# QNB Group Environmental and Social Risk Management Policy Framework

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**Summary Profile**

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## 1.0 FOUNDATION AND APPLICABILITY

### 1.1 Our Commitment and Purpose

This Policy Framework sets the Group's minimum control standards for identifying, assessing, mitigating, and monitoring Environmental and Social ("E&S") risk across the credit lifecycle. The Framework is intended to support responsible and consistent financing decisions across the QNB Group, aligned with Group risk appetite, applicable laws, and established environmental and social standards.

E&S factors encompass a wide range of considerations, as framed by the Principles for Responsible Investment ("PRI") Reporting Framework. Environmental considerations include climate change, biodiversity, resource use (including depletion) and pollution. Social considerations cover labour practices, community impacts and human rights. QNB Group integrates these considerations into credit origination, review and monitoring to identify material risks early, apply proportionate controls and, where appropriate, engage clients to strengthen compliance and E&S best practices to help reduce adverse impacts. This approach promotes long-term sustainability and resilience for our clients and for QNB Group.

### 1.2 QNB Group's Environmental and Social Principles

QNB Group is committed to conducting its activities in an environmentally and socially responsible manner and to integrating environmental and social considerations across its operations and financing activities. In addition to complying with our own policies and applicable laws, we are committed to:

- Comply with all applicable E&S laws and regulations in every jurisdiction of operation.
- Respect human rights, promote diversity and inclusion, and comply with labour laws to ensure our activities are not intended to contribute to human rights abuses.
- Recognise direct and indirect E&S impacts and, where feasible, aim to reduce negative effects, with emphasis on resource efficiency, pollution prevention, and environmental related risks.
- Seek to support sustainable development through products, services, and financing, and promote improved sustainability practices within the supply chain.
- Not finance projects or activities that are illegal or likely to cause adverse, irreversible harm to people or the environment, as set out in the Exclusion List (Section 5.0).
- Engage, where appropriate, with clients and third parties to manage E&S risks and advance credible transition pathways, consistent with Appendix 1: ESR Sector-Specific Guidelines.
- Apply risk-based categorisation to designated (in-scope) projects and transactions and integrate E&S risk assessment into due diligence and decision-making process.
- Continue to build internal capabilities and resources to manage sustainability and E&S risks, and to respond to stakeholder inquiries.
- Provide transparent E&S reporting and maintain dialogue with internal and external stakeholders through appropriate communication channels.
- Embed E&S and sustainability principles into employee training programs, ensuring that all staff understand and apply these commitments.

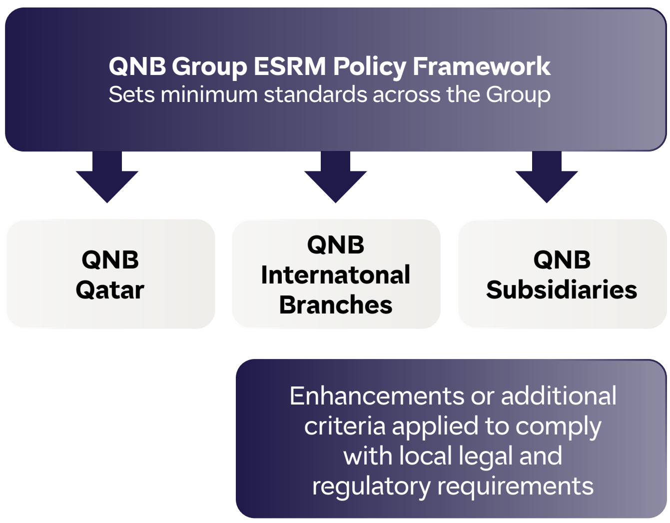
### 1.3 Coverage and Target Audience

This ESRM Policy Framework ("Group Policy Framework") applies Group-wide and sets minimum standards to ensure that QNB's financing activities are conducted in a manner consistent with its responsibilities to society and the environment. It covers corporate financing, including sovereign and sovereign-linked entities, and project finance transactions, including non-recourse and limited-recourse project financing, across the full credit lifecycle.

All international branches are required to apply this Group Policy Framework in full. Any proposed deviation from this Framework must be submitted to Group Credit for prior review and approval before implementation.

Subsidiaries may maintain a local ESRM Policy Framework ("Local Policy Framework"), provided it is consistent with and no less stringent than the Group Policy Framework. Each subsidiary's Local Policy Framework, including any proposed deviations, must be reviewed annually and submitted to Group Credit for endorsement. Following Group endorsement, the Local Policy Framework must be approved by the subsidiary's Board of Directors, in accordance with local governance requirements.

The Group Policy Framework is particularly relevant to employees engaged in financing, credit decision-making, and risk management. Senior Management are responsible for ensuring the Group Policy Framework is implemented and complied with in their respective areas of responsibility. QNB encourages clients to align with the principles outlined in this Framework.



**1.4 Key definitions**

- **Universal Screening Test** (Zero-Tolerance): The mandatory initial compliance check against the Exclusion List, applicable to all transactions regardless of facility type, size, or tenor. Any transaction that fails the Universal Screening test is immediately declined and is not progressed to credit review.
- **Exclusion List** (Section 5.0): The definitive list of sectors, subsectors, and activities that QNB Group will not finance under any circumstances. Any new transaction involving an Exclusion List will not be financed and does not progress to credit review. For the avoidance of doubt, new transactions include new-to-bank facilities, increases to existing credit limits, tenor extensions, refinancings, and amendments that result in an increase in effective exposure or increase of E&S Risk. Existing exposures linked to Exclusion List activities must be managed down, exited, or allowed to run off in an orderly manner, consistent with the Group's risk appetite, contractual rights, and sound business considerations.
- **Carbon-Intensive Sectors:** Sectors that, by the nature of their activities or processes, typically have higher greenhouse gas ("GHG") emissions and increased E&S risk complexity. In-Scope Transactions in such sectors require Enhanced Due Diligence due to heightened climate-related physical and transition risks.
- **In-Scope Transactions** (Section 4.1.2.1): Transactions that meet the scope determination criteria and applicable size and tenor thresholds set out in Section 4.1.2.1 of this Policy Framework and which, following successful completion of the Universal Screening Test, are subject to Standard E&S Due Diligence or, where applicable, Enhanced E&S Due Diligence. All In-Scope Transactions must be assigned a final E&S Risk Rating (Low, Medium, or High) as part of the due diligence and credit evaluation process.
- **Out-of-Scope Transactions** (Section 4.1.2.2): Transactions that do not meet the criteria set out in Section 4.1.2.1 and therefore do not require E&S Due Diligence or an E&S Risk Rating. Such transactions are assessed and approved under the standard credit assessment and approval process.
- **E&S Risk Rating Categorization** (Section 4.1.3): The classification of each In-Scope Transaction as High (Category A), Medium (Category B), or Low (Category C). A baseline E&S Risk Rating is assigned in accordance with Appendix 2, based on the inherent E&S risks associated with the relevant sector and activity. The baseline rating serves as the starting point for the assessment and may only be adjusted after completion of Standard or Enhanced DD, where there is clear, evidence-based justification that the baseline rating does not accurately reflect the transaction-specific residual E&S risk. The final E&S Risk Rating is subject to independent Credit review and is determined by the relevant sanctioning authority as part of the credit decision. The rating does not, in itself, imply approval or rejection, and must be reassessed where Material Changes occur post-sanction.
- **Standard E&S Due Diligence** (Section 4.1.4): The structured process applied to In-Scope Transactions to identify, assess, evaluate, and document material E&S risks and impacts associated with a transaction and/or counterparty. Standard E&S Due Diligence ("Standard DD") is proportionate to risk and forms the basis for the final E&S Risk Rating Categorization, approval conditions, and ongoing monitoring.
- **Enhanced E&S Due Diligence** (Section 4.1.5): A heightened and more in-depth application of the Standard DD, required where inherent E&S risks are elevated or complex (including, without limitation, Carbon-Intensive Sectors, High-Risk categorizations, significant climate-related risks, or Material Changes). Enhanced E&S Due Diligence ("Enhanced DD") increases the depth, scope, and evidentiary requirements of the assessment (e.g. climate risk analysis, site visits, sector benchmarking, or external expert input), but does not replace the Standard DD process.
- **Non-Recourse Project Financing:** Refers to a financing structure where the lender's repayment and enforcement rights are limited solely to the cash flows and assets of the financed project (typically held in a special purpose vehicle, "SPV"). The lender has no recourse to the sponsors' or shareholders' balance sheets, except for expressly agreed limited exceptions (e.g. fraud, misrepresentation, or specific indemnities).
- **Limited-Recourse Project Financing:** A financing structure where the lender's primary repayment source is project cash flows and assets, but with restricted and clearly defined recourse to sponsors or third parties under specified circumstances. Such recourse is typically limited in amount, duration, or scope (e.g., completion support) and generally falls away once defined conditions are met.
- **Labelled Transactions** *(umbrella term)***:** Loans or bonds marketed with an ESG-related label (Green, Social, Sustainability, or Sustainability-Linked) and structured in line with recognized market standards (e.g., ICMA and/or LMA principles). Labelled Transactions fall into two main types:

  (i) Use of Proceeds instruments (Green/Social/ Sustainability)
    - **Green Loans / Green Bonds** (Use-of-Proceeds): A category of Labelled Transactions where the use of proceeds is contractually restricted to eligible environmentally beneficial projects (e.g., renewable energy, energy efficiency, clean transport). The "green" feature is defined by where the funds are applied (project eligibility and traceability), rather than by borrower-wide ESG performance.
    - **Social Loans / Social Bonds** (Use-of-Proceeds): A category of Labelled Transactions where the use of proceeds is restricted to eligible projects delivering positive social outcomes (e.g., affordable housing, healthcare, education, employment generation, SME support). The "social" feature is defined by where the funds are applied, not by borrower-wide ESG performance.
    - **Sustainability Loans / Sustainability Bonds** (Use-of-Proceeds): A category of Labelled Transactions where proceeds are allocated to a combination of eligible green and social projects. These instruments apply the same concept as Green/ Social instruments (restricted use of proceeds) but allow an integrated allocation across both environmental and social objectives.

(ii) Performance based instruments (Sustainability-Linked), which differ in whether sustainability is defined by where funds go or how the borrower performs over time.

- **Sustainability-Linked Loans ("SLLs")** (Performance-based): A category of Labelled Transactions where the loan's economic terms (e.g., margin adjustments) vary depending on whether the borrower meets predefined Sustainability Performance Targets ("SPT") linked to ESG KPIs. SLL proceeds are not restricted to eligible green/social projects; the sustainability feature is driven by borrower performance improvements during the loan term.
- **Sustainability-Linked Bonds ("SLBs")** (Performance-based): A category of Labelled Transactions where the bond's financial and/or structural characteristics (e.g., coupon stepup) vary depending on whether the issuer meets predefined SPTs linked to ESG KPIs. Unlike use-of proceeds instruments, the sustainability feature is based on issuer performance over time, not on restricting proceeds to eligible projects.

Further details, criteria and methodology for Labelled Transactions are outlined in the QNB Group Sustainable Finance and Product (SFPF) Framework.

- **Greenwashing:** The practice of misrepresenting, overstating, or selectively disclosing environmental or social benefits of an activity, product, or transaction, such that it appears more sustainable than it actually is. Greenwashing may arise through misleading labels, unsupported claims, incomplete disclosure of impacts, or failure to meet recognised standards or criteria, and undermines the integrity of sustainable finance, risk assessment, and regulatory disclosures.
- **Physical Risk:** The risk of direct or indirect financial, operational, or safety impacts arising from the physical effects of climate change on assets, operations, supply chains, or communities. Physical Risks may be acute (event driven) or chronic (long term shifts), and can affect a transaction's cash flows, collateral value, insurance availability, and overall creditworthiness.
  - Acute Physical Risks include extreme weather events such as floods (fluvial, pluvial, coastal), storms, heatwaves, wildfires, and droughts.
  - Chronic Physical Risks include longer term climate shifts such as rising temperatures, sea level rise, water stress, desertification, and changes in precipitation patterns.

  Physical Risk assessment forms part of the Standard DD and may require Enhanced DD where exposure is material, particularly for long-tenor financing, asset-heavy transactions, or locations vulnerable to climate hazards.

- **Transition Risk:** The risk of financial, operational, legal, or reputational impacts arising from the transition to a lower carbon and more sustainable economy. Transition Risks result from changes in policy, regulation, technology, market dynamics, and stakeholder expectations, and may affect a borrower's business model, competitiveness, cash flows, asset values, and long term creditworthiness. Transition Risks may arise from, without limitation:

  (i) Policy and legal changes, such as carbon pricing, emissions limits, phaseouts, environmental regulation, or litigation.

  (ii) Technology shifts, including the adoption of lower carbon or alternative technologies that render existing assets less competitive or obsolete.

  (iii) Market changes, such as shifts in customer demand, input prices, or financing availability linked to climate and sustainability considerations.

  (iv) Reputational impacts, driven by investor, customer, or societal perceptions of a borrower's environmental performance or transition strategy.

  Assessment of Transition Risk forms part of Standard DD and may require Enhanced DD where exposure is material, particularly for Carbon Intensive Sectors, long-dated assets, or where a credible transition plan is absent or unproven.

- **Transition Financing:** Financing that supports credible, time-bound decarbonisation pathways for carbon-intensive or hard-to-abate sectors (e.g., power generation, iron, steel, cement, real estate, aviation, oil & gas), supported by a borrower transition plan and recognised sector pathways. Transition Financing may be structured as use-of-proceeds or performance-based (sustainability-linked), provided ambition and feasibility are evidenced against appropriate benchmarks.
- **Material Change:** Any post-sanction development that requires re-evaluation of the transaction's or counterparty's E&S risk profile, including (without limitation) increases in QNB exposure, fundamental changes to the counterparty's corporate structure or operations, or substantive changes to a project's scope, location, or use of proceeds.
- **PRI Reporting Framework:** The reporting and disclosure framework issued by the United Nations supported Principles for Responsible Investment, which provides standardized definitions, indicators, and guidance for identifying, assessing, and reporting material ESG factors. Within the Group Policy Framework, the PRI Reporting Framework is referenced as a conceptual reference point for the classification and understanding of E&S factors only and does not, in itself, create any standalone reporting, disclosure, or membership obligations for QNB Group.

## 2.0 ACCOUNTABILITY AND STANDARDS

### 2.1 Roles and Responsibilities

#### 2.1.1 First Line of Defence: Business Division

This function holds the primary responsibility for applying the Group Policy Framework at the transaction level or from origination. It operates across two collaborative tiers:

1. **Local Business Divisions:** Relationship Managers ("**RMs**") are responsible for the initial application of the Group Policy Framework, including executing Universal Screening, determining scope, and completing due diligence to assign a preliminary E&S risk categorisation. Responsibilities include:
   - Universal Screening of all initiated transactions against the Exclusion List.
   - Confirming whether the transaction is In-Scope or Out-of-Scope.
   - Completing E&S due diligence for In-Scope transactions and proposing a final E&S Risk Rating (Low/Medium/High risk categorization).
   - Submitting required documentation and the credit proposal to the Local Credit Department, including the ESRM Due Diligence Form, with clear details on the transaction, identified E&S risks, proposed mitigants, E&S Risk Rating categorization, and the RM's recommendation.
   - Monitoring client actions against the Group Policy Framework and any agreed transition or risk-reduction measures, including progress on restricted-activity reduction where applicable.
   - Monitoring and reporting on fulfilment of any approval conditions during regular reviews.
   - Identifying, highlighting, and escalating Material Changes and submitting updated analysis for re-assessment.
   - Refreshing E&S due diligence in a timely fashion as part the annual review, in accordance to Section 4.5, or earlier where triggered by a Material Change or significant incident.
   - Obtaining and assessing periodic client E&S information required under approved conditions, including certifications, permits, audit or inspection reports, E&S KPIs, and documenting any remedial actions with agreed timelines.

2. **The Group International Corporate Banking ("GICB").**

   The GICB, based at Head Office in Doha, is the Group's centralized Business Department. It provides central support to QNB's international branch Business Divisions by advising local Business Divisions on transaction structure and policy application, and by endorsing credit proposals from international branches and subsidiaries, where applicable, before submission to the Group Credit Department ("**GCD**") for final review. For Qatar-originated transactions, the Doha RM submits the credit proposal directly to GCD.

#### 2.1.2 Second Line of Defence: Credit Department

The Credit Department provides independent oversight, review and challenge of the First Line's E&S risk assessments, proposed E&S Risk Ratings, mutants, and recommendations. It operates through two tiers to ensure consistent application of this Policy Framework, alignment with Group risk appetite, and timely escalation where required:

1. **Local Credit Department:** The Local Credit Department within international branches and subsidiaries is responsible for providing an independent credit and E&S risk assessment of transactions originated by the Local Business Division including review and challenge of the E&S due diligence, proposed baseline E&S Risk Rating, proposed final E&S Risk Rating, and related mitigants, conditions, and monitoring requirements.

