

QIIB  **الدولي
الإسلامي**

Qatar International Islamic Bank (Q.P.S.C.)

Sustainable Finance Framework

January 2024



1. Introduction

Qatar International Islamic Bank (“**QIIB**”, or the “**Bank**”) is a privately owned Islamic Bank in the State of Qatar offering personal and corporate Islamic Banking solutions. Established in 1991, QIIB is the second largest Islamic Banking network in Qatar. QIIB remains true to its Qatari Heritage and values and is built on three pillars: trust, family and commitment.

QIIB contributes to the growing market demand by providing Shariaa compliant products and meets all their customer expectations for which is enabled by their forward-thinking approach. Its product offering is divided into the Personal banking segment, which includes personal accounts, cards, finance, takaful insurance and services, as well as Corporate Banking which is divided into the following subsegments: SME Banking, Large Coporate Banking and Government & Semi-Government Banking.

QIIB’s strategy revolves around the following:

- Developing a model Islamic financial institution based on effective business contributions in accordance with Shari’a principles.
- Exploring opportunities in local and potential markets with the purpose of maximizing returns for shareholders on a sustainable basis

2. QIIB’s Sustainability Strategy

2.1 Qatar National Vision 2030

Qatar National Vision (“**QNV**”) 2030 was launched in 2008 to transform Qatar into an advanced society capable of achieving sustainable development, in addition to, providing a high standard of living for its population and future generations. The Strategy has identified its goals through the four central pillars: Economic, Social, Human, and Environmental.

- Environmental Development Pillar: Management of the environment such that there is harmony between economic growth, social development, and environmental protection
- Social Development Pillar: Development of a just and caring society based on high moral standards, and capable of playing a significant role in the global partnership for development
- Human Development Pillar: Development of all Qatar’s people to enable them to sustain a prosperous society
- Economic Development Pillar: Development of a competitive and diversified economy capable of meeting the needs of, and securing a high standard of living, all its people both for the present





2.2 QIIB Strategic Dimensions

In line with the QNV 2030, QIIB has laid out the following ESG Strategic Dimensions, which sets out QIIB’s guiding principles to achieve long and short-term ESG goals:

	Strategic Dimension	Strategic Goal
Environmental Pillar	Upholding the commitments to the preservation of natural resources, the moderation of consumption, and the responsibility in services, products, and operations.	Green Products and Operations
Social Pillar	Protecting the stakeholders evolving needs and wellbeing, while delivering the highest quality of service excellence.	Positive Impact to the Qatari community and all other stakeholders
Governance Pillar	Governing according to Islamic Principles to achieve financial growth, develop Banking services, address risks and opportunities, & conduct stakeholders’ relations.	Sharia Compliant Governance
Economic Pillar	Conducting the business in a manner that generates, promotes, and supports positive impacts that returns to all stakeholders, and prevents or mitigates negative implications.	Regional Islamic Finance Leadership

QIIB has also identified a set of 62 driving objectives that will support the achievement of the ESG Strategic Dimensions. These include elements like engaging in Green products development, Green financing and Green Investment, while attaining a protected balance sheet against environmental and climate risks under the Environment Pillar.

2.3 Sharia-Compliant Sustainability

QIIB is always working to provide innovative financial solutions in compliance with Islamic Sharia. Islamic financial institutions, through their progressive approaches in developing their line of products and services, are making a positive and sustainable presence in communities.

The Bank’s code of Ethics policy and embedded with its applicable procedures along with Sharia principles of the organization. QIIB’s Sharia’s Supervisory Board ensures the compliance of QIIB products, services, and sustainability initiatives to Sharia practices, especially when it comes to the integration of ethics in economic and business aspects.

2.4 ESG Governance

QIIB has established a dedicated ESG Committee, which reports to its Board of Directors, to drive communication and oversee the implementation of the ESG manual and commitments.

