

# Policy on Environment, Social & Governance Practices

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## Definitions

**Bank/Ahlibank** means Ahlibank QPSC.

**Policy** means this Policy unless otherwise expressly mentioned.

**ESG Practices** means Environment, Social & Governance Practices.

## Introduction

In recent years, the policy makers worldwide have ramped up their efforts to create regulatory framework for improving sustainability in the financial system and the banking sector particularly. In this regard, the legislative framework is currently being enriched by policy makers and regulators, especially in Qatar, that are carefully pursuing the objective of more sustainable economic system, where financial institutions may act as catalysts.

ESG Practices have taken an important stage as the stakeholders look to businesses to play a wider role in tackling social and economic challenges. Accordingly, companies, in general, have sought to respond, recover and enhance their resilience to evolving environment, by which companies are gaining from reputational benefits that are reflected in their financial success.

As one of the prominent Banks in Qatar, the Ahlibank aims to emphasis the ESG Practices through working on the three different factors of the ESG Practices (environmental, social and governance factors) by providing a critical assessment of the legislative framework proposed about ESG Practices.

In this regard, Ahlibank's leadership found that the priorities of the corporate leaders are changing to the sustainability and implementation of ESG Practices in their corporations. Accordingly, the Bank has taken the first step toward taking up a strategic response to ESG Practices, changing its operations, operations, products and services as well.

The Bank's plans into ESG Practices are aligned with the Qatar national Vision 2030 which depends on four pillars (namely: human, social, economic and environmental development), in addition to the guidance of Qatar national Environment and Climate Change Strategy which laid down solid sustainability best practices.

## Scope

This Policy intended to provide a broad framework for the Bank's approach to integrating ESG factors into its activities and strategies apply guidance note is applicable to all the employees of the Bank. In addition, this policy aims to define the Bank's approach to apply and follow ESG Practices and provide guidance to all of the stakeholders to follow the same, in order to support the Bank's activities and the community. The Bank's approach to integrating ESG Practices are driven by the following:

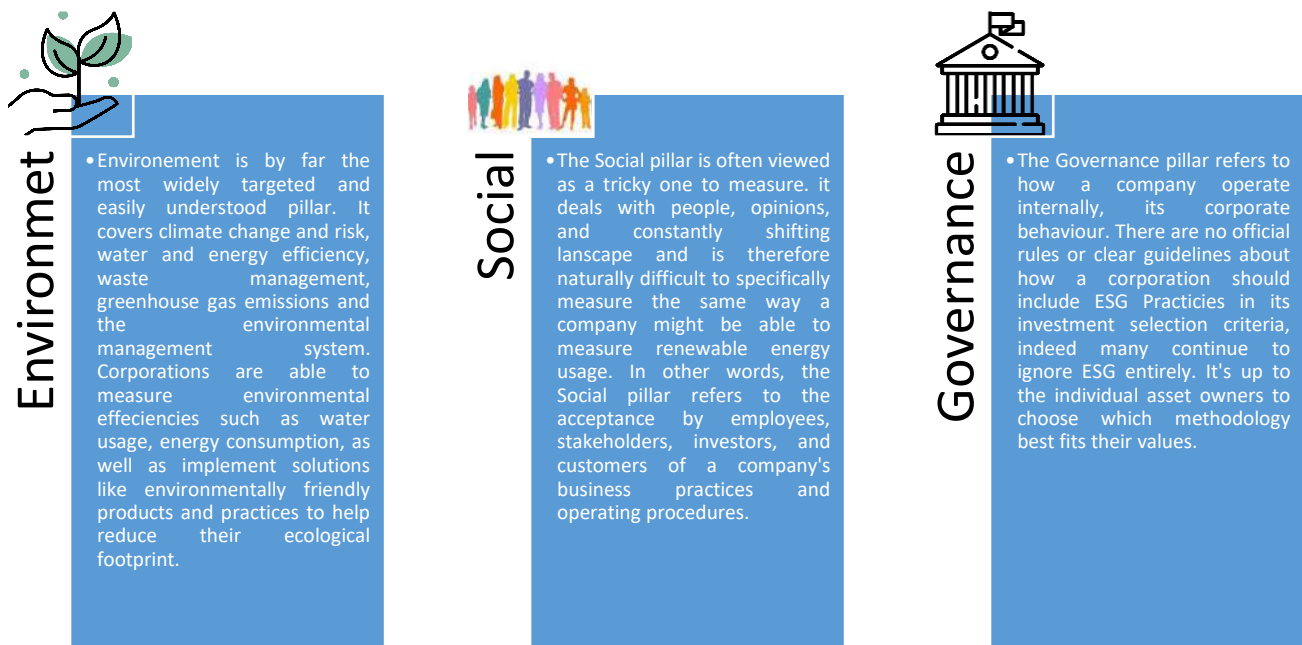
- (a) The aim to introduce a roadmap for following ESG Practices which consolidate the Bank's commitment to sustainable development;
- (b) The Bank's commitment to generate value to the shareholders, employees, customers, society and all the other stakeholders;
- (c) Providing sustainable finance focusing on environment, social and governance factors which encapsulate all of the strategies, projects and initiatives; and
- (d) The Bank's commitment to comply with the pillars of Qatar National Vision 2030 and the United Nations Sustainable Development Goals.