   Where the transaction falls within the approved local Delegation of Authority ("**DoA**") and fully complies with the Group Policy Framework, including the Exclusion List, as well as any stricter local regulatory or policy requirements, the Local Credit Committee may exercise its approval authority. In such cases, the Local Credit Committee's review constitutes the final Second Line of Defence review at the local legal entity level.

   Transactions that fall outside Local Credit Committee DoA, do not fully comply with this Policy Framework, or otherwise require Group-level review must be escalated to the Group Credit Department.

   Local Credit remains responsible for reassessment of E&S risks where Material Changes occur post-sanction or issues are identified through periodic or annual reviews.

2. **The Group Credit Department ("GCD")**: The GCD, based at Head Office in Doha, is the Group's central credit risk function and owner of Group credit standards and ESRM requirements. GCD acts as the Second Line of Defence at Group level for Qatar-originated transactions and for transactions from international branches and subsidiaries where approval authority resides at Group level, including those exceeding Local Credit Committee DoA.

   In this capacity, the GCD reviews the credit proposal submitted by International Branches, Subsidiaries, or Qatar-originated (Domestic) Business, and conducts an independent credit and E&S risk assessment in accordance with the Group's risk appetite, credit policies, and ESRM standards. GCD prepares an independent credit and E&S risk recommendation for the relevant sanctioning authority. Where the required approval exceeds GCD's delegated authority, the proposal is escalated to the Group Credit Committee ("GCC").

   GCD's role does not replace or dilute the independent review performed by Local Credit at the entity level. Rather, GCD performs an additional Group-level review where the transaction is subject to Group-level approval or otherwise requires GCC credit oversight or approval.

**2.1.3 Approval Authority:** The GCC is the ultimate Approval Authority for transactions that exceed the GCD's DoA. The GCC may approve or reject a transaction in accordance with the Group DoA framework and impose binding E&S conditions and covenants, including milestones, information requirements, and monitoring frequency, to ensure consistent application of the Group's ESRM standards to all In-Scope transactions.

**2.2 Periodic Review of ESRM Policy Framework**

The Group Policy Framework is reviewed by the GCD on an annual basis and updated as required to reflect changes in regulation, Group risk appetite, industry standards, and lessons learned.

While the Group Policy Framework applies to all international branches, each subsidiary is required to review its Local Policy Framework at least annually, and on an ad hoc basis where significant local regulatory or supervisory changes occur, to confirm continued alignment with both local legal requirements and Group standards.

All Local Policy Framework, amendments, or updates must be submitted to the GCD for review and to the Group Chief Risk Officer ("**GCRO**") for endorsement prior to local issuance or implementation.

No subsidiary may adopt or retain a Local Policy Framework that is less stringent than the Group Policy Framework. Where local and Group requirements differ, the stricter requirement shall apply, unless a special exception has been explicitly endorsed in accordance with Section 7.0 (Governance and Exceptions) of this Policy Framework.

**2.3 Internal and International Standards**

This Policy Framework is aligned and implemented in conjunction with the established QNB Group policies and frameworks listed below:

- QNB Group Sustainability Policy
- QNB Group Wholesale and Institutional Banking Credit Policy
- QNB Sustainable Finance and Product Framework
- QNB Group Code of Ethics and Conduct
- QNB Group Human Capital Policy
- QNB Third Party Supplier Code of Conduct
- QNB Third Party Risk Assessment Framework
- QNB Group Enterprise Risk Management Policy
- QNB Group Disclosure and Transparency

Our principles and sustainability approach have been developed in reference with national and international laws and regulation. In addition, we support and recognise the following conventions, standards and initiatives as part of our responsible framework:

- Qatar National Vision 2030
- United Nations Global Compact
- United Nations Sustainable Development Goals (SDG)
- United Nations Guiding Principles for Business and Human Rights
- International Labour Organisation's (ILO) Declaration of Fundamental Principles of Rights at Work
- World Bank Environment, Health and Safety Guidelines
- Global Reporting Initiative (GRI)
- International Capital Markets Association (ICMA) Green and Social Bond Principles, and Sustainability Bond Guidelines
- International Finance Corporation (IFC) Performance Standards
- Principles for Responsible Investment (PRI) Reporting Framework

**3.0 E&S RISK RATING METHODOLOGY**

The E&S Risk Rating Methodology outlined in this Policy Framework is guided by IFC Performance standards and utilises a three-tiered, risk-based categorisation approach.

**Low Risk** (Category C)

Category C transactions are those involving business activities assessed to have minimal or no potential adverse environmental or social risks or impacts. Such transactions typically do not give rise to material E&S concerns and are considered to present a low level of residual risk. Engagement is permitted, subject to Standard E&S due diligence and routine monitoring, commensurate with the low-risk profile.

**Medium Risk** (Category B)

Category B transactions are those involving business activities with potential limited adverse environmental or social risks and/or impacts. These impacts are generally few in number, site specific, largely reversible, and capable of being effectively mitigated through appropriate measures. Engagement may be selectively permitted, subject to heightened and transaction specific due diligence and defined monitoring requirements. The Group supports ongoing improvement in the client's E&S performance and management practices.

**High Risk** (Category A)

Category A transactions are those involving business activities with the potential for significant adverse environmental or social risks and/or impacts, which may be diverse in nature, irreversible, or unprecedented. Such transactions present a heightened E&S risk profile and require enhanced scrutiny. Engagement is permitted only where supported by Enhanced DD, robust risk mitigants and conditions, and close and ongoing monitoring. The Group expects and encourages material improvements in the client's E&S management systems and performance as a condition of continued engagement.

| Risk Category | Description of Risk | Client Engagement |
|---|---|---|
| **Low Risk (category C)** | Business activities with minimal or no adverse environmental or social impacts or risks. | Engagement permitted. Standard DD and routine monitoring. |
| **Medium Risk (category B)** | Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures. | Engagement selectively permitted subject to stringent due diligence and defined monitoring. QNB supports continuous improvement. |
| **High Risk (category A)** | Business activities with potential significant adverse environmental or social impacts or risks that are diverse, irreversible or unprecedented. | Engagement permitted only with Enhanced DD, robust conditions, and close monitoring; QNB encourages material improvements in E&S management. |

## 4.0 ESR SCREENING AND MANAGEMENT PROCESS

QNB recognizes that financing activities (particularly in large scale infrastructure, industrial, energy, and corporate sectors) may expose the Group to Environmental and Social risks. This section establishes a mandatory, sequential E&S Risk Due Diligence screening and management process to ensure that such risks are identified early, assessed proportionately, managed through appropriate conditions, and monitored throughout the credit lifecycle.

The process comprises the following mandatory steps across all functions involved. Each step must be completed and documented before the transaction proceeds to the next stage.

### 4.1 Responsibilities of Local Relationship Managers (RM)

#### 4.1.1 Universal Screening Test (Zero Tolerance)

All transactions, regardless of size, product type, or tenor, are subject to Universal Screening against the Group Exclusion List (Section 5.0).

- Universal Screening is performed at origination and repeated whenever a transaction is treated as a New Transaction or upon a Material Change in risk post sanction.
- Any direct or indirect involvement with an Exclusion List activity result in immediate decline.
- Only transactions that pass Universal Screening proceed to step 4.1.2.

#### 4.1.2 Scope Determination (In-Scope or Out-of-Scope)

This step determines whether a transaction is subject to E&S DD as required under this Policy Framework.

#### 4.1.2.1 In-scope Transactions

A transaction is classified as In-Scope if it meets any of the following criteria:

- **Corporate Term Loans:** Single credit facility value ≥ equivalent to **USD 25 million** and **Tenor ≥ 2 years**.
- **Project Finance Loans:** Single credit facility value ≥ equivalent to **USD 10 million** (or total syndicated facility value ≥ equivalent to USD 100 million) and tenor ≥ **2 years**.

#### 4.1.2.1.1 Aggregation Rule

For the purposes of scope determination, multiple credit facilities shall be aggregated and treated as a single credit exposure only where all of the following conditions are met:

1. the facilities are extended to the same borrower or borrower group;
2. the facilities are for the same or substantially related purpose, including financing of the same asset, project, transaction, or closely connected business requirement; and
3. the facilities are originated, approved, renewed, refinanced, recommitted, increased, extended, or otherwise contractually committed within the same 12-month period.

Facilities shall not be aggregated solely because they are extended to the same borrower or borrower group, or because their combined exposure exceeds the relevant size threshold. An existing facility that is merely outstanding or is only being reviewed as part of the regular annual review process without any new approval, refinancing, recommitment, increase, extension, or other new credit commitment, shall not be aggregated with a new facility for scope determination purposes.

Where all aggregation conditions are met, the aggregated exposure shall be assessed against the applicable size threshold under Section 4.1.2.1. The transaction shall be classified as In-Scope only where the aggregated exposure meets or exceeds the applicable size threshold and the applicable tenor requirement is also met.

Once a facility has been classified as In-Scope, it shall remain subject to ESRM monitoring until final maturity, even if the outstanding exposure or remaining tenor subsequently falls below the applicable In-Scope threshold.

**Examples:**

1. If a borrower is granted two related Corporate Term Loan facilities of USD15 million each, both with an original contractual tenor of two years or more, for the same project or substantially related purpose, and within the same 12-month approval or commitment period, the facilities shall be aggregated and treated as a single credit exposure of USD30 million for scope determination purposes. As the aggregated exposure exceeds the USD25 million threshold and the tenor requirement is met, the transaction shall be classified as In-Scope.
2. If a Corporate Term Loan is originally approved for USD25 million or more with an original contractual tenor of two years or more, it shall be classified as In-Scope at approval. Once classified as In-Scope, it remains subject to ESRM monitoring until final maturity, even if the outstanding exposure or remaining tenor subsequently falls below the applicable threshold.
3. If an existing Corporate Term Loan is only outstanding or is being reviewed under the regular annual review process, with no refinancing, recommitment, increase, extension, or other new credit commitment, it shall not be aggregated with a new Corporate Term Loan solely because both facilities are extended to the same borrower or borrower group. In such cases, the new facility shall be assessed on a standalone basis against the applicable size and tenor thresholds, unless another ESRM trigger applies.

**(i) Corporate Term Loan Facilities**

Corporate Term Loans are In Scope where QNB provides a funded, non revolving facility with:

- A defined tenor of two (2) years or more and a contractual repayment profile; and
- Repayment primarily dependent on the borrower's general balance sheet cash flows and creditworthiness, rather than on specific assets or ring fenced cash flows.

Such facilities remain In-Scope regardless of purpose, structure, labelling, or economic use of proceeds, and includes (without limitation) leasing, acquisitions, capex, refinancing, working capital, ESG-linked or Sharia-compliant structures. The use of specific assets, contracts, or transactions as the application of funds or as ancillary security does not, in itself, alter the classification as a Corporate Term Loan.

**(ii) Project Finance Facilities**

Project Finance facilities are In Scope where QNB finances a legally and economically distinct project (including SPVs) and;

- Repayment is primarily dependent on project generated cash flows; and
- Credit risk is substantially insulated from the sponsor's balance sheet through limited or non recourse structures.
- Typical features include ring fenced cash flows, dedicated project accounts, contractual risk allocation, and defined construction and operation phases. The presence of a single asset, long tenor, leasing activity, or asset specific purpose alone is not sufficient to classify a transaction as Project Finance.

For the avoidance of doubt, In-Scope Project Finance Facilities include:

- Non recourse project finance, where repayment is solely dependent on project cash flows and assets and;
- Limited recourse project finance, where sponsor recourse is restricted in scope, amount, or duration (e.g. completion support, cost overrun guarantees) and does not constitute ongoing balance sheet reliance.

**4.1.2.2 Out-of-Scope Transactions**

**(i) Corporate Term Loan Facilities**

Facilities are out of scope of Corporate Term Lending only where the Bank's credit risk and primary source of repayment are structurally and predominantly dependent on identified assets, specific cash flows, or contractually assigned receivables, rather than the borrower's overall credit profile.

This includes, for example:

- Asset-based lending supported by borrowing bases or advance rates;
- Lease or receivables-backed financing reliant on identified rental streams or third party obligors;
- Project style or structured financings with ring-fenced cash flows and limited or non-recourse; and
- Short-term, self-liquidating trade or transaction-linked facilities.

Facilities are not deemed out of scope solely due to purpose, sector, product name, accounting treatment, or legal form.

**(ii) Project Finance Facilities**

Facilities shall not be classified as Project Finance where QNB retains primary recourse to the sponsor's or borrower's general balance sheet, notwithstanding asset specificity or project related use of proceeds. Such transactions are assessed under the relevant corporate, asset based, or structured financing category.

**(iii) Other Clarifications**

Restructuring or rescheduling transactions that do not increase existing limits are Out-of-Scope.

Transactions classified as Out-of-Scope proceed directly to the standard credit process without further E&S Due Diligence. Only In-Scope transactions proceed to Step 4.1.3.

#### 4.1.3 Baseline E&S Risk Rating Categorization (In-Scope Transactions only)

All In-Scope transactions begin with a baseline E&S Risk Rating (High / Medium / Low) in accordance to Appendix 2 (ESR Categorization List) of this Policy Framework.

The baseline rating is a starting point only and does not represent the final E&S Risk Rating. Where a transaction does not clearly map to Appendix 2, the RM must determine the most appropriate baseline rating using the E&S Risk Rating Methodology matrix (Section 3.0) and briefly document the rationale.

The baseline E&S Risk Rating:

- Establishes the initial E&S risk profile of the transaction in accordance with Appendix 2.
- Is indicative only and does not represent the final E&S Risk Rating.
- Informs whether Enhanced E&S Due Diligence may be required, depending on the nature and severity of identified risks; and
- Does not, in itself, trigger Enhanced E&S Due Diligence where the baseline rating is Medium (Category B).

Once the baseline E&S Rating has been established the transaction proceeds to step 4.1.4.

#### 4.1.4 Standard E&S DD Process

Standard E&S Due Diligence must be undertaken for all In-Scope transactions and applied proportionately to the nature, scale, location, and risk profile of the transaction. The objectives of this process is to:

- Assess transaction-specific E&S risks relevant to the proposed financing;
- Confirm whether the baseline E&S Risk Rating remains appropriate for the specific transaction; and
- Identify any required risk mitigants, conditions, monitoring requirements, or escalation to Enhanced Due Diligence.

This requirement also applies to **legacy transactions** approved prior to the implementation of the Group Policy Framework in May 2021, which did not undergo E&S Due Diligence at origination.

Where such legacy transactions continue to meet the In-Scope criteria set out in Section 4.1.2.1 (i.e. the exposure and tenor remain at or above the applicable In-Scope thresholds), the RM shall perform initial E&S Due Diligence as part of the **next annual review** process, ensuring that it also complies with the Universal Screening Test.

Where a legacy transaction fails the Universal Screening Test, the RM must immediately escalate the case to Local Credit, clearly flag the failure in the credit submission, and propose a credible and time bound exposure reduction or exit strategy as part of the credit proposal. The transaction shall be automatically classified as High E&S Risk (Category A) and remain subject to enhanced monitoring until fully resolved.

Where a legacy transaction no longer meets the In-Scope criteria set out in Section 4.1.2.1 (e.g. due to a reduction in exposure and/or remaining tenor below the applicable thresholds), no E&S Due Diligence or E&S Risk Rating is required, and the transaction shall continue to be assessed under the standard credit review process only, unless:

(i) the transaction fails the Universal Screening Test, or;

(ii) Local Credit or Group Credit expressly requires the RM to perform an E&S assessment based on identified risks or concerns.

At a minimum, due diligence should include the following assessments:

**(a) Use of Proceeds ("UoP")**

Clearly identify and document the intended UoP, including whether financing supports a specific project, asset, activity, or general corporate purpose. The RM must ensure that the transaction structure and purpose clauses are consistent with the stated use. This includes:

- Ensuring that contractual purpose clauses and disbursement controls are consistent with the approved transaction structure; and
- Establishing clarity over how proceeds will be applied over the life of the facility.

**(b) Application of ESR Sector Specific Guidelines (Appendix 1)**

Appendix 1 sets out sector-specific E&S risk guidance for industry sectors that are inherently more exposed to material environmental, social, climate, and human rights risks. The purpose of these guidelines is to assist the RM in identifying, contextualizing, and assessing sector-specific E&S risk drivers that may not be adequately captured through generic due diligence.

Where the client or transaction falls within a sector covered by Appendix 1, the RM must reference the relevant sector guideline below to inform the E&S Risk Assessment, support a proportionate due diligence approach, and ensure that material sector specific risks are appropriately considered and documented as part of the RM's E&S Risk assessment.

**(i) Sector Identification**

- Confirm whether the client's primary activities fall within one or more sectors covered in Appendix 1, and that the relevant E&S risks have been considered. Transactions involving carbon intensive sectors, as a minimum, automatically qualify for Enhanced DD after the Standard DD has been conducted.
- Identify any minimum standards, constraints, or conditional approaches; and
- Verify that the transaction does not involve prohibited or restricted activities under the Framework.