The ESG Committee is the forum for executive consideration of ESG manual with the authority to oversee the implementation of QIIB’s ESG strategy. The Chief Executive Officer heads the ESG Committee. The day-to-day implementation of the ESG strategy is a Bank-wide activity involving coordination of the ESG unit with all the control, corporate, and operation functions.

The roles and responsibilities of the committee includes:

- Reviewing and recommending strategies to implement the ESG manual and related procedures.
- Defines and drives the implementation of the ESG strategy.
- Analyse the operational impact of the ESG proposed strategies on the Bank.
- Approve proposed strategies.
- Review and approve manual exceptions.
- Define risk tolerance and accept or reject the risk related to ESG that impact the Bank operations.
- Review and initially approve the Bank’s annual sustainability report and CSR report.



2.5 Contribution toward Sustainability

QIIB has set up its ESG manual in order to closely embed sustainability into its day-to-day operations. As part of its commitment to sustainability, QIIB's ESG manual encourages the adoption of sustainable practices to ensure the utmost negative impact on society and the environment, taking into account the related ESG risks.

QIIB is working towards achieving the overall goal of excluding investments that are considered to be highly controversial in their business where there are breaches to the United Nations Global Compact. As an end goal, QIIB aims to reduce its overall environmental impact attributable to its financing by decarbonising its portfolio progressively over time.

QIIB aims to set targets for the Real Estate sector and other significant areas to manage the ESG risks associated with the environmental Impact and will be identifying those risks and reflecting them in its Credit and Risk Policy, supplementing it with additional sector-specific sustainability screening criteria.

As part of QIIB's environmental work methodology, one of the key levers include striving to mitigate environmental risks and impacts associated with QIIB's lending operations. QIIB has financed projects leading to positive environmental impact, such as a major recycling factory in Qatar which is considered to be the largest transporter and refiner of used lube oils in Qatar. The company collects more than 22 million litres of used oil annually, refine and dispose used Lube oils from small car service centres and to major Oil & Gas companies in Qatar. The factory's key success lever is its ability to handle used oil in a safe, cost-effective, and environmentally friendly manner

SMEs and Micro Finance

Through Qatar's National Vision 2030, the state aims to build a vibrant economy through promoting diversification and private sector development. A vibrant SME sector is a strong lever to achieve QNV 2030 goals, playing a major role in enhancing the productivity to the economy.

With approximately 7% of the SMEs market share in Qatar, QIIB continuously engages with Qatar SMEs and develops new sustainable and innovative products to suit their needs. The Bank is currently in the process of developing a new product, called Mazaya, which will provide a major "game changing" financial solution to small enterprises. The new end-to-end, cashflow based lending digital program cater for the SMEs needs by easing the proof of collateral requirements. It will help meet short term cashflow needs of SMEs, and provide financing that will cover fixed assets, working capital, and overhead costs.

In addition, and as part of its social responsibility, the Bank participated actively with Qatar's COVID-19 National Response Guarantee Program (NRGP), providing an innovative financing solution to mitigate the negative impact of Covid-19 on the Qatari SMEs. Its wide range of business solutions contributes to economic and social development, through investing in local manufactures, creating job opportunities, and supporting the real estate, food stuff trading & medical supplies sectors through our NRG Program.

QIIB's dedicated SMEs Banking section continues to provide a number of products and services that are Shariah-compliant and designed to facilitate the SMEs entire needs to maintain and grow their performances.



3. Sustainable Finance Framework

QIIB intends to use this Framework as the basis to issue Green, Social or Sustainability Bonds, Sukuk and Loans (“Sustainable Financing Instruments”). The Sustainable Financing Instruments will fund Eligible Sustainable Projects that conform to the sustainable finance principles listed below:

- the International Capital Market Association (“ICMA”) Green Bond Principles (“GBPs”) 2021 (within June 2022 Appendix 1)¹, Social Bond Principles (“SBPs”) 2023² and Sustainability Bond Guidelines (“SBGs”) 2021³; and/or
- the Loan Market Association (“LMA”) Green Loan Principles (“GLPs”) 2023⁴ and Social Loan Principles (“SLPs”) 2023⁵.

