissions
Governance	102-18 Governance structure	Refer to QNB 2018 Corporate Governance Report	
	102-19 Delegating authority		
	102-20 Executive-level responsibility for economic, environmental and social topics	12	
	102-21 Consulting stakeholders on economic, environmental and social topics	13	
	102-22 Composition of the highest governance body and its committees	Refer to QNB 2018 Corporate Governance Report and QNB 2018 Annual Report	
	102-23 Chair of the highest governance body		
	102-24 Nominating and selecting the highest governance body		
	102-25 Conflicts of interest		
	102-26 Role of highest governance body in setting purpose, values, and strategy		
	102-27 Collective knowledge of highest governance body		
	102-28 Evaluating the highest governance body's performance		
	102-29 Identifying and managing economic, environmental, and social impacts		11-16
	102-30 Effectiveness of risk management processes	Refer to QNB 2018 Corporate Governance Report and QNB 2018 Annual Report	
	102-31 Review of economic, environmental and social topics	14	
	102-32 Highest governance body's role in sustainability reporting	12	

GRI Standard	Disclosure number and title	Page number(s)	Omissions
Governance	102-33 Communicating critical concerns	Refer to QNB 2018 Corporate Governance Report and QNB 2018 Annual Report	
	102-35 Remuneration policies		
	102-36 Process for determining remuneration		
	102-37 Stakeholders' involvement in remuneration		
	102-38 Annual total compensation ratio	Refer to QNB 2018 Annual Reports (149)	
	102-39 Percentage increase in annual total compensation ratio	Refer to QNB 2018 Annual Report	
Stakeholder engagement	102-40 List of stakeholder groups	13	
	102-41 Collective bargaining agreements	Collective bargaining is not permitted in Qatar	
	102-42 Identifying and selecting stakeholders	13	
	102-43 Approach to stakeholder engagement	13	
	102-44 Key topics and concerns raised	13	
Reporting practice	102-45 Entities included in the consolidated financial statements	Refer to QNB 2018 Annual Report	
	102-46 Defining report content and topic boundaries	4	
	102-47 List of material topics	14	
	102-48 Restatements of information	Indicated as footnotes where applicable	
	102-49 Changes in reporting	Indicated as footnotes where applicable	
	102-50 Reporting period	4	
	102-51 Date of most recent report	4	
	102-52 Reporting cycle	4	
	102-53 Contact point for questions regarding the report	4	
	102-54 Claims of reporting in accordance with the GRI Standards	4	
	102-55 GRI content index	44-48	
	102-56 External assurance	All financial data is subject to external assurance	

GRI Standard	Disclosure number and title	Page number(s)	Omissions
<b>GRI 200: Economic standards</b>			
<b>GRI 201: Economic performance</b>			
Economic performance	103-1 Explanation of the material topic and its boundary	8 and refer to financial performance section within QNB 2018 Annual Report	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
	201-1 Direct economic value generated and distributed		
<b>GRI 204: Procurement practices</b>			
Procurement practices	103-1 Explanation of the material topic and its boundaries	35	
	103-2 The management approach and its components	35	
	103-3 Evaluation of the management approach		Not available
	204-1 Proportion of spending on local suppliers	35	
<b>GRI 205: Anti-corruption</b>			
Anti-corruption	103-1 Explanation of the material topic and its boundary	27, and refer to QNB 2018 Corporate Governance Report and QNB 2018 Annual Report	
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
	205-1 Operations assessed for risks related to corruption		
	205-2 Communication and training about anticorruption policies and procedures		
	205-3 Confirmed incidents of corruption and actions taken		