**(ii) Risk Identification**

Use the relevant sector guideline to identify typical material risks, including:

- Environmental and climate risks (e.g. emissions, water use, biodiversity, physical climate risk);
- Social and human rights risks (e.g. labour practices, land acquisition, community impacts);
- Reputational and transition climate risks.

**(iii) Policy Compliance Check**

- Verify that the transaction does not involve prohibited activities (e.g. thermal coal, MTR mining, non RSPO palm oil);
- Confirm alignment with QNB's stated risk appetite, exclusions, and conditional approaches.

**(iv) Depth of Due Diligence**

Determine whether Standard DD is sufficient or whether Enhanced DD is required, based on:

- The nature, scale, and location of the activity;
- The severity and sensitivity of identified risks;
- Any deviations from best practice or heightened stakeholder concerns.

**(c) Client Capacity and Track Record**

At a level proportionate to risk, the RM must assess the client's ability to identify, manage, and mitigate identified E&S risks, including:

- Review of relevant licenses, permits, and regulatory compliance;
- High level assessment of the client's E&S policies, procedures, and management systems (where applicable); and
- Consideration of the client's historical E&S performance, including any known incidents, controversies, or regulatory actions.

Where relevant information is unavailable, incomplete, or cannot be reasonably obtained, the RM must clearly document the data gaps, the reasons for unavailability, and the implications for the E&S risk assessment. In such cases, a conservative assessment shall be applied, and the transaction may be subject to Enhanced DD or risk mitigation measures, where appropriate.

**(d) Public Domain and External E&S Intelligence Reports**

The RM must review publicly available information and reputable external E&S data sources, where available, to identify any recent or ongoing adverse environmental, social, or governance related issues relevant to the transaction or counterparty. This review is intended to:

- Identify material adverse news, incidents, allegations, or controversies that may indicate heightened E&S risk;
- Assess whether such matters could affect the sustainability, reputation, or viability of the transaction; and
- Inform the appropriateness of the risk assessment, mitigants, conditions, or escalation.

The review may include:

- Public domain sources (e.g. regulatory actions, court proceedings, NGO reports, reputable media); and
- Reputable third party E&S intelligence and data providers where access is available.
- Where potentially material issues are identified, the RM must assess their relevance, credibility, severity, and recency, document the conclusions, and determine whether Enhanced DD is required.

**(e) Mitigats, Conditions, and Escalation**

Based on the outcomes of the E&S Risk Assessment and due diligence conducted under the preceding steps, the RM must determine whether:

- Standard controls and existing policies are sufficient to manage identified E&S risks;
- Specific E&S mitigants, conditions, covenants, or enhanced monitoring are required; or
- The nature, severity, or uncertainty of identified E&S risks warrants escalation to Enhanced DD, in which case the RM must proceed to Step 4.1.5 (otherwise proceed to Step 4.1.6).

Escalation to Enhanced DD is required where material E&S risks cannot be adequately assessed or mitigated through Standard DD, including due to high impact, weak controls or governance, heightened scrutiny, or material information gaps.

### 4.1.5 Enhanced E&S DD Process

Enhanced DD is a deeper and more intensive application of the Standard DD. It is required where one or more of the following apply:

- Standard DD identifies material E&S risks that are significant in scale, irreversible, or otherwise sensitive (environmental, social, or human rights related), uncertainty, or complexity and cannot be reasonably assessed through Standard DD alone;
- The client exhibits weak governance, limited disclosure, or past controversies;
- The transaction is long tenor, asset-heavy, or location-sensitive.
- Operations occur in environmentally or socially sensitive areas;
- The transaction involves exposure to a **Carbon Intensive** Sector (section 6.0);
- The activity is inherently **higher risk or potentially high impact** (e.g. mining, oil and gas, major infrastructure, sensitive community or environmental contexts and reputational risk);

- There are significant **physical or transition climate risks** that may affect asset value, business continuity, compliance, or long term viability;
- Policy exceptions or conditional allowances apply (e.g. metallurgical coal, nuclear power).
- Material Change or adverse development has occurred post initial assessment and credit approval.

Enhanced DD must be proportionate to the risk profile and may include, as appropriate:

- Targeted physical or transition climate risk assessment;
- Enhanced client information and supporting evidence;
- Site visits for project, asset-based, or location-sensitive transactions; and
- Independent specialist or third party input where risks are technical, complex, or contentious.

#### 4.1.5.1 Physical and Transition Risk

Where the transaction has exposure to climate-related financial risks, the RM must conduct (or obtain) targeted assessments of:

- **Physical Risks,** including acute and chronic climate hazards affecting assets, operations, or collateral; and
- **Transition Risks,** including regulatory, policy, market, technology, and reputational risks arising from decarbonization.

#### 4.1.5.2 Real Estate and Location-Sensitive Asset Financing

Where a transaction involves real estate, infrastructure, or other location sensitive physical assets, and Enhanced DD is required, the RM must conduct a focused assessment of asset-specific Environmental and Social risks, to the extent reasonably practicable.

The purpose of this assessment is to identify material E&S risks that could affect:

- Asset value and collateral enforceability;
- Business continuity, operating costs, and downtime;
- Insurability and long term viability; and
- QNB's credit and reputational risk exposure.

This assessment must include consideration of climate-related physical risks, with particular focus on:

- **Fluvial and/or Coastal Flood Risk:** flooding from rivers, streams, or coastal waters, including storm surge and sea level rise; and
- **Pluvial (Surface Water) Flood Risk:** rainfall-driven flooding resulting from overwhelmed drainage systems, which may occur independently of proximity to rivers or coastlines.

The assessment may be informed by available and appropriate sources, including property valuation or collateral reports, public flood maps or disclosures, information provided by the client (including historical incidents and insurance claims), recognised third party data sources where available, and reasoned consideration of the asset's location, elevation, proximity to water bodies, and drainage conditions.

In addition, the RM should consider other material E&S risks relevant to real estate financing, including (where relevant):

- **Climate and Environmental Risks:** exposure to extreme heat, drought, water scarcity, or severe weather events; soil contamination, legacy pollution, or brown field risks, particularly for redevelopment sites;
- **Health, Safety, and Building-Related Risks:** building safety, hazardous materials, and compliance with applicable standards;
- **Social and Community Impacts:** land rights, community impacts, and labour conditions during construction or refurbishment; and
- **Legal, Regulatory, and Market Considerations:** insurability, regulatory reliance, and long term marketability of the asset.

#### 4.1.5.3 Limited or Unavailable Data (Real Estate)

Where reliable data relating to material E&S risks for real estate or location-sensitive assets is unavailable or incomplete, the RM must not assume low risk or omit the assessment. The RM must clearly document the data gaps, apply reasonable and conservative judgement informed by asset type, location characteristics, and historical land use, and consider alternative or proxy information (such as valuation reports or client disclosures).

Where data limitations create uncertainty over potentially material risks to asset value, insurability, business continuity, or long term viability, the RM is not expected to perform technical modelling, but must record assumptions, limitations, and the basis for judgement. Appropriate mitigants, conditions, or further escalation must be proposed where risks cannot be reasonably ruled out.

#### 4.1.5.4 Enhanced Client Engagement and Information Gathering

Where Enhanced DD is required, the RM must undertake additional due diligence proportionate to the transaction risk profile, which may include:

- Completion of enhanced E&S questionnaires covering governance, management systems, policies, and controls,
- Collection of information on the client's climate exposure, labour practices, community impacts, and biodiversity, where relevant;
- Review of evidence demonstrating compliance with permits, licences, regulatory requirements, and material commitments; and
- Where applicable, copies of independent studies, audits, certifications, or technical assessments.

#### 4.1.5.5 Site Visits and On-the-Ground Assessment (Where Applicable)

Where warranted by the nature, scale, or risk profile of the transaction (particularly for project finance or asset-based transactions), the RM must arrange or participate in site visits to:

- Observe the physical operations or project site;
- Assess the implementation of E&S controls and management practices; and
- Validate information provided by the client.
- Site visits may be conducted by QNB staff and/or qualified bank approved third party experts, depending on risk materiality and internal capability.

#### 4.1.5.6 Independent Verification or Expert Input (Where Required)

Where risks are highly technical, complex, or contentious, particularly for High E&S Risk transactions, the RM may be required, where applicable, to obtain independent third party input, such as:

- Environmental or social impact assessment reports;
- Specialist technical consultant opinions;
- Legal or regulatory confirmations; or
- Assurance reports from recognized experts.

#### 4.1.5.7 Proposed E&S Risk Rating (RMs recommendation)

Following completion of Standard and/or Enhanced E&S Due Diligence, the RM must propose a final E&S Risk Rating (High / Medium / Low) for the transaction, together with a clear recommendation. This should reflect the RM's assessment of E&S and transaction-specific risks identified through the Due Diligence process and indicate whether the baseline E&S Risk Rating remains appropriate or should be adjusted.

#### 4.1.5.8 E&S Risk Rating Adjustments

Where the RM proposes to override or deviate from the baseline E&S Risk Rating, or where a transaction assessed as High E&S Risk is nevertheless being supported, the RM must provide a clear, robust, and evidence-based justification. The RM must explain:

- why the baseline rating is no longer appropriate;
- demonstrate that material E&S risks are well understood and have been assessed through proportionate and, where required, Enhanced DD; and
- articulate why the transaction remains supportable from an E&S perspective despite its elevated risk profile.

A High E&S Risk classification does not imply automatic rejection. However, support of such transactions requires compelling rationale, strong risk controls, and heightened governance oversight, including specific and enforceable mitigants, conditions, covenants, or monitoring arrangements. Generic statements, commercial considerations alone, or unsupported judgement are not sufficient.

The proposed E&S Risk Rating, supporting rationale, and risk mitigants must be fully reflected in the credit submission and are subject to credit review and final approval by the relevant sanctioning authority.

#### 4.1.5.9 Guidance on Presentation of the E&S Assessment in the Credit Submission

This section is intended to provide guidance and a clear and consistent framework on how the requirements set out in Section 4.1.4 and 4.1.5 must be documented and presented in the ESRM Due Diligence Form (or any successor tool or form). The level of detail provided must be proportionate to the transaction's E&S Risk Rating, complexity, and risk profile, with a focus on material issues and evidence-based conclusions.

**(A) Information Required for Standard E&S Due Diligence** (All In-Scope Transactions)
At a minimum, the RM must address the following:

1. **Baseline E&S Risk Rating**
   State the baseline E&S Risk Rating derived from the applicable risk matrix and explain its relevance to the transaction.
2. **Use of Proceeds**
   Describe the intended use of proceeds, clearly distinguishing between direct operational/project use and general corporate use, where relevant.
3. **Transaction-Specific E&S Risks**
   Summarize the key material E&S risks identified, taking into account sector, location, scale, and lifecycle stage, and whether escalation beyond Standard DD was required.
4. **Client Capacity and Track Record**
   Assess the client's ability to manage identified E&S risks, including governance arrangements, regulatory compliance, and relevant historical E&S performance or incidents.
5. **Public Domain and External E&S Intelligence**
   Summarize relevant findings from public sources and external E&S intelligence providers, including any material adverse events or controversies identified.
6. **Proposed E&S Risk Rating and Rationale**
   State the Proposed E&S Risk Rating following Standard DD and provide a concise, evidence-based rationale, including any adjustment from the baseline rating.
7. **Mitigants, Conditions, and Monitoring**
   Outline proposed E&S mitigants, action plans, contractual conditions, covenants, monitoring requirements, or escalation to Enhanced E&S Due Diligence.

**(B) Additional Requirements Where Enhanced E&S Due Diligence Is Undertaken**

Where Enhanced E&S Due Diligence is required, the RM must additionally address, as applicable:

8. **Basis for Enhanced Due Diligence**
   Set out the trigger(s) for Enhanced DD and summarize the material risks identified during Standard DD.
9. **Enhanced Analysis and Key Findings**
   Summarise additional assessments undertaken, including client questionnaire and key conclusions.
10. **Residual Risk Assessment**
   Describe residual E&S risks after mitigants and whether such risks are considered manageable within the proposed structure.
11. **Rationale for Supporting Medium or High E&S Risk Transactions**
   Where a Medium (Category B) or High (Category A) E&S Risk transaction is supported, provide a clear and compelling justification.

#### 4.1.6 Submission of Credit Proposal

Following completion of the E&S Risk Assessment, the RM must submit the full credit application, including the Business Credit Proposal and the completed Group ESRM Due Diligence Form (or any successor tool or form), to the Local Credit Department for review and assessment.

For Qatar-originated transactions, the application may be submitted directly to the Domestic Group Credit Department in Doha, in line with internal processes.

### 4.2 Responsibilities of Local Credit Department

The Local Credit Department (international branches and subsidiaries) is responsible for providing an independent credit and E&S risk assessment of credit applications submitted by the RM. As part of the second line of defence, Local Credit provides the initial independent review and challenge of the RM's E&S Risk Assessment, proposed E&S Risk Rating, mitigants, conditions, and monitoring requirements before escalation to Group Credit or the relevant higher sanctioning authority, where applicable.

Local Credit must confirm that the transaction complies with the Group Policy Framework and that material E&S risks have been appropriately identified, assessed, mitigated, and documented before escalation.

#### 4.2.1 Key Responsibilities

Local Credit is responsible for:

1. Reviewing the credit proposal prepared by the Local Business, including:
   - the Group ESRM Due Diligence Form (or any successor tool or form);
   - the baseline and final E&S Risk Rating; and
   - supporting E&S analysis, assumptions, and mitigants.
2. Validating that:
   - Universal Screening and scope determination have been performed correctly;
   - the E&S Due Diligence undertaken by the RM is proportionate and complete; and
   - triggers for Enhanced DD have been appropriately applied.
3. Providing independent challenge to the Local Business on:
   - E&S risk identification and materiality;
   - adequacy of mitigants, action plans, covenants, and monitoring; and
   - justification for supporting Medium or High E&S Risk transactions, where applicable.
4. Preparing a Local Credit recommendation, which:
   - clearly states Local Credit's view on the appropriateness of the Proposed E&S Risk Rating; and
   - confirms, challenges, or recommends adjustment to the RM's E&S conclusions.
5. Ensuring that E&S considerations are clearly and consistently reflected in Local Credit's credit paper.

#### 4.2.2 Process and Escalation Steps

Where the transaction falls within the branch or subsidiary DoA, the Local Credit Committee may issue the credit decision, including approval of the final E&S Risk Rating and any applicable E&S-related conditions.

Where the transaction falls outside Local Credit's DoA, Local Credit must:

1. Compile the full credit package, including the Local Business proposal, ESRM Due Diligence Form, Local Credit recommendation, other relevant documentation where applicable, and;
2. Submit the application to the Group International Corporate Banking ("GICB") department in Head Office (Doha) for further review, endorsement and onward processing.

For Qatar-originated transactions, the credit application may be submitted directly to the relevant sanctioning authority or Group Credit Committee, in line with the applicable DoA and approved internal processes.

### 4.3 Responsibilities of Group International Corporate Banking (GICB)

The GICB department acts as the centralized business coordination and oversight unit in Doha for international branches and subsidiaries. GICB serves as a quality control and consolidation point before cases are submitted to Group Credit.

GICB does not replace Credit's independent risk ownership, but ensures that submissions are complete, coherent, and internally aligned.

#### 4.3.1 Key Responsibilities

GICB is responsible for:

1. Reviewing the full credit application package, including:
   - the Local Business credit proposal;
   - the Local Credit recommendation; and
   - the ESRM Due Diligence Form and supporting E&S analysis.

- Performing independent checks using public domain sources (e.g. regulatory actions, court proceedings, NGO reports, reputable media); and reputable third party E&S intelligence and data providers (where access is available).

2. Assessing internal consistency between:
    - business rationale;
    - credit recommendation; and
    - E&S risk conclusions and conditions.
3. Raising clarifications, enquiries, or requests for additional information with:
    - the Local Business; and/or
    - the Local Credit Department, where E&S analysis, risk justification, or documentation is insufficient or inconsistent.
4. Confirming that:
    - the E&S Risk Rating has been properly derived and justified;
    - any Enhanced DD has been completed where required; and
    - proposed E&S mitigants, action plans and conditions are clearly articulated.

#### 4.3.2 Process and Escalation Steps

Once GICB is satisfied that the credit application is complete and internally consistent, it shall forward the full submission to the relevant SVP - Regional Credit within Group Credit, together with its endorsement, for independent assessment and facilitation of the approval process.

### 4.4 Responsibilities of Group Credit Department (GCD)

Group Credit retains responsibility for the independent assessment and validation of E&S risk and for providing a substantiated recommendation on the E&S Risk Rating. The final determination and approval of the E&S Risk Rating and related conditions are made by the appropriate sanctioning authority in line with the Group DoA.