In aligning with the above principles and guidelines, the Bank’s Sustainable Finance Framework is presented through the four core components of the GBPs, SBPs, SBGs, GLPs and SLPs as well as their recommendation for external review:

- 1) Use of Proceeds
- 2) Process for Project Evaluation and Selection
- 3) Management of Proceeds
- 4) Reporting

Bond(s) and Sukuk issued under this Framework may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances. Such bonds and any loans entered into under this Framework will be standard recourse-to-the-issuer obligations and investors will not bear the credit risk of the underlying allocated eligible asset exposures.


3.1 Use of Proceeds

QIIB will allocate an amount at least equivalent to the net proceeds of the Sustainable Financing Instruments issued under this Framework to finance and/or re-finance, in whole or in part, sustainable projects which meet the eligibility criteria of the following Eligible Sustainable Project categories (“Eligible Sustainable Projects”), as defined as below.

- Eligible loans can include financing or refinancing of entities where at least 90% of the financing recipient’s revenue is derived from sources that meet the relevant eligibility criteria in one or more of the categories set out below and the remaining portion of revenues do not contradict with the Exclusion Criteria (“pure-play entities”)⁶.

A maximum 3-year look-back period would apply for refinanced projects and QIIB expects each issuance under this framework to be fully allocated within 2 years from the date of issuance. The Bank will, where possible, disclose to investors the expected share of financing versus refinancing for any Sustainable Financing Instrument.

Eligible Green Categories

GBP Category	Eligibility Criteria
<p>Renewable Energy</p> 	<p>Projects related to the production, transmission and distribution, and storage of energy from the following renewable sources (including manufacture of dedicated components for renewable energy):</p> <ul style="list-style-type: none"> • Solar (PV and Concentrated Solar Power with a minimum 85% of power generation derived from solar sources) • Wind energy • Hydropower with either a power density above 5W/m² or lifecycle GHG emissions intensity below 100gCO₂e/kWh

¹ In alignment with ICMA Green Bond Principles, June 2021 (with June 2022 Appendix 1), <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² In alignment with ICMA Social Bond Principles, June 2023, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>





³ In alignment with ICMA Sustainability Bond Guidelines, June 2021, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

⁴ In alignment with LMA Green Loan Principles, February 2023, <https://www.lsta.org/content/green-loan-principles/>



⁵ In alignment with LMA Social Loan Principles, February 2023, <https://www.lsta.org/content/social-loan-principles-slp/>

⁶ QIIB will endeavour to take best efforts to ensure that there are no double-counting involved in any of its financing.