GRI Standard	Disclosure number and title	Page number(s)	Omissions
<b>GRI 300: Environmental standards</b>			
<b>GRI 301: Materials</b>			
Materials	103-1 Explanation of the material topic and its boundary		Not available
	103-2 The management approach and its components		Not available
	103-3 Evaluation of the management approach		Not available
	301-1 Materials used by weight or volume	33,34	
	<b>GRI 302: Energy</b>		
Energy	103-1 Explanation of the material topic and its boundary		Not available
	103-2 The management approach and its components		Not available
	103-3 Evaluation of the management approach		Not available
	302-1 Energy consumption within the organization	33,34	
	302-2 Energy consumption outside the organization		Not available
	302-3 Energy intensity	33,34	
	302-4 Reduction of energy consumption	34	
	302-5 Reductions in energy requirements of products and services		Not available
<b>GRI 303: Water</b>			
Water	103-1 Explanation of the material topic and its boundary		Not available
	103-2 The management approach and its components		Not available
	103-3 Evaluation of the management approach		Not available
	303-1 Water withdrawal by source	33	
<b>GRI 305: Emissions</b>			
Emissions	103-1 Explanation of the material topic and its boundary		Not available
	103-2 The management approach and its components		Not available
	103-3 Evaluation of the management approach		Not available
	305-1 Direct (Scope 1) GHG emissions	33,34	
	305-2 Energy indirect (Scope 2) GHG emissions	33,34	
	305-3 Other indirect (Scope 3) GHG emissions		Not available
	305-4 GHG emissions intensity	33,34	

GRI Standard	Disclosure number and title	Page number(s)	Omissions
<b>GRI 307: Environmental compliance</b>			
Environmental Compliance	103-1 Explanation of the material topic and its boundary		Not available
	103-2 The management approach and its components		Not available
	103-3 Evaluation of the management approach		Not available
	307-1 Non-compliance with environmental laws and regulations		Not available
<b>GRI 308: Supplier environmental assessment</b>			
Supplier Environmental Assessment	103-1 Explanation of the material topic and its boundary	35	
	103-2 The management approach and its components	35	
	103-3 Evaluation of the management approach		Not available
	308-1 New suppliers that were screened using environmental criteria		Not available
	308-2 Negative environmental impacts in the supply chain and actions taken		Not available

GRI Standard	Disclosure number and title	Page number(s)	Omissions
<b>GRI 400: Social standards</b>			
<b>GRI 401: Employment</b>			
Employment	103-1 Explanation of the material topic and its boundary	29,31	
	103-2 The management approach and its components	29,31	
	103-3 Evaluation of the management approach	29,31	
	401-1 New employee hires and employee turnover	31	
	401-2 Benefits provided to fulltime employees that are not provided to temporary or part-time employees	8	
	401-3 Parental leave	31	
	<b>GRI 404: Training and education</b>		
Training and education	103-1 Explanation of the material topic and its boundary	30	
	103-2 The management approach and its components	30	
	103-3 Evaluation of the management approach	30	
	404-1 Average hours of training per year per employee	30	
	404-2 Programs for upgrading employee skills and transition assistance programs	30	
	404-3 Percentage of employees receiving regular performance and career development reviews	30	
	<b>GRI 405: Diversity and equal opportunity</b>		
Diversity and Equal Opportunity	103-1 Explanation of the material topic and its boundary	32	
	103-2 The management approach and its components	32	
	103-3 Evaluation of the management approach	32	
	405-1 Diversity of governance bodies and employees	32	
	405-2 Ratio of basic salary and remuneration of women to men	32	
<b>GRI 413: Local communities</b>			
Local communities	103-1 Explanation of the material topic and its boundary	36-40	
	103-2 The management approach and its components	36-40	
	103-3 Evaluation of the management approach	36-40	
	413-1 Operations with local community engagement, impact assessments and development programs	36-40	