#### 4.4.1 Case Allocation Steps and Initial Controls

Upon receipt of the application from GICB:

1. The relevant SVP - Regional Credit allocates the case to a Credit Officer within Group Credit.
2. As an initial control step, the Credit Officer must:
    - Confirm whether the transaction is In Scope under the Group Policy Framework; and
    - Where In Scope, request an ESRM Reference Number from the designated person within Group Credit.
    - The ESRM Reference Number must be recorded in the Group Credit Executive Summary (or equivalent credit submission cover) prior to commencement of substantive E&S or credit review.
3. The designated person within Group Credit is responsible for:
    - Issuing a unique ESRM Reference Number for each In Scope transaction; and
    - Recording all In-Scope transactions in Group Credit's central database for monitoring, governance, and reporting purposes.

#### 4.4.2 Key Responsibilities of the Group Credit Officer

The assigned Group Credit Officer is responsible for conducting an independent credit and E&S risk assessment, separate from the assessments performed by Local Business and Local Credit.

In performing this role, the Credit Officer must:

1. Review the Local Business credit proposal, Local Credit recommendation, and all supporting ESRM documentation, including the ESRM Due Diligence Form;
2. Independently assess the materiality, nature, and severity of E&S risks relevant to the transaction;
3. Validate the baseline and Proposed E&S Risk Ratings, including:
    - confirming that E&S risks have been appropriately identified and analyzed
    - assessing whether triggers for Enhanced DD have been correctly applied; and
    - evaluating the adequacy and enforceability of proposed E&S mitigants, action plans, conditions, and monitoring;
4. Raise formal queries or challenges to Local Business or Local Credit where information is insufficient, assumptions are unclear, or material E&S risks are inadequately addressed; and
5. Prepare a concise and independent E&S Risk Assessment in the Credit Executive Summary, which must:
    - highlight key inherent E&S risks;
    - state whether the Credit Officer supports or does not support the Proposed E&S Risk Rating; and
    - recommend the final E&S Risk Rating, including any override or escalation, with supporting rationale.

#### 4.4.3 Process and Escalation Steps

1. The completed Credit Executive Summary is submitted to the SVP - Regional Credit for review and final approval.
2. Where the required approval exceeds the SVP - Regional Credit's DoA, the credit application shall be escalated, in accordance with the approved DoA and internal approval processes, to the appropriate sanctioning authority.
3. At each escalation level, approvers may challenge the E&S assessment, require additional due diligence or clarification, and/or impose additional E&S related conditions or monitoring.

#### 4.4.4 Final Determination

The final E&S Risk Rating, together with any binding E&S related conditions, covenants, or monitoring requirements, is determined by the relevant sanctioning authority in accordance with the applicable DoA. The decision of the relevant sanctioning authority constitutes the final determination of the E&S Risk Rating and associated E&S controls.

### 4.5 Post Sanction ESR Monitoring

Monitoring is mandatory for all In-Scope transactions from sanction through to final maturity, irrespective of any subsequent reduction in exposure, tenor, or risk profile below initial thresholds.

This requirement does not apply to legacy transactions (approved prior to the implementation of the Group Policy Framework in May 2021) which will follow the post-sanction process outlined in the section 4.1.4.

#### 4.5.1 Scope and Frequency of Monitoring

Post sanction monitoring is conducted through periodic reviews aligned with the internal annual review process, on a risk-based and proportionate basis reflecting the approved final E&S Risk Rating, and more frequently where warranted by Credit risk.

Minimum review frequency is as follows:

- High E&S Risk (Category A): at least annually
- Medium E&S Risk (Category B): at least every three (3) years
- Low E&S Risk (Category C): at least every five (5) years

More frequent review is required where there is a Material Change, the emergence of adverse developments, or heightened regulatory, stakeholder, or environmental risk exposure.

#### 4.5.2 Nature of Post Sanction Review

Each post sanction review includes a proportionate refresh of the E&S Risk Assessment, applying Standard or Enhanced DD as appropriate to the transaction's risk profile and developments since sanction.

This does not imply reperformance of origination due diligence in full, but a focused reassessment of material risk factors.

At a minimum, the review shall:

- Reconfirm or reassess the E&S Risk Rating based on current information;
- Test compliance with approved E&S related conditions, covenants, undertakings, and use of proceeds controls;
- Assess progress against any agreed E&S action plans or remediation measures;
- Capture any incidents, controversies, regulatory actions, or material adverse developments; and
- Refresh key client information where relevant (e.g. permits, licences, inspection or audit reports, certifications, KPI or impact reporting).
- Universal Screening is repeated only where the transaction constitutes a new exposure or where a Material Change has occurred.

#### 4.5.3 Climate and Physical Risk Monitoring

Where relevant to the transaction and collateral profile, post sanction monitoring also includes:

- Updates to physical and transition climate risk considerations; and
- Monitoring of changes in flood hazard mapping and the continued insurability of collateral, including any changes to applicable public or private insurance schemes.
- Where insurance coverage is withdrawn, materially restricted, or becomes uneconomic, this shall trigger reassessment of the E&S risk profile and suitability of existing mitigants.

#### 4.5.4 Escalation and Reassessment

Escalation and reassessment apply at any time from sanction through to final maturity, including between scheduled periodic reviews, where a Material Change or adverse E&S development is identified.

Material Change or adverse development may arise from, inter alia, changes to the use of proceeds, transaction structure, operating environment, regulatory status, client behavior, E&S incidents, stakeholder concerns, climate related events, or non-compliance with approved E&S conditions or covenants.

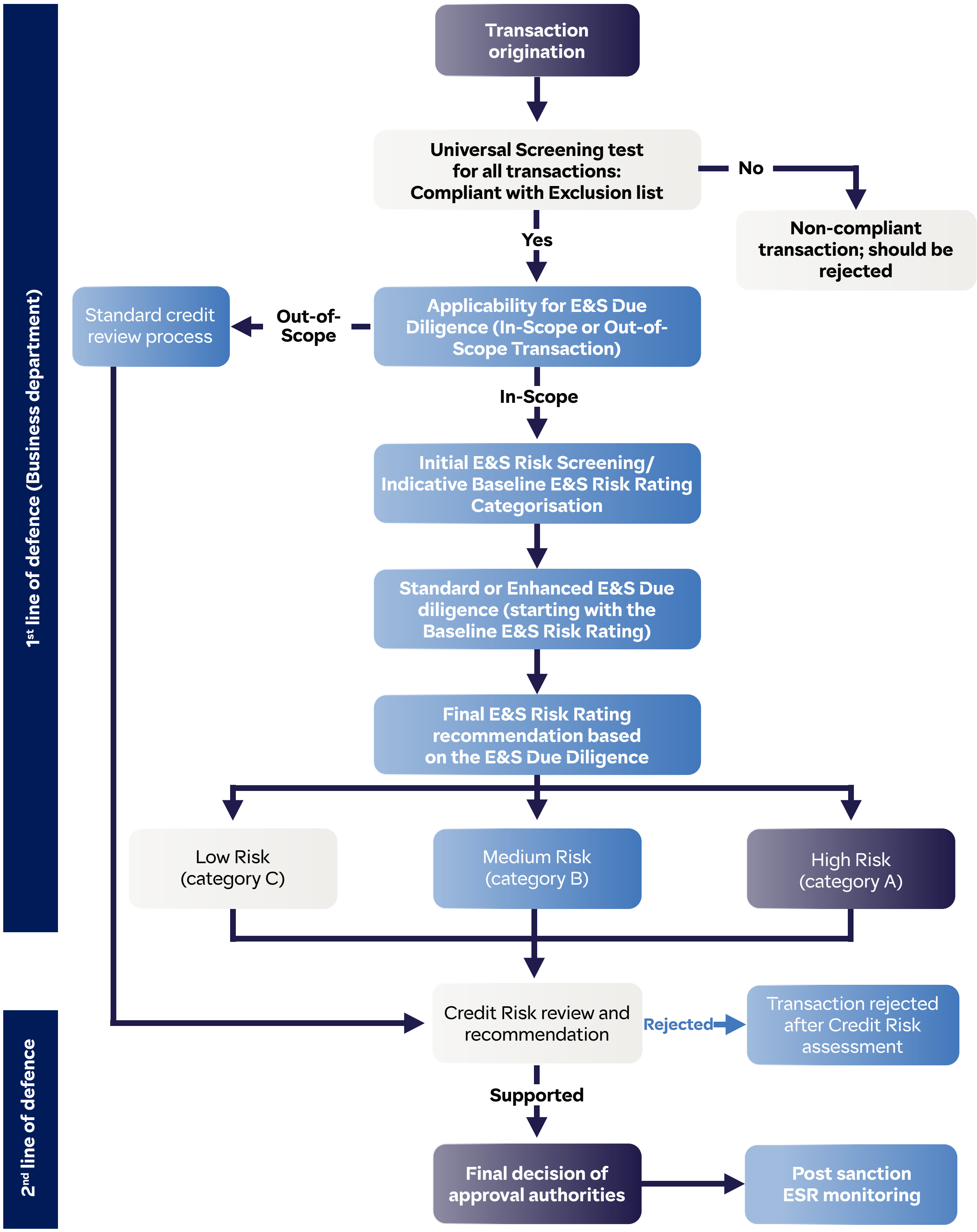
Where triggered, the RM, in coordination with Local Credit, must undertake an immediate reassessment of the E&S Risk Profile, which may include:

- Application of Enhanced DD;
- Revision of the approved E&S Risk Rating;
- Introduction or strengthening of E&S related mitigants, conditions, covenants, monitoring requirements, or remediation timelines; and
- Escalation to the appropriate credit or risk governance authority, including consideration of exit strategies where E&S risks are no longer considered manageable.

Where a reassessment results in a material change to the risk profile, the monitoring plan and review frequency shall be updated accordingly to reflect the revised level of risk.

### 4.6 ESR Screening Process Map

A high-level process map is illustrated below.



## 5.0 EXCLUSION LIST

QNB Group will not provide any new financing to clients or transactions involved in the sectors, subsectors, countries, or activities specified in the Exclusion List in line with the Universal Screening Test (Zero Tolerance) set out in this Policy Framework. This prohibition applies to new approvals, renewals, refinancings, tenor extensions, and amendments that result in an increase in effective exposure or increase of E&S Risk. Any transaction that triggers the Exclusion List is deemed to have failed Universal Screening and must be declined.
For existing exposures associated with Exclusion List activities, no increase in exposure will be permitted. Such relationships must be managed down and either allowed to run off or exited in an orderly manner, in line with contractual obligations, client relationship considerations, and the Group's risk appetite.

The Exclusion List is activity based. Where a sector is not listed (A), transactions may remain eligible, subject to appropriate E&S Risk Due Diligence. However, where any element of a proposed transaction involves a prohibited activity, the exclusion applies to the transaction in full. For example, financing a property developer is not prohibited per se; however, where the use of proceeds involves the manufacture or installation of asbestos containing materials, the transaction is prohibited.

The Exclusion List comprises two components:

**A. Prohibited Activities Within Specific Sectors** being activities that are not financeable even where the broader sector may otherwise be acceptable; and

**B. Other Prohibited Activities** being activities that the Group will not finance under any circumstances.

### A) Prohibited Activities Within Specific Sectors

| Sector / Sub-Sector or Category | Prohibited Activities |
|---|---|
| **Alcoholic Beverages** | The production, distribution or trade of alcoholic beverages as a principal activity1 or where such activities create heightened reputational risk to the Group, is prohibited. This is due to the significant negative public health and societal impacts associated with its products, which presents an unacceptable reputational risk and conflicts with the Group's commitment to responsible financing. |
| **Chemicals & Industrial Materials/ Asbestos** | Production, use, or trade in unbounded asbestos fibres or asbestos-containing products is prohibited (with limited exceptions for bonded asbestos cement sheeting where the asbestos content is less than 20%). Due to its classification as a known human carcinogen and the severe, long-term health risks asbestos poses, the Group will not finance activities related to such activities. |
| **Defence & Armaments** | Manufacturing, maintenance, storage, or trade of the following controversial weapons or their specific components including ammunition are prohibited:<br>• Nuclear weapons<br>• Companies involved in the production of nuclear weapons domiciled in countries not member of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT)<br>• Companies involved in the production of nuclear weapons (i) domiciled in countries that are a party to the NPT and (ii) have a clear focus (principal activity[1]) on defence related activities<br>• Depleted uranium ammunition<br>• Biological and chemical weapons<br>• White phosphorus<br>• Anti-personnel landmines<br>• Cluster munitions<br>Small Arms and Light Weapons[2]<br>To avoid contributing to social instability, armed conflict, and crime, the Group will not finance the proliferation of weapons. This poses a significant ethical and reputational risk. Therefore, the manufacturing, trade or purchase of small arms and light weapons including ammunition is prohibited for any use by:<br>• Private individuals, private sector entities, or non-governmental groups in any country;<br>• Government agencies (e.g., police, military) in any country except the State of Qatar.<br>These weapons are excluded due to their indiscriminate and severe impact on civilian populations, which violates international humanitarian law. Financing any part of this category is in direct conflict with the Group's fundamental ethical principles. For the avoidance of doubt, financing of non-weaponized transport aircraft/rotorcraft/vehicle procured by a non-Qatari sovereign is not captured by this prohibition, provided that: (i) the use of proceeds is restricted to transport functions (airlift, logistics, medevac, disaster response, troop mobility); (ii) the sovereign provides written end-use confirmation; (iii) the procurement excludes any weaponization, SALW, or their components; and (iv) sanctions and export-control checks are clean. Any weaponization or bundling with weapons renders the transaction prohibited. |

[1] **Principal activity** refers to a business activity that constitutes the majority of a company's revenue or is the largest contributor among its operating segments.
[2] **Small Arms and Light Weapons (SALW)**: any portable firearms (e.g. handguns, rifles, carbines, sub-machine guns, grenade launchers, assault rifles and light machine guns), including crew served machine guns and high-explosive projectile weapons. The definition includes the ammunition for these portable firearms as well as weapons (and its ammunition) that are designed and/or used for recreational purposes.

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| **Energy / Fossil Fuels** | In alignment with the Group's commitment to supporting the energy transition and avoiding the most severe environmental risks, financing for the following activities is prohibited (zero tolerance i.e. no relative or absolute threshold will be applied).<br><br>Unconventional Oil & Gas Activities including related infrastructure:<br>• Activities related to Tar sands exploration/ production/ upgrading including pipeline infrastructure dedicated to exclusive use of transporting oil from oil sands (i.e. not blended with other fossil fuels)<br>• Oil/tar sands trading<br>• Arctic and Antarctic offshore drilling/ exploration/ production<br>• Shale Oil & Gas mining/ exploration and related infrastructure<br>• Exploration, development or production of Oil & Gas in Ultra-Deepwater (wells > 1500m)<br>• Shipment of oil or other hazardous substances in tankers which do not comply with International Maritime Organization (IMO)[3] requirements<br><br>Nuclear energy[4]:<br>• Nuclear waste processing, transportation or storage activities<br><br>Thermal Coal-fired power[5]:<br>• Thermal coal-fired power production and distribution where electricity generation is used for general electric purposes (i.e. supplied to the power grid). This includes single-source coal power plants, thermal coal mines, dedicated-use infrastructure such as terminals and pipelines for exclusive thermal coal use, diversified utility companies (DUCs) and thermal coal mining companies.<br>• New thermal coal-fired power plant development or extending the useful life of an existing plant. This includes both captive (electricity for own industrial use) and non-captive (commercial) coal-fired power plants.<br><br>• Fossil fuel extraction projects without credible transition plans toward cleaner energy. |
| **Fisheries** | To prevent irreversible damage to marine ecosystems and biodiversity, the Group will not finance destructive fishing practices. Therefore, the following activities are prohibited:<br>• Drift net fishing in the marine environment using nets in excess of 2.5 km in length<br>• The use of explosives or toxins related to the catching of marine and fresh water species and shellfish<br>• Commercial whaling<br>• Shark finning |
| **Forestry and Agricultural commodities** | To align with its sustainability commitments and avoid financing primary drivers of deforestation and irreversible biodiversity loss, the Group prohibits the following activities:<br>• Production or trade in wood or other forestry products other than from FSC-certified[6] forests<br>• Timber from illegal logging operations<br>• Deforestation and/or burning down tropical rainforest<br>• Activities leading to large-scale degradation of forests<br>• Deforestation of primary or High Conservation Value (HCV) forests<br>• Palm oil plantation owning, producing or trading unless the clients are RSPO (Roundtable on Sustainable Palm Oil) certified or in the process of obtaining RSPO certification with a clear and time-bound plan to become fully certified.[7] |
| **Gambling** | The gambling sector poses significant reputational risks and is associated with potential social harm and addiction. Due to the inherent conflict with its principles of promoting societal well-being, the Group will not provide financing for any engagement in gambling activities, establishments, or equivalent enterprises. |
| **Maritime (Ship recycling[8])** | To avoid association with severe environmental pollution and hazardous working conditions that are common in irresponsible shipbreaking, the following activities are prohibited:<br>• The beaching of ships<br>• Cash buyers of end-of-life vessels (i.e. financing a buyer of scrap vessels)[9]<br>• Ship recycling yards, ships traded or transported for dismantling to these yards and buyers of scrap originating from these yards, unless the scrapping process is monitored or certified as operating responsibility by an independent party acceptable to QNB. |

[3] **The International Maritime Organization (IMO)** is a specialised agency of the United Nations responsible for regulating maritime transport. Its remit includes maritime safety, environmental concerns, legal and technical matters and the efficiency of shipping. State of Qatar ratified the IMO convention in 1977.