GBP Category	Eligibility Criteria
	<ul style="list-style-type: none"> Bioenergy projects supporting electricity generation with emission intensity below 100gCO₂e/kWh, with feedstock being sourced from sustainable sources (e.g. agricultural residues or forestry residues) or waste sources that do not compete with food sources or deplete existing terrestrial carbon pools <p>Investment and expenditures in Green Hydrogen and/or projects comprising hydrogen production, storage and distribution and R&D. Green Hydrogen projects are limited to production of hydrogen using electrolysis that meet either of the following criteria:</p> <ol style="list-style-type: none"> Lifecycle GHG emissions threshold of under 3tCO₂e/tH₂; or Powered using 100% renewable energy
<p>Clean Transportation</p> 	<p>Projects related to acquisition, operation and maintenance of low carbon vehicles for passenger and freight transportation. For non-fully electrified transportation, it should meet the following criteria:</p> <ul style="list-style-type: none"> Passenger and public transportation, including buses, train and rail (under 50gCO₂/p-km up to 2025, and 0gCO₂/km thereafter) Freight transportation (under 25gCO₂/t-km up till 2030, 21gCO₂/tkm from 2030 up to 2050) <p>Projects supporting the deployment of electric vehicles including charging infrastructure</p>
<p>Energy Efficiency</p> 	<p>Projects that reduce energy consumption by at least 20% compared to the average of national energy consumption of an equivalent project or technology, such as:</p> <ul style="list-style-type: none"> District cooling systems Investment in smart energy grids, energy meters and energy management systems Smart Cities Energy efficient equipment for buildings including LED lighting and HVAC and supporting infrastructure <p>Development/ manufacture of energy efficiency technologies including LED lights and smart grid meters.</p> <p><i>For the avoidance of doubt, improvement activities that result in the lock in of fossil fuel technologies will be excluded</i></p>
<p>Green Buildings</p> 	<p>Projects related to acquisition, development, construction and refurbishment of buildings that have received, or expect to receive based on its design, construction and operational plans, certification according to third-party verified green building standards, including:</p> <ul style="list-style-type: none"> LEED “Gold” or above BREEAM “Excellent” or above Global Sustainability Assessment System (GSAS) “2 star” or above <p>Projects related to acquisition, development, construction and refurbishment of data centres with a PUE of under 1.5</p>
<p>Pollution Prevention and Control</p> 	<p>Projects related to construction, upgrades and renovation of facilities for collection, sorting, processing and conversion and treatment of waste, including:</p> <ul style="list-style-type: none"> Waste collection and storage Waste sorting, separation and material recovery Recycling and reuse of waste products into usable products / new materials Biological treatment facilities (including anaerobic digestion and composting facilities)




GBP Category	Eligibility Criteria
	<ul style="list-style-type: none"> Waste to energy plants, where recyclables are sorted and there is bottom ash recovery
<p>Environmentally Sustainable Management of Living Natural Resources and Land Use</p> 	<p>Projects related to forest land certified in accordance with the Forestry Stewardship Council (FSC) or Programme for the Endorsement of Forest Certified (PEFC); afforestation or reforestation, and preservation/ restoration of natural landscapes</p>
<p>Sustainable Water and Wastewater Management</p> 	<p>Projects related to construction, upgrades, renovations or improvements for transportation and treatment of wastewater, including:</p> <ul style="list-style-type: none"> Water and wastewater treatment plants (WWTP) including reuse of WWTP effluents Sewer systems and pumping stations <p>Projects that increase water-use efficiency, such as water recycling and reuse projects, water saving systems, technologies and water metering</p> <p>Investment and expenditures in desalination plants powered by electricity with an average carbon intensity at or below 100gCO₂e/kWh over the residual asset life and based on reverse osmosis technology</p>

Eligible Social Categories

SBP Category	Eligibility Criteria
<p>Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socio-economic Crises</p> 	<p>Financing and/or refinancing of loans to Micro, Small and Medium Enterprises (MSME) and microfinance clients, as well as the provision of support measures to these clients such as offering extension of payment periods and exemption of facility fees during natural disasters and pandemics</p> <p>Target Population</p> <ul style="list-style-type: none"> MSMEs⁷ MSMEs whose economic activities have been affected by pandemics and natural disasters Female-owned MSMEs and female entrepreneur clients (majority owned or majority managed by females)
<p>Access to Essential Services (Healthcare and Education)</p>  	<p>Projects that expand access to public, not-for-profit, free or subsidised healthcare and education:</p> <ul style="list-style-type: none"> Construction, maintenance or refurbishment of hospitals, clinics and healthcare centers Infrastructure for the provision of emergency medical response and disease control services Construction, maintenance or refurbishment of schools, universities, kindergartens or vocational training facilities and development of related education services and programs

⁷ MSMEs will be defined in accordance with national legislation. Qatar's definition of MSMEs can be found [here](#).