## Progress

Ahlibank has complied with the existing regulations issued for the purpose for the past four years. The maturity achieved through this compliance is sought to be leveraged in enhancing the sustainability initiatives to achieve proactive compliance in issuing an integrated annual report inclusive of the Environmental, Sustainability and Governance aspects. In addition, the bank has reached a percentage of 100% for the second year consecutively in the Qatar Stock Exchange Sustainability and ESG Dashboard<sup>1</sup>. A global consultant has been retained by the bank to assist in developing the ESG reporting strategy and an integrated report to be issued in the future.

## ESG Philosophy

As a principal, the main pillars of ESG Practices are environment, social and governance.



To adopt sustainable business practices that ensure the long-term success of the organization and have a positive impact on the environment and society. The Bank seeks to promote long-term sustainable growth in the economy through business initiatives and responsible corporate citizenship. Alignment of our business activities with United Nations Sustainable Development Goals will be endeavored.

## ESG Governance

The Management Committee would be responsible for developing and implementing ESG initiatives of the Bank. The Board of Directors would review the various aspects of the ESG, external reporting and stakeholder feedback on a periodic basis.

<sup>1</sup> Website (<https://qse.arabsustainability.com/>)

Identification and implementation of ESG related initiatives shall be undertaken by the Steering Committee comprising representatives of various functions within the Bank, which shall be chaired by the DCEO - FOT.

### **Key Focus Areas**

The areas of focus for the bank would be:

***Sustainable financing*** – Creating a positive impact on the society through its support to entities in their ESG initiatives subject to risk approvals within the bank. As part of the process, the bank would endeavor to incorporate ESG related aspects such as impact on climate change as part of the credit evaluation process.

***Sustainable operations*** – Conducting its business sustainably and efficiently, reducing the impact on the environment. As measurable metric would be established in areas of focus such as digitalization, carbon footprint, energy & water conservation, waste management, etc.

***Employee training*** – Select key employees would be trained in the key areas to ensure diversity in the workplace through efforts to recruit, train and retain the most talented personnel in these aspects.

***Stakeholder engagement*** – A transparent reporting process would be established to provide appropriate information to all stakeholders while inviting inputs to enhance the practices and disclosures on ESG. A focus on material aspects identified by the stakeholders would be incorporated on an ongoing basis. The suppliers with a markedly higher ESG compliance would be preferred over other suppliers as part of enhancing ESG compliance among the society.

### Corporate Social Responsibility

Ahli bank works with various regulatory, health and social service organisations to enhance the well being of the society of which it is a part to enhance the positive contribution. Focus areas include education, health and information security awareness.

### **Reporting**

Ahlibank seeks to enhance the transparency by reporting on the sustainability practices and has engaged a consultant to assist in the development of an integrated report that incorporates the financial and ESG reporting. The emphasis on complying with the requirement of Integrated reporting to be issued by IFAC would drive the requirements. Data quality would be enhanced and continuously improved to meet the targets set by the Board.