[4] **Reference to**: Appendix 1: ESR Sector-specific Guidelines under **Energy sector - QNB's approach to Nuclear power activities**.

[5] **Further details and Financing under Exceptional Circumstances** are outlined in the Appendix 1: ESR Sector-specific Guidelines under **Energy sector - QNB's approach to Thermal coal-fired power activities**.

[6] **Forest Stewardship Council** (FSC)'s certification ensures that forests are managed in an environmentally sound, socially beneficial, and economically viable way. FSC certification is globally aligned and covers forest management, supply chain, and project certification (fsc.org).

[7] **Reference to**: Appendix 1: ESR Sector-specific Guidelines under **Manufacturing sector - QNB's approach to Palm Oil activities** for further details.

[8] **Ship recycling** (ship breaking) is heavy and hazardous industry that exposes both workers and the environment (coastal areas) to a great number of risks (high exposure to toxic waste and substances such as asbestos, mercury, lead, cadmium, toxic oils etc.).

[9] **Cash buyers** are companies operating in the trade of end-of-life vessels (scrap vessels). Once a vessel reaches the end of its service life, most ship owners sell their vessel to Cash buyer (scrap-dealer) who then re-sell the vessel to ship recycling yards. By using Cash buyer, as middle man, ship owners seek to obtain the highest price and potentially avoid international regulations, financial and E&S risks related to selling ships for dismantling.

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| **Metals and mining** | To avoid financing activities with severe, irreversible environmental damage or those linked to conflict and human rights abuses, the Group prohibits the following activities (zero tolerance i.e. no relative or absolute threshold will be applied):<br>• Mining, trading and processing diamonds where there is no explicit evidence of compliance with the Kimberley Process Certification Scheme[10]<br>• Mountain-top removal (MTR) mining<br>• Mining, trading and processing dedicated to uranium<br>• Mining of thermal coal, including subbituminous and lignite coal[11] |
| **Tobacco** | Due to the product's direct and severe negative impact on public health, supporting any part of this value chain presents an unacceptable reputational risk and fundamentally conflicts with the Group's commitment to responsible financing. Therefore, the growing, trading, and manufacturing of tobacco and related products is prohibited. This explicitly extends to the manufacturing of essential components, including but not limited to filters (cigarette butts), rolling papers, next-generation product devices (e.g., e-cigarettes) and other types of nicotine consumer products such as chewing tobacco.<br>Tobacco is identified as an excluded activity due to its negative impact on health and society. The approach is in reference with International Finance Corporation (IFC) Performance Standards (PS 4: Community Health, Safety, and Security) and UN SDG's, SDG 3 ("Good Health and Well-being"). |

### B) Other Prohibited Activities

| Category | Other Prohibited Activities |
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| **Animal welfare** | To avoid association with activities considered ethically unacceptable and which pose a significant reputational risk, the Group will not finance activities involving animal cruelty. Therefore, the following activities are prohibited:<br>• Use of endangered species or non-human primates for testing purposes or experimentation<br>• Trafficking and trade of endangered species[12] for commercial purposes<br>• Any types of animal fights for entertainment<br>• Live animal testing for non-medical purposes<br>• Operating fur farms<br>• Trading or manufacturing fur products |
| **Biodiversity and Cultural Heritage** | To align with its sustainability commitments and prevent irreversible environmental damage, the Group will not finance activities that harm critical natural and cultural sites. Therefore, any activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage[13] are prohibited. |
| **Genetic Engineering** | Based on fundamental ethical principles and to avoid significant reputational risk associated with controversial bioethics, the Group will not finance the following activities:<br>• The development of genetic engineering or genetic modification on humans<br>• The development of genetic engineering or genetic modification on animals for non-medical purposes |
| **Human Rights Violations** | Respect for human rights is a fundamental principle of the Group's commitment to responsible financing. To avoid complicity in severe human rights abuses, which present profound ethical, legal, and reputational risks, activities involving human rights violations, including harmful or exploitative forms of forced labour[14] or child labour[15] are prohibited. |

[10] **Reference to**: Appendix 1: ESR Sector-specific Guidelines under Metals and mining sector and www.kimberleyprocess.com for detailed information.

[11] **Reference to**: Appendix 1: ESR Sector-specific Guidelines under Metals and mining sector - QNB's approach to Thermal coal mining.

[12] **Endangered species** are defined as species listed in the appendix I and II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the IUCN Red List of Threatened Species www.iucnredlist.org

[13] **Relevant international conventions include**, without limitation: Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); World Heritage Convention; Convention on Biological Diversity.

[14] **Forced labour** can include: restriction of movement or isolation, retention of personal documents, abusive working and living conditions, deductions or withholding of wages (debt bondage), excess production volumes in relation to number of reported workers, excessive overtime, intimidation, threats.

[15] **Child labour** can include: presence of underage workers, lack of transparency in employee statistics, sectors where families live together on job sites, absence of living wage, excess production volumes in relation to number of reported workers, projects located in impoverished regions. Notably, this can be indicated in the sectors such as: Agriculture and Forestry, Manufacturing, Metals & Mining.

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| **Illegal Products and Activities** | As a regulated financial institution, the Group must operate strictly within the bounds of national and international law. Financing illegal activities exposes the Group to severe legal, credit, compliance and reputational risks.<br>Therefore, the production or trade of products or engagement in activities deemed illegal under host country laws, international conventions, or agreements, or subject to international phase-out or bans are prohibited, such as:<br>• Transboundary movement of waste prohibited under international law[16]<br>• Trade in wildlife or production of wildlife products prohibited under the Convention on International Trade in Endangered Species (CITES)[17]<br>• Ozone-depleting substance[18] not permitted by national regulations (e.g. Montreal Protocol)<br>• Production or trade in pharmaceuticals or pesticides/ herbicides subject to international bans[19] and local legislation<br>• Production or trade in products containing polychlorinated biphenyls (PCBs)[20]<br>• Any other activities that are illegal or considered socially unacceptable or unhealthy in the home market. |
| **Infrastructure (Protected Areas)** | To align with international conventions and prevent irreversible environmental and cultural damage, the Group will not finance activities that pose serious threat and irreparable damage to the following areas:<br>• UNESCO World Heritage sites[21]<br>• Wetlands registered by the Ramsar Convention[22]<br>• Critical natural habitats registered by the International Union for the Conservation of Nature (IUCN) Category I and II[23] |
| **Land and Resource Infringement & Indigenous Peoples' Rights** | To uphold international principles and avoid the significant legal and reputational risks associated with land disputes, the Group requires that all projects respect legal land ownership and consent. Therefore, production or activities that illegally infringe upon the ownership of land or resources without Free, Prior, and Informed Consent (FPIC) of Indigenous Peoples or local communities are prohibited. |
| **Radioactive Materials** | The Group will not finance activities involving radioactive materials due to the extreme risks associated with their handling and security, except for specific, controlled, and beneficial uses. Therefore, the production or trade in radioactive materials is prohibited, except for use in electricity generation or in the purchase of medical or quality control equipment where the radioactive source is deemed trivial and/or adequately shielded. |
| **Sanctioned/ Embargoed Countries** | Activities in countries sanctioned or embargoed, as classified by relevant regulatory authorities, where business operations would breach international sanctions are prohibited. |
| **Trade Violations** | To ensure compliance with all applicable laws and avoid severe legal and reputational risk, the Group will not facilitate illicit trade. Trade in goods without the necessary export or import licenses, or other authorizations from relevant countries of export, import, or transit is prohibited. |

[16] **Reference documents are**: Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste; Decision C (2001)107/Final of the OECD Council concerning the revision of Decision C(92)39/Final on the control of transboundary movements of wastes destined for recovery operations; Basel Convention of 22 March 1989 on the control of transboundary movements of hazardous wastes and their disposal.

[17] **CITES**: Convention on International Trade in Endangered Species of Wild Fauna and Flora is multilateral treaty to protect endangered plants and animals from the threats of international trade. Its aim is to ensure that international trade (import/ export) in specimens of animals and plants included under CITES does not threaten the survival of the species in the wild. State of Qatar is part of the CITES convention (joined in 2001) and require relevant export or import permits prior to international trade in specimens of wild animals and plants. The governing entity for CITES regulation in Qatar is Ministry of Environment and Climate Change.

[18] **Ozone depleting substances** are chemicals (such as chlorofluorocarbons CFCs, halon, methyl bromide CH3Br, carbon tetrachloride CCl4 etc.) that destroy the earth's protective ozone layer. Production and import of these chemicals is controlled by the Montreal Protocol. State of Qatar ratified the Montreal Protocol on substances that deplete the ozone layer.

[19] **Reference documents are** EU Regulation (EEC) No 2455/92 Concerning the Export and Import of Certain Dangerous Chemicals, as amended; UN Consolidated List of Products whose Consumption and/or sale have been banned, withdrawn, severely restricted or not approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; WHO Classification of Pesticides by Hazard.

[20] **PCBs**: Polychlorinated biphenyls - a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

[21] **Reference to**: www.whc.unesco.org/en/list/

[22] **The Ramsar Convention** is an international treaty (under the auspices of UNESCO) that provides the framework for the conservation and wise use of wetlands and their resources (www.ramsar.org/sites-countries).

[23] **Reference to** registered protected areas: www.iucn.org/theme/protected-areas/about/protected-area-categories

[24] **Free, Prior and Informed Consent (FPIC)** is a specific right granted to Indigenous Peoples recognized in the UN Declaration on the Rights of Indigenous Peoples (UNDRIP). FPIC allows Indigenous Peoples to provide or withhold/ withdraw consent at any point, regarding projects impacting their territories. Under international law, UN member states and UN agencies have a duty to ensure FPIC is applied and sought in order to respect indigenous rights.

## 6.0 CARBON INTENSIVE SECTORS

Carbon-intensive sectors are those that generate high greenhouse gas ("GHG") emissions relative to economic output, typically due to fossil-fuel reliance or carbon-emitting industrial processes.

The following represents an indicative list of carbon-intensive sectors for the purposes of this Policy Framework:

1. **Energy**
2. **Metals and Mining**
3. **Construction and Real Estate**
4. **Transportation**
5. **Manufacturing**
6. **Forestry and Agricultural Commodities**

The list also encompasses (sub)sectors identified as priorities for decarbonisation and transition across core QNB markets (Qatar, Türkiye, Egypt), in alignment with the Group-wide Climate Change Strategy. These include power generation, oil & gas, aviation, real estate, cement, iron, and steel.

Carbon Intensive sectors are not excluded per se. However, any In Scope Transaction involving a Carbon Intensive sector is subject to Enhanced DD and must be assessed in accordance with the sector specific approach set out in **Appendix 1: ESR Sector Specific Guidelines**, including consideration of transition risks, mitigation measures, and the client's capacity to manage and reduce carbon-related impacts.

Where an activity or transaction falls within the Group Exclusion List, the relevant prohibition prevails over this section and the transaction must be declined, irrespective of any Enhanced DD outcome.

The classification of a transaction as Carbon Intensive, and the resulting application of Enhanced DD requirements, shall be determined based on the nature of the activity, use of proceeds, and the materiality of GHG emissions, rather than sector classification alone.

## 7.0 GOVERNANCE AND EXCEPTIONS

### 7.1 Exceptions to the Exclusion List

Requests to depart from the Exclusion List are not expected and will ordinarily not be entertained. The Group Policy Framework establishes minimum, nonnegotiable standards, including the Universal Screening Test (Zero Tolerance), which apply uniformly across QNB Group.

In truly exceptional and clearly substantiated circumstances, the GCRO or, where applicable, the GCC, may at sole discretion endorse or reject a case by case submission routed via Group International Corporate Banking ("GICB") to the Group Credit Department. Such submissions are intended solely to address legacy exposures, systemic market constraints, or nationally strategic counter parties, and are not designed to weaken, amend, or override the Group Exclusion List.

Any such submission must include:

(i) An evidence based rationale, supported by verifiable regulatory, legal, or technical documentation (e.g. permits, independent expert reports, audited data); and

(ii) Specific, enforceable risk controls and conditions to manage Environmental and Social risks.

Business relationship considerations or market dynamics may be referenced only insofar as they relate to financial stability, orderly risk management, or the responsible management of existing client relationships, and shall not, in isolation, constitute sufficient grounds for endorsement.

Where the Group provides endorsement, this shall be treated as a temporary, time bound alignment measure to manage an orderly transition toward full compliance with the Group Policy Framework. Such measures:

- Do not constitute a permanent amendment to, or waiver of, the Group Exclusion List;
- Do not disapply the Universal Screening Test or permit open ended or expansionary financing of prohibited activities;
- Are explicitly time limited, with a defined sunset date;
- Are restricted in scope to clearly identified counter parties, exposure types, and conditions;
- Are linked to credible, observable milestones toward compliance (e.g. disclosure of a transition plan or regulatory developments); and
- Are subject to Enhanced DD, heightened governance oversight, and Group level reporting and periodic updates, with the Group's role limited to endorsement or rejection.

Final approval and accountability rest with the relevant subsidiary's Board of Directors, in accordance with local laws and governance requirements.

Group endorsement is not presumed, and a submission may be rejected at Group level without further justification. Where the Group provides endorsement, any subsequent approval by the relevant subsidiary's Board of Directors may be subject to additional conditions, covenants, monitoring requirements, and formal recording in the local exception register. Any such approved alignment measure shall lapse automatically upon expiry of the approved period or failure to meet the agreed conditions.

The Group's zero tolerance position remains unchanged, no precedent is created for other subsidiaries or counter parties, and the Group's climate commitments, risk appetite, and strategic objectives remain fully enforceable.

### 7.2 Implementation

The Group Policy Framework document is publicly available, demonstrating QNB's ongoing commitment to E&S matters and sustainable practices. It is complemented by, and is in conjunction with, the other relevant QNB Group policies, country specific ESRMs (which at a minimum must adhere to the overarching Group ESRM standards), procedures and guidelines that have been established to implement sustainable business practices across the Bank.

### 7.3 Reporting, Disclosures and Transparency

In conjunction with the QNB Group Disclosure and Transparency Policy, and where necessary, QNB Group will disclose and report its E&S performance in accordance with relevant local and global reporting standards, provided that such disclosure and reporting do not contradict with the provisions set out in the regulations in effect.

### 7.4 Dialogue with Stakeholders and Whistle blowing process

In order to receive all-important feedback and understand their priorities, QNB Group will maintain dialogue and consultation channels with its main stakeholders, employees, shareholders, clients, suppliers and regulators.

QNB Group can have potential or actual impact on the economy, environment, and people, including on human rights. Such impact can be positive or negative, and we recognise the need to capture and understand these impacts to act upon or mitigate them as appropriate.

QNB Group established Whistleblowing process to encourage all internal and external stakeholders who have serious and genuine concerns about any aspect of QNB Group's work, to come forward and voice those concerns. QNB Group Whistleblowing Statement is published on QNB website (qnb.com/ Sustainability).

### 7.5 Governance

Governance and escalation will be aligned with, and integrated within, the QNB Group Wholesale and Institutional Banking Credit Policy and associated procedures.

This Policy Framework and appendices are approved by QNB's Group Chief Risk Officer (**"GCRO"**), and in the event of update or revision, will be subject to their review and approval.

## Appendix 1: ESR Sector-specific Guidelines

QNB recognises that certain industry sectors are identified as carbon-intensive and are exposed to heightened environmental and social risks which require thorough assessment during the ESR screening procedure.

In alignment with QNB's commitment to sustainable lending practices, the following sector guidelines has been developed aiming to identify key risks and set minimum standards to E&S practices:

1. Energy
2. Metals and mining
3. Construction and real estate
4. Transportation
5. Manufacturing
6. Forestry and Agricultural Commodities

QNB will work with clients to provide guidance and foster improvements in E&S practices, and strives to refrain from participating in business arrangements that do not align with QNB's established standards and commitments. In addition, QNB actively encourages clients to adopt, or transition towards, internationally recognized standards and best practices for managing environmental and social risks and impacts.