	<p>Target Population</p> <p>General population, including populations that lack quality access to essential goods and services</p>
<p>Affordable Basic Infrastructure</p> 	<p>Financing related to the development, construction, operation of affordable basic infrastructure that provides / expands access to rural and urban needs:</p> <ul style="list-style-type: none"> • Sanitation including infrastructure related to sewerage systems <p>Target Population</p> <p>General Population</p>

Exclusions Criteria

As an Islamic banking institution, the following projects or sectors are excluded areas for QIIB’s financing as a result of them being non-Shariah compliant activities:

- Payday loans
- Gambling
- Adult Entertainment
- Alcohol
- Tobacco

In addition, financing related to the following activities will be excluded as potential use of proceeds under the Framework:

- Coal or unabated gas fired power generation and distribution assets
- Coal mining and transportation
- Fossil fuel-related exploration, extraction, production, and distribution
- Conflict Minerals
- Extractive industries and mining
- Military Contracting and Weapons
- Nuclear power generation and distribution assets
- Activities involving modern slavery, or forced labour

3.2 Project Evaluation and Selection Process

The Project Evaluation and Selection Process will ensure that the proceeds of any QIIB Sustainable Financing Instrument are allocated to finance or refinance Eligible Sustainable Projects that meet the criteria and objectives set out above in section 2.1, Use of Proceeds.

QIIB’s Sustainable Finance Working Group (the “SFWG”) will be responsible for governing and implementing the initiatives set out in the Framework.

The SFWG is comprised of certain Bank management personnel, including but not limited to representatives from the following departments for the selection and evaluation of the Eligible Sustainable Projects:

- Risk Sector
- Corporate Banking
- Financial Sector

The SFWG will:

- Meet at least two times each year, endeavoured to be distributed evenly throughout the year
- Ratify Eligible Sustainable Projects, which are initially proposed by the constituent team members



- Ensure that all Eligible Sustainable projects have been assessed from an environmental and social risk management perspective, in line with QIIB's ESG risk management policy
- Undertake regular monitoring of the asset pool to ensure the eligibility of Sustainable Projects with the criteria set out above in section 2.1, Use of Proceeds, whilst replacing any ineligible Sustainable Projects with new eligible Sustainable Projects
- For allocation of proceeds to pure play entities, ensure adherence to the definition of the pure play entities as defined in the Framework (including verifying that the entities' revenue meet the relevant threshold)
- Facilitate regular reporting on any Sustainable issuance in alignment with our Reporting commitments
- Manage any future updates to this Framework
- Ensure that the approval of Eligible Sustainable Projects will follow the Bank's existing loan approval processes

As part of the Bank's strategy, the Bank will finance projects that are designed, built, operated, and maintained in a manner consistent with the applicable national laws and environmental standards, and will make best efforts to ensure that all projects are operated in compliance with the applicable national laws, IFC Performance Standards, and World Bank (EHS) Guidelines.

Furthermore, QIIB has laid out a Climate Risk Management Policy which lays out criteria and procedures to be followed in relation to the funding of certain activities that could have a relatively significant environmental impact in the following sectors: Mining, Energy, Infrastructure, and Agriculture, fishing, livestock and forestry. The Climate Risk Management Policy involves both General exclusions to avoid financing entities or transactions with a significant climate impact, when the company concerned fails to provide enough information on its environmental risk mitigation policy during the due diligence process, as well as industry-specific exclusions for the aforementioned sectors.

3.3 Management of Proceeds

The proceeds of each of QIIB's Sustainable Financing Instrument will be deposited in QIIB's general funding accounts and earmarked for allocation towards the Eligible Sustainable Projects using the Sustainable Finance Register.