GRI Standard	Disclosure number and title	Page number(s)	Omissions
<b>GRI 414: Supplier social assessments</b>			
Supplier social assessment	103-1 Explanation of the material topic and its boundary	35	
	103-2 The management approach and its components	35	
	103-3 Evaluation of the management approach		Not available
	414-1 New suppliers that were screened using social criteria		Not available
	414-2 Negative social impacts in the supply chain and actions taken		Not available
<b>GRI 417: Marketing and labeling</b>			
Marketing and labeling	103-1 Explanation of the material topic and its boundary	25	
	103-2 The management approach and its components	25	
	103-3 Evaluation of the management approach	25	
	417-1 Requirements for product and service information and labeling	25	
	417-2 Incidents of non-compliance concerning product and service information and labeling		Not available
	417-3 Incidents of non-compliance concerning marketing communications		Not available
<b>GRI 418: Customer privacy</b>			
Customer privacy	103-1 Explanation of the material topic and its boundary	24,25	
	103-2 The management approach and its components	24,25	
	103-3 Evaluation of the management approach	24,25	
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	24,25	

GRI Standard	Disclosure number and title	Page number(s)	Omissions
<b>GRI G4: Financial services sector disclosures</b>			
Product portfolio	FS1 Policies with specific environmental and social components applied to business lines	18	
	FS2 Procedures for assessing and screening environmental and social risks in business lines	18	
	FS6 Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	21	
	FS8 Monetary value of products and services designed to deliver a specific environmental benefit four each business line broken down by purpose	18	Overall green lending portfolio - not broken down by purpose
Active ownership	FS14 Initiatives to improve access to financial services for disadvantaged people	22,23	
	FS15 Policies for the fair design and sale of financial products and services	25	
	FS16 Initiatives to enhance financial literacy by type of beneficiary	22,23,40	



## 6.4 Abbreviations

**AML:** Anti-Money Laundering

**CAR:** Capital Adequacy Ratio

**CBE:** Central Bank of Egypt

**CDP:** Carbon Disclosure Project

**CGC:** Credit Guarantee Company

**CSR:** Corporate Social Responsibility

**CTF:** Combating Terrorism Financing

**DTSME:** Ministry of Transport and Communication's Digital Transformation of SMEs

**EBRD:** European Bank for Reconstruction & Development

**EGP:** Egyptian Pound

**EMF:** European Mutual Fund

**EP:** Equator Principles

**ESG:** Environment, Social, Governance

**ESMS:** Environmental and Social Management System

**GBNRGPC:** Group Board Nomination, Remuneration, Governance and Policies Committee

**GBRC:** Group Board Risk Committee

**GDPR:** General Data Protection Regulation

**GEFF:** Green Economy Financing Facility

**GHG:** Greenhouse Gas Emissions

**GJ:** Gigajoule

**GRI:** Global Reporting Initiative

**ICMA:** International Capital Markets Association

**kWh:** Kilowatt hour

**KPIs:** Key Performance Indicators

**LCR:** Liquidity Coverage Ratio

**LDP:** Leadership Development Programme

**LEED:** Leadership in Energy and Environmental Design

**MDP:** Management Development Programme

**MEA:** Middle East and Africa

**MEASEA:** Middle East, Africa and South East Asia

**MSMEDA:** Micro, Small and Medium Enterprise Development Agency

**MW:** Megawatt

**NPL:** Non-performing loan

**NPS:** Net Promoter Score

**QBIC:** Qatar Business Incubator Centre

**QCB:** Qatar Central Bank

**QDB:** Qatar Development Bank

**QFMA:** Qatar Financial Markets Authority

**QNV2030:** Qatar National Vision 2030

**QR:** Qatari Riyal

**QSE:** Qatar Stock Exchange

**PEP:** Personal Effectiveness Programme

**PSD2:** Payment Services Directive

**SDP:** Supervisory Development Programme

**SME:** Small and medium-sized enterprise

**SOC:** Service Operations Centre

**SC:** Strategy Committee

**TCFD:** Task Force on Climate-related Financial Disclosures

**TPRM:** Third-party Risk Management

**TRY:** Turkish Lira

**UNPRI:** United Nations Principles for Responsible Investment

**USD:** United States Dollar

**UNSDGs:** United Nations Sustainable Development Goals

**UNSSEI:** United Nations Sustainable Stock Exchanges Initiative