These sector-specific guidelines constitute an extension of the ESRM Policy Framework and are to be adhered to when financing relevant transactions and companies.

| 1. Energy sector | |
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| **Scope of activities** | The Energy sector refers to clients engaged in the following activities:<br>• Oil and gas upstream, midstream and downstream activities and services, both onshore and offshore, including petrochemicals;<br>• Electric power generation from fossil fuels (coal, oil & gas);<br>• Electric power generation from renewable energy sources (wind, solar, hydro, geothermal and biomass);<br>• Heat generation from fossil fuels (e.g. from natural gas for district heating)<br>• Heat generation from renewable energy (biomass, geothermal and solar) and waste (industrial and commercial processes) sources;<br>• Bioenergy (solid biomass and liquid and gaseous biofuels) used as an alternative to fossil fuels;<br>• Nuclear power activities;<br>• Transmission, distribution and storage of energy products, including heat and power. |
| **Key sector-specific E&S risks** | Clients operating in Energy sector face increasing expectations in meeting energy needs whilst raising human welfare and minimising the impact to the environment. Greenhouse gas emissions from fossil fuel-based energy sector activities make a substantial impact to global warming and climate change. Focusing on cleaner and renewable energy sources other than fossil fuels might help in avoiding environmental impacts, specifically from air pollution and GHGs.<br>On the other side, QNB recognises that the renewable energy sector has associated human rights risks attached to it through the manufacture and origination of components and raw materials that are sourced from regions where the use of forced labour, slavery and child labour in the supply chain has been identified by the United Nations. This includes source materials such as polysilicon used in solar panels, cobalt used in lithium-ion batteries, and copper used for wind and solar power projects. |

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| **Key sector-specific E&S risks** | Specific risks in the different Energy subsectors include:<br>**Oil and gas**<br>• Explosions and fires resulting from oil and gas leaks, equipment malfunctions or human errors;<br>• Chemical exposure due to handling a variety of toxic or flammable chemicals;<br>• Adverse impacts on natural habitats and protected areas, including offshore marine habitats;<br>• Air emissions, including significant GHG generation and release of toxic gases such as sulphur and nitrogen oxides;<br>• Water contamination and water use in water-scarce areas;<br>• Effects of practices like hydraulic fracturing of shale.<br>**Coal-fired power**<br>• Air pollution, including significant GHG generation and release of toxic gases (sulphur and nitrogen oxides) and heavy metals (lead, mercury and nickel);<br>• Leakages associated with carbon capture storage;<br>• Ash dams and coal waste mismanagement in coal power plants;<br>• Large volumes of water pumping/ extraction for cooling operations which affects water flow and quality.<br>**Nuclear power**<br>Nuclear power plants play a significant role in total energy supply worldwide by producing low-carbon energy with nearly zero carbon dioxide or other GHG emissions. Nevertheless, there are significant E&S risks associated with nuclear energy. These are mainly linked to exposure to radiation due to accidents, mismanagement of nuclear waste or lack of security:<br>• Processing, transportation and storage of radioactive waste;<br>• Regulatory oversight, independence, quality of reporting and disclosure, especially in emerging markets;<br>• Potentially large-scale impacts on environment and human lives in case of accidents like meltdown.<br>**Hydroelectric power**<br>Dams contribute in providing renewable energy, flood control, and water services. However, they might also cause direct or indirect, sometimes irreversible, social and environmental damage to local communities and ecology, such as:<br>• Ecological damage, damage to local fisheries, reduction of water quality and disruption of river flow patterns;<br>• Economic and physical displacement of people for the reservoir, access to water-use rights;<br>• Dams are detrimental to carbon sinks in wetlands and ocean, deprive ecosystems of nutrients and can destroy habitats;<br>• Safety issues related to dam failure or malfunctioning, badly maintained dams can also create a flood risk.<br>**Biofuels**<br>Biofuels are biodegradable and inexhaustible fuels derived from biomass materials (biological raw materials, plants or animal waste). While recognizing the validity of the use of biofuels on the pathway to the low-carbon economy of the future, there are environmental, climate and social risks that need to be taken into consideration when financing biofuel-related transactions and companies:<br>• Physical climate & environmental risks including land use and deforestation, impacts on biodiversity, use of pesticides, water use, GHG and air emissions;<br>• Energy transition risk like policy risks (abrupt changes in regulatory framework), technology risks (new technologies providing renewable energy making the demand for biofuels decline);<br>• Human rights risks related to involuntary land acquisition or land grabbing.<br>**Other renewable energy**<br>Renewable energy is a cleaner form of electricity generation derived from natural sources that are replenished at a higher rate than they are consumed. However, the development of wind, solar and geothermal power generation may have E&S impacts that need to be carefully considered:<br>• Impacts on legally protected areas or critical natural habitats or ecosystems due to land conversion, introduction of alien species;<br>• Noise, visual impacts and odour;<br>• Labour impacts related to the sourcing of raw materials needed in solar power (and in particular to the use of polysilicon);<br>• Use of toxic chemicals such as pesticides, mercury, arsenic and boron;<br>• Impacts on rights to land and livelihoods of communities, including indigenous peoples, where large tracts of land are acquired for wind and solar farms. |

| QNB's approach and standards | **QNB's approach to Thermal coal-fired power activities**<br>QNB will not engage with clients operating thermal coal-fired power plants, where electricity generation is used for general electric purposes (i.e. supplied to the power grid). This includes single-source coal power plants, diversified utility companies (DUCs), thermal coal mines, thermal coal mining companies and dedicated-use infrastructure such as terminals for exclusive thermal coal use. This exclusion will apply to all new clients/ projects (zero tolerance).<br>QNB may provide finance to existing clients towards phase-out and reducing their thermal coal portfolio only (including decommissioning facilities or retrofitting of existing facilities to help them transition away from thermal coal; however, QNB will not directly finance retrofit activities that prolong the life of existing thermal coal facilities).<br>QNB will not provide financing for any new or expanded thermal coal-fired power plant development. This includes both captive (electricity for own industrial use) and non-captive (commercial) coal-fired power plants.<br>**Thermal coal-fired power financing under Exceptional Circumstances**<br>This policy distinguishes between thermal coal direct project-level financing, which is strictly prohibited (zero-tolerance), and indirect corporate-level financing, which may be considered under exceptional circumstances.<br>Indirect financing at a holding company level may be considered for government-owned or state-linked diversified utility companies (DUCs)[1] of strategic national importance, even if their asset portfolio includes thermal-coal power activities that are prohibited under the Exclusion list. Such financing is subject to the following conditions:<br>• Thermal-coal power operations represent <25% of the holding company's total consolidated revenue.<br>• Enhanced DD ensuring all risks are identified and addressed.<br>• The loan must be at the holding company level and cannot be directly allocated or earmarked for a sector or activity in the Exclusion List.<br>• The holding company must have a credible, publicly disclosed, and time-bound transition plan to increase its share of renewable energy and/or phase out its high-risk fossil fuel assets.<br>• All actions should support interim targets and long-term net zero goals, including the gradual reduction of financed emissions in the power sector.<br>**QNB's approach to Nuclear power activities**<br>Outside of the prohibited nuclear activities related to nuclear waste (as outlined in the Policy Framework under Exclusion list), it is allowed to consider financing for, and engage in client relationships with, companies that are active in the nuclear energy sector and/or in the design, construction, completion or maintenance of nuclear power facilities or equipment, provided all of the following conditions are met:<br>a. The company's nuclear power assets and/or operations are located in a country that is a State Party to the Treaty on the Non Proliferation of Nuclear Weapons (NPT).<br>b. The company demonstrates a strong operational and compliance track record, with no material regulatory, safety, environmental, corruption, or sanctions-related controversies.<br>c. The company operates in compliance with applicable International Atomic Energy Agency (IAEA) Safety Standards and relevant safeguards requirements, as implemented through the host country's regulatory framework.<br>Due to the mentioned risks associated with nuclear energy, QNB's risk appetite for Nuclear power plants remain limited and would be subject to stringent E&S due diligence including a reputational risk assessment. |
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[1] **Diversified Utility Companies (DUCs)** refer to entities engaged in electricity generation and/or distribution from multiple sources, including thermal coal, gas, hydro, and renewables.

| 2. Metals and mining sector | |
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| **Scope of activities** | The metal and mining sector refers to clients engaged in:<br>• The development, construction, operation, maintenance and decommissioning of installations for extraction, development, production, processing, smelting, refining and storage of mining products;<br>• Materials covered by mining include base metals, precious metals, coal, uranium, ferrous (e.g. iron ore) and non-ferrous metals (e.g. aluminium, copper, tin, zinc, gold and silver), diamonds, limestone, rock salt and specific minerals used in fertilizers. |
| **Key sector-specific E&S risks** | Key identified risks include:<br>• E&S footprint of the mining operations can occur at local, regional and global scales through direct and indirect practices (such as erosion, formation of sinkholes, loss of biodiversity, threatened or endangered species, contamination of soil, groundwater and surface water by chemicals emitted from mining processes, noise and vibrations);<br>• Emissions, both airborne (noise, dust, gas emissions, including SOx, NOx and CO2) and ground and surface water-based (sediment levels, cyanide, heavy metals including acid-rock drainage);<br>• Water consumption, disposal and impact on aquifers and freshwater sources, including tailings management;<br>• Production and processing of metals are power-intensive and lead to GHG emissions and particulate matter into the air;<br>• Impacts and risks related to land rights, project-induced resettlement and impact on vulnerable groups such as indigenous people, migrant workers or children;<br>• Labour risks including health, safety and security of workers;<br>• Impacts due to improper disposal of wastewater from cooling water, storm water, rinse water and other process effluent streams. |

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| **ONB's approach and standards** | QNB will actively oversee and regulate the environmental and social impacts related to the metals and mining sector. Clients operating within this sector encounter increasing demands for mining products, while also addressing the necessity to protect human welfare and reduce environmental harm. QNB promotes ongoing advancement in environmental, health, and safety management among its metals and mining clients and advocates adherence to recognised industry best practices.<br><br>**The following activities in the Mining and metal sector are prohibited and QNB will not engage in any related financing or business:**<br><br>• **Mining, trading and processing diamonds where there is no explicit evidence of compliance with the Kimberley Process Certification Scheme.**<br>The Kimberley Process (KP) is an international certification scheme that regulates and govern the production and trade in rough diamonds. It aims to prevent the flow of conflict diamonds, while helping to protect legitimate trade in rough diamonds. Conflict diamonds are rough diamonds used by the rebel movements or their allies to finance armed conflicts aimed at undermining legitimate governments.<br>The Kimberley Process participants are states and regional economic integration organization that are eligible to trade in rough diamonds. Under the scheme's requirements, the participants may only import or export rough diamonds to or from other participants. The exporting authorities in both country of export and the destination country require KP certificate to certify a shipment of rough diamonds as "conflict-free" and to confirm that the exporter meets all KP requirements. State of Qatar joined the scheme in 2021 and committed to follow the scheme's process. |
| | • **Mountain-top removal (MTR) mining**<br>Mountain-top removal includes a surface mining activities where the mining operation removes an entire coal seam or seams running through the upper fraction of a mountain, ridge, or hill. By removing substantially all of the overburden off the bench it creates a level plateau or a gently rolling contour, with no high walls remaining, capable of supporting higher and better post-mining land use.<br>MTR technique negatively impacts the environment. Practices of explosion and digging release many pollutants to the surrounding which have negative effects on all ecosystems and reduces freshwater resource that supports biodiversity.<br><br>• **Mining of thermal coal, including lignite coal**<br>Thermal coal mining causes extensive degradation to natural ecosystems such as forests and can scar the landscape irreparably.<br>Thermal coal, also known as "steaming coal", is any coal mainly used in power and heat generation, which mainly includes lignite and subbituminous coal:<br>  ◦ Subbituminous coal is black in color and dull (not shiny), and has a higher heating value than lignite;<br>  ◦ Lignite coal, also known as "brown coal", is the lowest grade coal with the least concentration of carbon.<br>Thermal coal's high carbon and sulphur content means it is a major contributor to GHG emissions and global warming.<br>QNB will not provide financing for any new or expanded thermal coal mining activities. QNB may selectively provide finance to existing clients towards phase-out and reducing their thermal coal portfolio (including decommissioning facilities or retrofitting of existing facilities to help them transition away from thermal coal; however, QNB will not directly finance retrofit activities that prolong the life of existing thermal coal facilities).<br><br>**QNB's approach to Metallurgical coal activities**<br>Metallurgical coal, which is used in steel-making process may be selectively considered for finance (on case-by-case basis) as there is no alternative on the market. This extends to metallurgical coal-related mining, commodity finance, commodity hedging and dedicated storage terminals for metallurgical coal. The QNB's risk appetite for financing of Metallurgical coal activities is very limited and subject to Enhanced E&S due diligence. |

| 3. Construction and real estate sector | |
|---|---|
| **Scope of activities** | • Construction of residential and commercial buildings, heavy and civil engineering construction, utility systems and infrastructure construction<br>• Real estate activities |
| **Key sector-specific E&S risks** | Key human rights, environmental and climate change related risks in the sector include:<br>• Workers’ rights and health and safety (particularly during construction);<br>• Extreme weather events which could potentially have a financial/physical impact on assets;<br>• Flood Risk (fluvial/coastal): Flooding from rivers or the sea; typically mapped by national authorities and models that account for defences (e.g., levees, sea walls);<br>• Flood Risk (pluvial/surface water): Rainfall-driven surface accumulation, often urban and harder to predict/model; data availability and mitigation differ from fluvial/coastal risk;<br>• Need for extracting and/or sourcing large quantities of water;<br>• Impact on land and biodiversity;<br>• Impact on the local communities in terms of loss of land, impacts on livelihood opportunities and social/cultural practices;<br>• Impact on community health and safety as a result of transportation of goods related to construction activities;<br>• Environmental impact on communities, including noise, waste and other forms of pollution, both during and after construction;<br>• Supply chain risks, including forced or child labour. |
| **ONB’s approach and standards** | QNB encourages clients to seek continuous improvement in environmental, health and safety management and to move towards best practices. The clients in construction sector are required to be compliant with local environmental and social legislation, regulation and building permit requirements.<br>The following operations in the construction and real estate sector are prohibited and QNB will not engage in any related financing or business:<br>• Operations located in or significantly impacting UNESCO World Heritage Sites[2], wetlands registered by the Ramsar Convention[3] and critical natural habitats registered by the International Union for the Conservation of Nature (IUCN) Category I and II[4].<br>• Operations or any newly developed asset that involves illegal logging, deforestation or burning down of tropical forest, or removal of primary of High Conservation (HCV) forests. |

[2] **Reference t**o: www.whc.unesco.org/en/list/
[3] The **Ramsar Convention** is an international treaty (under the auspices of UNESCO) that provides the framework for the conservation and wise use of wetlands and their resources (www.ramsar.org/sites-countries).
[4] **Reference to** registered protected areas: www.iucn.org/theme/protected-areas/about/protected-area-categories

| 4. Transportation sector | |
|---|---|
| **Scope of activities** | The transportation sector is divided into air, road, rail or sea/river transportation with further segmentation between passenger and freight transport.<br>Participants in each segment include infrastructure operators, and passenger and freight transport companies. |
| **Key sector-specific E&S risks** | Freight and passenger transporters and infrastructure providers are exposed to material E&S risks across their value chains:<br>• Transport consumes large amounts of energy, primarily fossil fuels, which leads to emissions of greenhouse gases and other exhaust gases to air;<br>• Waste management: waste and pollution stem from the combustion of fossil fuels, accidental spills of cargo, and the (single) use of packaging for freight and containers/accessories for passenger catering. An additional challenge for transporters is proper end-of-life equipment management;<br>• Noise pollution from large transport vehicles and airplanes could impact human health and local communities;<br>• Transport infrastructure such as harbors can have a significant impact on water quality. Release of bilge and ballast water from ships, solid waste, oil, detergents and other hazardous chemicals are harmful to human health and the environment;<br>• Use of land and preservation of biodiversity: land use is important for companies or public enterprises operating infrastructure with a large footprint, especially toll road networks, which tend to be widespread. And this is likely to become more pronounced as regulation on ecosystem protection and restoration becomes more stringent. Risk of remediation for biodiversity or restitution for intensive land use may also be relevant for (air)ports, as expansion may prove a challenge given that operations are typically near urban areas.<br>• Safety in operations: the health and safety of employees and passengers is critical given that the transportation industry sees regular incidents and accidents, especially on roads. Air transport accidents are much rarer.<br>• Human rights related risks have been identified in the supply chain of vehicle manufacturing concerning health and safety of employees, and specifically the risks related to the manufacturing of components for electric vehicles related to child labour and health and safety in the cobalt mining sector supporting the transportation (automotive) sector. |
| **ONB’s approach and standards** | QNB actively encourages its clients to pursue ongoing enhancements in environmental, health, and safety management, as well as to transition toward low-emission transportation solutions. Clients are expected to comply with all applicable local E&S legislation and regulations within the transportation sector.<br>The following operations in the transportation sector are prohibited and QNB will not engage in any related financing or business:<br>• Transboundary movements of waste prohibited under international laws[5]<br>• Operations located in or significantly impacting UNESCO World Heritage Sites, wetlands registered by the Ramsar Convention and critical natural habitats registered by the International Union for the Conservation of Nature (IUCN) Category I and II;<br>• Operations or any newly developed asset that involves illegal logging, deforestation or burning down of tropical forest, or removal of primary of High Conservation (HCV) forests. |

[5] **Reference documents are:** Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste; Decision C (2001)107/Final of the OECD Council concerning the revision of Decision C(92)39/Final on the control of transboundary movements of wastes destined for recovery operations; Basel Convention of 22 March 1989 on the control of transboundary movements of hazardous wastes and their disposal.