The Sustainable Finance Register will contain the following information:

- I. Sustainable Financing Instrument (Sukuk/Bond/Loan etc.) details: pricing date, maturity date, principal amount of proceeds, coupon, ISIN number, etc.
- II. Allocation of Proceeds:
 - a. The Eligible Sustainable Projects List, including for each Eligible Sustainable Project, the Eligible Sustainable Project category, project description, project location, total loan amount, the Bank's loan amount, amount disbursed, settled currency, etc.
 - b. Amount of unallocated Proceeds

Any proceeds temporarily unallocated will be invested according to the Bank's standard liquidity policy of investing in liquid securities and money market instruments, in line with the Exclusion Criteria listed in the Framework.

3.4 Reporting

On an annual basis, QIIB will publish an allocation report and an impact report on its Eligible Sustainable Projects, as detailed below. This reporting will be updated annually until full allocation of the net proceeds of any Sustainable Financing Instrument issued, or until the Sustainable Financing Instrument is no longer outstanding.

3.4.1 Allocation Reporting

- c. List of eligible Sustainable projects⁸
- d. The amount of Proceeds allocated to each Eligible Sustainable Project category
- e. When possible, descriptions of the Eligible Sustainable Projects financed, such as project locations, amount allocated, etc.

⁸ For financing of pure play entities, QIIB will report in accordance with the definition of "pure-play entities" that is laid out in the Framework.

- f. Share of financing vs. refinancing
- g. Selected examples of projects financed
- h. Amount of unallocated Proceeds

3.4.2 Impact Reporting

The Bank will provide reporting on the environmental and social benefits of the Eligible Sustainable Projects. Subject to data availability and confidentiality, impact reporting may cover the following impact reporting metrics listed below, and where available, taking reference from the relevant indicators suggested in the ICMA Harmonized Framework for Impact Reporting⁹. In addition, calculation methodologies and key assumptions will be disclosed.

Eligible Sustainable Project Categories	Impact Reporting Metrics
Green Project Categories	
Renewable Energy	<ul style="list-style-type: none"> Capacity of renewable energy plant(s) constructed or rehabilitated in MW Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent (where possible)
Clean Transportation	<ul style="list-style-type: none"> Number and type of clean transportation infrastructure financed Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent
Energy Efficiency	<ul style="list-style-type: none"> Annual energy savings in MWh (electricity) and GJ/TJ (other energy savings)
Green Buildings	<ul style="list-style-type: none"> Type of scheme, certification level Energy efficiency gains in MWh or % versus baseline/building code
Pollution Prevention and Control	<ul style="list-style-type: none"> Waste reduced/avoided (tonnes) Annual GHG emissions reduced/avoided (tonnes of CO2 equivalent)
Environmentally Sustainable Management of Living Natural Resources and Land Use	<ul style="list-style-type: none"> Increase in area under sustainable forest management (ha) Forestry certification scheme (if applicable)
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> Annual reduction in water use in % Annual amount of wastewater treated, reused or avoided before and after the project in m3/a
Social Project Categories	
Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises	<ul style="list-style-type: none"> Number and amount of loans to SMEs Number and amount of loans to microfinance entities
Access to Essential Services (Healthcare and Education)	<ul style="list-style-type: none"> Number of people benefited (e.g. patients benefited or students supported)

⁹ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf>
<https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Harmonised-framework-for-impact-reporting-for-social-bonds-June-2023-220623.pdf>



Eligible Sustainable Project Categories	Impact Reporting Metrics
	<ul style="list-style-type: none"> • Number of public hospitals, clinics and health care centres financed • Numbers of places and beds • Number of schools and universities financed
Affordable Basic Infrastructure	<ul style="list-style-type: none"> • Number of people provided with adequate and equitable sanitation

4. External Review

4.1 Second Party Opinion (SPO)

QIIB has appointed Sustainable Fitch to assess this Sustainable Finance Framework and its alignment with the GBPs, SBPs, SBGs, GLPs and SLPs and issue a Second Party Opinion accordingly.

The Second Party Opinion will be made publicly available on the Bank's official website www.qiib.com.qa

5. Amendments to this Framework

The SFWG will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Bank and Sustainable Fitch. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, will be published on our website and will replace this Framework.