| 5. Manufacturing sector | |
|---|---|
| **Scope of activities** | The manufacturing sector refers to the transformation of materials and goods, production, assembly or trading of:<br>• Food manufacturing<br>• Paper manufacturing<br>• Non-metallic mineral product manufacturing (such as glass, ceramic, cement and plaster)<br>• Textiles and apparel<br>• Furniture and related products<br>• Electrical equipment and appliances<br>• Computer and electronic manufacturing<br>• Non-maritime transportation equipment manufacturing<br>• Machinery manufacturing<br>• Primary metal manufacturing (such as iron and steel)<br>• Metal product manufacturing<br>• Chemical manufacturing<br>• Miscellaneous manufacturing |
| **Key sector-specific E&S risks** | Given the wide scope of activities within the manufacturing sector, there is a broad array of potential risks that pose substantial environmental and social footprint. Furthermore, there are a number of sustainability challenges within the manufacturing sector in the medium to long-term associated with the transition to lower impact business models that may affect some clients.<br>The practice of outsourcing and subcontracting to operations in emerging markets complicate supply chains in manufacturing, thereby making it more difficult to appreciate the extent of a particular company's connection to environmental and social impacts. Maintaining responsible operations and supply chains is therefore a challenge for the sector; more particularly for those whose products are manufactured in emerging markets, where regulations may be weak or not enforced.<br>Key risks that need to be taken into consideration when providing financing for manufacturing-related transactions and companies:<br>• Non-compliance with environmental permits and regulations (e.g., quarrying licenses);<br>• Inefficient water management, significant use of water in processing and in production units impacting the availability of water to local communities and the environment;<br>• Significant carbon dioxide (particularly in iron, steel and cement production) and other exhaust gases can be emitted;<br>• Deforestations and illegal logging notably in Palm oil production;<br>• Risk of stranded assets where plants cannot be economically retrofitted;<br>• Waste disposal and discharge, and end-of-life recycling and disposal of goods and products (particularly electrical and electronic equipment);<br>• Product safety, including the use of hazardous substances (e.g. pesticides, fertilizers and fuels, lubricants, microplastics and other chemicals), product failures, water and soil pollution;<br>• Oduors in food processing and pharmaceutical industry (where organic matter may be fermented);<br>• Chemical manufacturing may expose local communities to toxic chemicals in water, food, air and soil;<br>• Potential adverse human rights impacts including forced and child labour, unsafe working conditions including workers' health in regions with no regulation;<br>• Workers exposure to (micro)biological risks in the agro and food-processing<br>• and potential exposure to radiation (e.g. particulate monitors in smelting, x-ray machines in cement mixing and in the textiles industry can emit radiation);<br>• Product traceability and labelling to counter illegally produced products;<br>• Legality of supply chain and ethical sourcing of raw materials;<br>• Food (meat) product treatment: risk of structural fraud with outdated meat, mislabelling (e.g. horsemeat sold as beef), illegal additions (e.g. sulphite), lack of hygiene;<br>• Animal food manufacturing can potentially create risks to animal and human health and safety (e.g. mismanagement of farming may incubate disease or transfer infectious agents to humans, antibiotic resistance, foodborne illness, adverse impacts of pandemics, air pollution);<br>• Fair and ethical relationships with suppliers while maintaining competitive consumer prices;<br>• Substandard wages, involuntary relocation, and employment of immigrant and migrant laborers who receive limited or no benefits or protection under labour regulations;<br>• Exposure to boycotts and adverse media coverage (e.g., animal welfare and ethical issues associated with luxury goods). |

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<td>ONB’s approach and standards</td>
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QNB expects clients in the manufacturing sector to seek continuous improvement in environmental, health and safety management and to move towards best practices which may be general or industry-specific. QNB will continue to support the sector as it transitions through due diligence, risk assessment and sharing of knowledge as well as actively supporting investments in sustainable projects.<br><br>
A number of manufacturing activities are highly regulated (e.g. chemicals) and as part of our risk assessment we require from clients to comply with applicable environmental licences, approvals and requirements. QNB will not support clients and transactions where we become aware of material regulatory breaches.<br><br>
In order to conduct in-depth assessment for engagements with a potentially higher E&S impact, the following approach may be relevant for the manufacturing sector:
<ul>
<li>Verification of the client’s labour conditions in alignment with the ILO’s (International Labour Organization) eight Fundamental Conventions to the greatest extent possible.</li>
<li>Assessing the client’s pursuit of internationally recognized certifications regarding hazardous substances, resource efficiency, pollution control (both water and soil), and greenhouse gas emissions is essential. In animal food manufacturing, adherence to industry best practices and regulations concerning environmental protection, health, safety, and animal welfare management should be maintained.</li>
<li>Supply chain risks should be included into subsequent evaluations, particularly when trade finance products are provided. The assessment should focus on:
<ul>
<li>The extent to which the company discloses, analyses, and mitigates environmental and social (E&S) risks within its supply chain;</li>
<li>The E&S supply chain performance record of the client and its principal suppliers, including identification and management of accidents or incidents, legal penalties, protests, or other allegations.</li>
</ul>
</li>
</ul>
QNB’s approach to Palm oil activities<br><br>
Palm oil is a widely used vegetable oil experiencing rising global demand. It is a common ingredient in food products, cosmetics, and as a raw material for biofuel (biodiesel). However, its cultivation and production is a major cause of deforestation, illegal logging, habitat loss for endangered species, and greenhouse gas emissions. Therefore, QNB will engage only with clients that promote sustainable practices and are RSPO-certified or have initiated RSPO certification process with a clear and time-bound plan to become fully certified.<br><br>
QNB will not rely on non-RSPO certifications, even if they confirm adherence to local law, as it exposes the Group to significant and unacceptable financial, legal, and reputational risks. Evolving international regulations, particularly in jurisdictions such as the European Union, mandate stringent proof of deforestation-free supply chains, requirement that non-RSPO standards alone do not satisfy. This creates tangible transition risk, as a client’s products could become non-compliant with key import regulations, elevating their credit risk and potentially creating stranded assets.
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| 6. Forestry and Agricultural Commodities | |
|---|---|
| **Scope of activities** | The agricultural commodities sector encompasses the following activities:<br>• Plantations for the cultivation and harvesting of agricultural commodities[6];<br>• Milling, refining and processing agricultural commodities;<br>• Genetic engineering, modification or manipulation of plants and seeds, as well as their cultivation, harvesting, milling, refining and processing;<br>• Trading in agricultural commodities which entails origination and collection operations that cover the sourcing, transport and storage logistics of agro products from production sites to locations designated for storage or initial transformation.<br>The forestry sector includes:<br>• Cultivation, harvesting of forests, and logging operations;<br>• Timber processing, including the manufacture of wooden furniture;<br>• Pulp and paper mills;<br>• Trading in forestry-related products. |
| **Key sector-specific E&S risks** | Companies operating within the forestry and agri - commodity sectors encounter significant challenges in addressing the demands of a rapidly expanding, urbanising, and industrialising global population. This increased demand exerts pressure on farmers to acquire additional land for agricultural use. In the absence of robust environmental safeguards, the pursuit of expanded farmland can lead to deforestation, ecosystem degradation, and the reduction of biodiversity.<br>At the same time, the agricultural sector plays a strategic role in ensuring food security and serves as a major economic driver worldwide, providing employment to a substantial global workforce. In many developing countries, this sector is vital for the livelihoods of farmers, especially smallholders. Implementing industry best practices and encouraging certification equip the sector with effective tools for traceability and supply chain risk management. However, compliance can be costly, and financial constraints may limit farmers' ability to meet these requirements, potentially reducing their economic incentive to participate.<br>Key risks to be considered when providing financing for transactions and companies involved in forestry and agricultural commodities:<br>• Deforestation and loss of biodiversity/endangered species and ecosystem services;<br>• Adverse human rights impacts, including forced and child labour, inadequate wages, discrimination against migrant workers, involuntary relocation, and lack of Free, Prior, and Informed Consent (FPIC) from Indigenous peoples;<br>• Unsafe working conditions, such as workplace incidents or fatalities, exposure to hazardous agrochemicals, use of unsafe equipment, and excessive noise;<br>• Soil erosion, land degradation, natural stock depletion;<br>• Adverse and odorous air emissions arising from harvesting activities, agricultural burning, pesticide application, and fertilizer emissions;<br>• Water contamination (e.g. due to the use of pesticides, fertilizers and fuels, lubricants and other chemicals and water use in water-scarce areas);<br>• Land-related impacts: Disputes over land tenure and land use (land grabbing), migration, and decrease in local food security;<br>• Introduction of invasive species, including GMOs;<br>• Traceability: Challenges and, at times, the inability to identify the original source of the commodity due to production by numerous smallholders, which may result in undetected risks. |

[6] **Agricultural commodities** are agricultural products resulting from the cultivation of soil and forestry. They include: food-related grains (wheat, corn, barley, etc.), oil seeds (soybeans/meals), edible oil, vegetables/pulses, fruits, honey, sugar, exotics (cocoa, coffee).

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<td>ONB’s approach and standards</td>
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QNB requires clients operating in the forestry and agri-commodity sectors to pursue ongoing improvements in environmental, health, and safety management. Clients are encouraged to implement best practices, including:
<ul>
<li>Compliance with international conventions such as ILO and UNGP on human rights, consistent with the scope and impact of their activities;</li>
<li>Avoidance of direct or indirect damage to peatlands, which are vital for biodiversity and carbon retention, or undertaking appropriate mitigation measures if risks arise;</li>
<li>Prevention of soil, water, and air pollution by employing the best available techniques;</li>
<li>Prohibition against the production or trade of commodities that originate from land acquired through land grabbing;</li>
<li>Refraining from deforestation and conversion of primary forests, High Conservation Value (HCV) forests, and High Carbon Stock (HCS) areas;</li>
<li>Adherence to IFC Performance Standards and Environmental, Health, and Safety (EHS) Guidelines, including Free, Prior and Informed Consent (FPIC) requirements.</li>
</ul>
Additionally, QNB requires clients to adhere to established international certifications for specific subsectors in the Forestry and Agricultural commodities sector:<br><br>
Forestry<br><br>
QNB requires all clients operating in production or trade of wood or other forestry products to implement the Forest Stewardship Council (FSC) certification schemes. Traceability to the forest is essential. FSC certification ensures that forests are managed and operated responsibly at their source, balancing environmental protection, social benefits, and economic viability.<br><br>
Palm oil<br><br>
As previously detailed in the Manufacturing sector under Palm oil activities, QNB engages exclusively with clients who support sustainable practices and hold RSPO certification, or those who have initiated the RSPO certification process with a clear and time-bound plan to become fully certified.
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## Appendix 2: ESR Categorisation list

The E&S Risk ("ESR") Categorisation list provides guidance on indicative ESR categories associated with sectors and sub-sectors which have been classified into low/ medium/ high risk category. The medium and high indicative categorisation implies that the client/ project will most likely be associated with significant and potentially complex E&S factors that will need to be further assessed and mitigated.

Additionally, the list identifies sectors and activities that are excluded from QNB financing, in accordance with the Exclusion List detailed in the ESRM Policy Framework.

This categorisation and sectoral listing are subject to regular updates based on the international best practices, QNB's E&S standards and internal assessments.

| Category and subcategory | E&S risk category |
|---|---|
| **A) Agriculture, forestry and fishing** | |
| A.1) Crop and animal production, hunting and related service activities | |
| A.1.1) Growing of non-perennial crops | |
| Growing of cereals (except rice), leguminous crops and oil seeds<br>Note: Palm oil plantation is treated as a high-risk category and will be excluded from QNB financing unless the clients are Roundtable on Sustainable Palm Oil (RSPO) certified or in the process of obtaining RSPO certification with a clear and time-bound plan to become fully certified. | Medium |
| Growing of rice | Medium |
| Growing of vegetables and melons, roots and tubers | Medium |
| Growing of sugar cane | Medium |
| Growing of tobacco<br>Note: This activity is prohibited and excluded from QNB financing. | Excluded |
| Growing of fibre crops (for example, jute, flax, hemp, cotton) | Medium |
| Growing of other non-perennial crops (for example, growing of flowers, flower seeds, production of cut flowers and flower buds) | Medium |
| A.1.2) Growing of perennial crops (that is, plants that last for more than two growing seasons, such as grapes, tropical and subtropical fruits, citrus fruits, bush fruits and nuts, apples, cherries, spice, tea, aromatic crops) | Medium |
| A.1.3) Plant propagation (for example, growing of plants for planting, ornamental purposes, including turf for transplanting) | Low |
| A.1.4) Animal products | Medium |
| Raising of dairy cattle | Medium |
| Raising of other cattle and buffaloes | Medium |
| Raising of horses and other equines | Medium |
| Raising of camels and camelids | Medium |
| Raising of sheep and goats | Medium |
| Raising of poultry | Medium |
| Raising of other animals (for example, dogs and cats)<br>Note: The keeping of animals for the primary purpose of fur production or any activities involving fur production is excluded from QNB financing. | Medium |
| A.1.5) Mixed farming | Medium |
| A.1.6) Support activities to agriculture and post-harvest crop activities | |
| Support activities for crop production | Medium |
| Support activities for animal production<br>Note: The keeping of animals for the primary purpose of fur production or any activities involving fur production is excluded from QNB financing. | Medium |
| Post-harvest crop activities | Medium |
| Seed process and propagation | Medium |
| A.1.7) Hunting, trapping and related service activities<br>Note: The keeping of animals for the primary purpose of fur production or any activities involving fur production is excluded from QNB funding. In addition, trade in wildlife or the production of or trade in wildlife products prohibited under CITES are excluded. Activities related to animal fights for entertainment are prohibited and excluded from QNB financing. | High |

| | |
|---|---|
| A.2) Forestry and logging | |
| Silviculture[1] and other forestry activities<br>Note that the following activities are prohibited and excluded from QNB financing:<br>Production or trade in wood or other forestry products other than from FSC-certified forests, deforestation and/or burning down tropical rainforest, removal of primary or High Conservation Value (HCV) forests. | High |
| Logging<br>Note: Timber from illegal logging operations are excluded from QNB financing. | High |
| Gathering of wild growing non-wood products | Medium |
| Support services to forestry | Medium |
| A.3) Fishing and aquaculture | |
| Marine fishing<br>Note that the following activities are prohibited and excluded from QNB financing:<br>Drift net fishing in the marine environment using nets in excess of 2.5 km in length, Commercial whaling, Shark finning, the use of explosives or toxins related to the catching of marine and fresh water species and shellfish. | High |
| Freshwater fishing | High |
| Marine aquaculture | High |
| Freshwater aquaculture | High |
| **B) Mining and quarrying** | |
| B.1) Mining of coal and lignite | |
| Mining of thermal coal, including subbituminous and lignite coal | Excluded |
| Mining of metallurgical (coking) coal | High |
| B.2) Extraction of crude petroleum and natural gas | |
| Extraction of crude petroleum<br>Note: Extraction projects without credible transition plans towards cleaner energy and unconventional Oil & Gas extraction activities are excluded from QNB financing. | High |
| Extraction of natural gas<br>Note: Extraction projects without credible transition plans towards cleaner energy and unconventional Oil & Gas extraction activities are excluded from QNB financing. | High |
| B.3) Mining of metal ores | |
| Mining of iron ores | High |
| Mining of uranium and thorium ores<br>Note that activities involving uranium are excluded. | High |
| Mining of other non-ferrous metal ores (e.g. aluminium, copper, tin, zinc, gold and silver) | High |
| B.4) Other mining and quarrying | |
| Quarrying of stone, sand and clay | High |
| Quarrying of ornamental and building stone, limestone, gypsum, chalk and slate | High |
| Operation of gravel and sand pits; mining of clays and kaolin | High |
| Mining of chemical and fertiliser minerals | High |
| Extraction of peat<br>Note: Thermal coal mining is excluded from QNB funding. | High |
| Extraction of salt | High |
| Other mining and quarrying not otherwise classified (abrasive materials, asbestos, siliceous fossil meals, natural graphite, natural asphalt, natural solid bitumen)<br>Note: Thermal coal mining and Mountain-top removal (MTR) mining are excluded from QNB financing. In addition, the manufacture, placing on the market and use of asbestos fibres or asbestos-containing product are prohibited. | High |
| B.5) Mining support service activities | |
| Support activities for petroleum and natural gas extraction | High |
| Support for other mining and quarrying, for example, exploration services, geological observations, draining and pumping services<br>Note: Thermal coal mining is excluded from QNB financing. | High |

[1] **Silviculture** is the practise of cultivating and managing forests and woodlands. It involves controlling the growth, health, composition and structure of forests through activities like tree planting, thinning, prescribed burning and harvesting.

| C) Manufacturing | |
|---|---|
| C.1) Manufacture of food products | |
| C.1.1) Processing preserving of meat and production of meat products | |
| Processing and preserving of meat, except of poultry meat | Medium |
| Processing and preserving of poultry meat | Medium |
| Production of meat and poultry meat products | Medium |
| Processing and preserving of fish, crustaceans and molluscs | Medium |
| C.1.2) Processing and preserving of fruit and vegetables | |
| Processing and preserving of potatoes | Medium |
| Manufacture of fruit and vegetable juice | Medium |
| Other processing and preserving of fruit and vegetables | Medium |
| C.1.3) Manufacture of vegetable and animal oils and fats | |
| Manufacture of oils and fats<br>Note: Manufacture of Palm oil is treated as a high-risk category and will be excluded from QNB financing unless the clients are Roundtable on Sustainable Palm Oil (RSPO) certified or in the process of obtaining RSPO certification with a clear and time-bound plan to become fully certified. | Medium |
| Manufacture of margarine and similar edible fats | Medium |
| C.1.4) Manufacture of dairy products | |
| Operation of dairies and cheese making | Medium |
| Manufacture of ice cream | Medium |
| Manufacture of grain mill products, starches and starch products | Medium |
| C.1.5) Manufacture of bakery and farinaceous products | |
| Manufacture of bread, manufacture of fresh pastry goods and cakes | Medium |
| Manufacture of rusks and biscuits; manufacture of preserved pastry goods and cakes | Medium |
| Manufacture of macaroni, noodles, couscous and similar farinaceous products | Medium |
| Manufacture of other food products (sugar, cocoa, chocolate and sugar confectionery, tea and coffee, condiments and seasoning, prepared meals and dishes, homogenised food preparations and dietetic food, and other food products) | Medium |
| C.1.6) Manufacture of prepared animal feeds | |
| Manufacture of prepared feeds for farm animals | Medium |
| Manufacture of prepared pet foods | Medium |
| C.2) Manufacture of beverages (distilled alcoholic beverages, wines, cider and other fruit wines, beer malt, mineral waters and soft drinks) | |
| Distilling, rectifying and blending of spirits as a principal activity | Excluded |
| Manufacture of wine from grape as a principal activity | Excluded |
| Manufacture of beer malt, cider and other fruit wines as a principal activity | Excluded |
| Manufacture of mineral waters and soft drinks | Medium |
| C.3) Manufacture of tobacco products | Excluded |
| C.4) Manufacture of textiles | |
| Preparation of spinning of textile fibres | Medium |
| Weaving of textiles | Medium |
| Finishing of textiles | Medium |
| Manufacture of other textiles (for example, knitted and crocheted fabrics, made-up textile articles, except apparel, carpets and rugs, cordage, rope, twine and netting, non-wovens and articles made from non-wovens, except apparel, other textiles and industrial textiles) | Medium |
| C.5) Manufacturing of wearing apparel | |
| Manufacture of wearing apparel, except fur apparel (e.g. leather clothes, workwear, outerwear, underwear, other wearing apparel and accessories) | Medium |
| Manufacture of articles of fur | Excluded |
| Manufacture of knitted and crocheted apparel (knitted and crocheted hosiery, other knitted and crocheted apparel) | Medium |
| C.6) Manufacture of leather and related products | |
| Tanning and dressing of leather, manufacture of luggage, handbags, saddlery and harnesses | High |
| Dressing and dyeing of fur | Excluded |
| Manufacture of luggage, handbags and the like, saddlery and harnesses | High |
| Manufacture of footwear | High |

| | |
|---|---|
| C.7) Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials | |
| Sawmilling and planing of wood | Medium |
| Manufacture of products of wood, cork, straw and plaiting materials (veneer sheets and wood-based panels, assembled parquet floors, other builders' carpentry and joinery, wood containers, other products of wood; manufacture of articles of cork, straw and plaiting materials)<br>Note: Production in wood or other forestry products other than from FSC-certified forests are prohibited and excluded from QNB financing. | Medium |
| C.8) Manufacture of paper and paper products | |
| Manufacture of pulp | High |
| Manufacture of paper, paperboard and articles of paperboard | High |
| Manufacture of paper stationery, wallpaper | High |
| C.9) Printing and reproduction of recorded media | |
| Printing and service activities related to printing | Medium |
| Binding and related services | Medium |
| Pre-press and pre-media services | Medium |
| Reproduction of recorded media | Low |
| C.10) Manufacture of coke and refined petroleum products | |
| Manufacture of coke oven products | High |
| Manufacture of refined petroleum products | High |
| C.11) Manufacture of chemicals and chemical products | |
| Manufacture of basic chemicals, fertilisers and nitrogen compounds, plastics and synthetic rubber in primary forms (industrial gases, dyes and pigments, other inorganic and organic basic chemicals, fertilisers and nitrogen compounds, plastics in primary forms, synthetic rubber in primary forms)<br>Note: Production of or trade in hazardous substances deemed illegal under host country laws or regulations or international conventions and agreements are excluded from QNB financing. | High |
| Manufacture of pesticides, disifectants and other agrochemical products<br>Note: Production of or trade pesticides/herbicides deemed illegal under host country laws or regulations or international conventions and agreements are excluded from QNB financing. | High |
| Manufacture of paints, varnishes and similar coatings, printing ink and mastics | High |
| Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations | High |
| Manufacture of other chemical products (explosives, glues, essential oils, liquid biofuel, other chemical products)<br>Note: Production of or trade in hazardous substances deemed illegal under host country laws or regulations or international conventions and agreements are excluded from QNB financing. | High |
| Manufacture of man-made fibres | High |
| C.12) Manufacture of basic pharmaceutical products and pharmaceutical preparations<br>Note: Production of or trade in pharmaceuticals deemed illegal under host country laws or regulations or international conventions and agreements are excluded. | High |
| C.13) Manufacture of rubber and plastic products | |
| Manufacture of rubber tyres and tubes; re-treading and rebuilding of rubber tyres | High |
| Manufacture of other rubber products (for example, plastic plates, sheets, tubes and profiles, plastic packing goods) | High |
| Manufacture of plastic products | High |
| C.14) Manufacture of other non-metallic mineral products | |
| Manufacture of glass and glass products (flat glass, shaping and processing of flat glass, manufacture of hollow glass, glass fibres, processing of other glass, including technical glassware) | Medium |
| Manufacture of refractory products | Medium |
| Manufacture of clay building materials (for example, ceramic tiles, flags, bricks and construction products in baked clay) | Medium |
| Manufacture of porcelain and ceramic products (ceramic household and ornamental articles, sanitary fixtures; insulators and insulating fittings, other technical ceramic products and other ceramic products) | Medium |
| Manufacture of cement, lime and plaster | High |
| Manufacture of articles of concrete, cement and plaster | Medium |
| Cutting, shaping and finishing of stone | Medium |
| Manufacture of abrasive products and non-metallic mineral products not elsewhere classified | Medium |

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| C.15) Manufacture of basic metals | |
| Manufacture of basic iron and steel and of ferro-alloys | High |
| Manufacture of tubes, pipes, hollow profiles and related fittings of steel | High |
| Manufacture of other products and first processing of steel | High |
| Manufacture of basic precious and other non-ferrous metals (such as aluminium, lead, zinc, tin and copper) | High |
| Processing of nuclear fuel | High |
| Casting of metals (iron, steel, light metals, non-ferrous metals) | High |
| C.16) Manufacture of fabricated metal products, except machinery and equipment | |
| Manufacture of structural metal products | Medium |
| Manufacture of tanks, reservoirs and containers of metal; manufacture of central heating radiators and boilers; other tanks, reservoirs and containers of metal) | Medium |
| Manufacture of steam generators, except central heating hot water boilers | Medium |
| Manufacture of controversial weapons and ammunition (as outlined in the Exclusion list) | Excluded |
| Manufacture of small arms and light weapons including ammunition (as outlined in the Exclusion list) | Excluded |
| Forging, pressing, stamping and roll-forming of metal; powder metallurgy | Medium |
| Treatment and coating of metals | High |
| Machining, including the boring, turning, milling, planing, broaching, levelling, sawing, grinding, sharpening, polishing, welding, splicing of metalwork pieces | Medium |
| Manufacture of cutlery | Medium |
| Manufacture of locks and hinges | Medium |
| Manufacture of tools | Medium |
| Manufacture of wire products, chain and springs | Medium |
| Manufacture of fasteners and screw machine products | Medium |
| Manufacture of other fabricated metal products | Medium |
| C.17) Manufacture of computer, electronic and optical products | |
| Manufacture of electronic components and boards | Medium |
| Manufacture of computers and peripheral equipment | Medium |
| Manufacture of communication equipment | Medium |
| Manufacture of consumer electronics | Medium |
| Manufacture of instruments and appliances for measuring, testing and navigation; watches and clocks | Medium |
| Manufacture of irradiation, electromedical and electrotherapeutic equipment | Medium |
| Manufacture of optical instruments and photographic equipment | Medium |
| Manufacture of magnetic and optical media | Medium |
| C.18) Manufacture of electrical equipment | |
| Manufacture of electric motors, generators, transformers and electricity distribution and control apparatuses<br>Note: The manufacture of transformers using polychlorinated biphenyls (PCBs) is prohibited and excluded from QNB financing. | Medium |
| Manufacture of batteries and accumulators | High |
| Manufacture of fibre optic cables | Medium |
| Manufacture of wiring and wiring devices | Medium |
| Manufacture of electric lighting equipment | Medium |
| Manufacture of domestic appliances | Medium |
| Manufacture of other electrical equipment | Medium |
| C.19) Manufacture of machinery and equipment not elsewhere classified | |
| Manufacture of general purpose machinery | Medium |
| Manufacture of ovens, furnaces and furnace burners | Medium |
| Manufacture of lifting and handling equipment | Medium |
| Manufacture of office machinery and equipment (except computers and peripheral equipment) | Medium |
| Manufacture of power-driven hand tools | Medium |
| Manufacture of non-domestic cooling and ventilation equipment<br>Note: The manufacture of cooling equipment using ozone-depleting substances as defined in the Montreal Protocol is excluded. | Medium |

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| Manufacture of other general-purpose machinery not elsewhere classified | Medium |
| Manufacture of agricultural forestry machinery | Medium |
| Manufacture of machinery for metallurgy | Medium |
| Manufacture of machinery for textile, apparel and leather production | Medium |
| Manufacture of metal forming machinery and machine tools | Medium |
| Manufacture of other special purpose machinery | Medium |
| C.20) Manufacture of motor vehicles, trailers and semi-trailers | |
| Manufacture of motor vehicles | Medium |
| Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers | Medium |
| Manufacture of parts and accessories for motor vehicles | Medium |
| C.21) Manufacture of other transport equipment | |
| Building of civilian ships and floating structures | Medium |
| Building of pleasure and sporting boats | Medium |
| Manufacture of railway locomotives and rolling stock | Medium |
| Manufacture of air and spacecraft and related machinery<br>Note: The manufacture of aircraft/ rotorcraft equipped with Small Arms and Light Weapons or any other weapons or their components is excluded as per the Exclusion list. | Medium |
| Manufacture of military non-weaponized vehicles (used for transport or logistic purposes only)<br>Note: The manufacture of vehicles equipped with Small Arms and Light Weapons or any other weapons or their components is excluded as per the Exclusion list. | High |
| Manufacture of transport equipment not else classified (for example, motorcycles, bicycles and invalid carriages) | Medium |
| C.22) Manufacture of furniture | Medium |
| C.23) Other manufacturing | |
| Manufacturing of jewellery, bijouterie and related articles | Medium |
| Manufacture of musical instruments | Medium |
| Manufacture of sports goods | Medium |
| Manufacture of games and toys | Medium |
| Manufacture of medical and dental instruments and supplies | Medium |
| Manufacturing not else classified (such as brooms and brushes, protective safety equipment and clothing, pens and pencils, stamps, labels, buttons, articles of personal or household use, candles, artificial flowers, fruit and foliage, floral baskets) | Medium |
| C.24) Repair and installation of machinery and equipment | |
| Repair of fabricated metal products, machinery and equipment | Medium |
| Repair of electrical equipment | Medium |
| Repair and maintenance of ships and boats<br>Note that ship-recycling activities (the beaching of ships, buying of end-of-life vessels, ship-recycling yards) are excluded from QNB financing. | Medium |
| Repair and maintenance of aircraft and spacecraft | Medium |
| Repair of military non-weaponized vehicles (used for transport or logistic purposes only)<br>Note: The repair of vehicles equipped with Small Arms and Light Weapons or any other weapons or their components is excluded as per the Exclusion list. | High |
| Repair and maintenance of other transport equipment | Medium |
| Installation of industrial machinery and equipment | Medium |
| **D) Electricity, gas steam and air conditioning supply** | |
| Electric power generations, transmission and distribution<br>Note: Thermal coal-fired electricity generation is excluded from QNB funding. | High |
| Production of electricity from non-renewable sources<br>Note: Thermal coal-fired electricity generation is excluded from QNB funding. | High |
| Production of electricity from renewable sources | Medium |
| Transmission of electricity | High |
| Distribution of electricity | Medium |
| Trade of electricity | Low |
| Storage of electricity | Medium |

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| Manufacture of gas<br>Note: Unconventional Oil & Gas production activities are excluded from QNB financing. | High |
| Distribution of gaseous fuels through mains | High |
| Trade of gas through mains | Low |
| Storage of gas as part of network supply services | Medium |
| Steam and air conditioning supply<br>Note: The manufacture of cooling equipment using ozone-depleting substances is excluded. | Medium |
| Activities of brokers and agents for electric power and natural gas | Low |
| **E) Water supply (sewerage, waste management and remediation activities)** | |
| E.1) Water collection, treatment and supply | Medium |
| E.2) Sewerage | Medium |
| E.3) Waste collection, treatment and disposal activities; materials recovery | |
| Collection of non-hazardous waste | Medium |
| Collection of hazardous waste | High |
| Treatment and disposal of non-hazardous waste | Medium |
| Treatment and disposal of hazardous waste<br>Note that the following activities are prohibited and excluded from QNB financing:<br>Transboundary movements of waste prohibited under public international law;<br>High-level nuclear waste processing, transportation or storage activities. | High |
| Dismantling of wrecks | High |
| Recovery of sorted materials | Medium |
| E.4) Remediation activities and other waste management services | High |
| **F) Construction** | |
| Development of building projects | Medium |
| Construction of residential and non-residential buildings | Medium |
| Construction of roads and railways | High |
| Construction of utility projects (for fluids, electricity and telecommunications) | High |
| Construction of other civil engineering projects (water projects, industrial facilities) | High |
| Construction of buildings intended for gambling-related activities (casino, casino resorts) | Excluded |
| Demolition and site preparation (demolition, site preparation, test drilling and boring) | High |
| Electrical, plumbing and other construction installation activities | Medium |
| Building completion and finishing (plastering, joinery installation, floor and wall covering, painting and glazing, roofing activities, other building completion and finishing) | Medium |
| Other specialized construction activities | Medium |
| **G) Wholesale and retail trade** | |
| G.1) Wholesale and retail trade and repair of motor vehicles and motorcycles | |
| Sale of motor vehicles | Low |
| Maintenance and repair of motor vehicles | Medium |
| Sale of motor vehicle parts and accessories | Low |
| Sale, maintenance and repair of motorcycles and related parts and accessories | Medium |
| G.2) Wholesale trade, except of motor vehicles and motorcycles | |
| Wholesale on a fee or contract basis | Low |
| Wholesale of grain, unmanufactured tobacco, seeds and animal feeds<br>Note: Tobacco is an excluded activity. | Low |
| Wholesale of flowers and plants | Low |
| Wholesale of live animals<br>Note: Trade in wildlife or the production of or trade in wildlife products prohibited under CITES are excluded. | Medium |
| Wholesale of hides, skins and leather | Low |
| Wholesale of food, beverages and tobacco<br>Note: Tobacco is an excluded activity. Wholesale of alcoholic beverages as a principal activity is excluded from QNB financing. | Low |
| Wholesale of textiles | Low |
| Wholesale of household goods | Low |
| Wholesale of information and communication equipment | Low |

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| Wholesale of motorcycles, motorcycles parts and accessories | Low |
| Wholesale of other machinery, equipment and supplies | Low |
| Wholesale of solid, liquid and gaseous fuels and related products | Medium |
| Wholesale of metals and metal ores | Low |
| Wholesale of watches and jewellery | Low |
| Wholesale of wood, construction materials and sanitary equipment | Low |
| Wholesale of hardware, plumbing and heating equipment and supplies | Low |
| Wholesale of chemical products | High |
| Wholesale of other intermediate products | Low |
| Wholesale of waste and scrap | High |
| Other specialised wholesale not elsewhere classified | Low |
| Non-specialised wholesale trade | Low |
| G.3) Retail trade, except of motor vehicles and motorcycles | |
| Retail sale in non-specialised stores with food, beverages or tobacco predominating<br>Note: Tobacco is a prohibited activity. Trade of alcoholic beverages as a principal activity is excluded from QNB financing. | Low |
| Other retail sale in non-specialised stores | Low |
| Retail sale of food, beverages and tobacco in specialised stores<br>Note: Tobacco is a prohibited activity. Trade of alcoholic beverages as a principal activity is excluded from QNB financing. | Low |
| Retail sale of motor vehicles | Low |
| Retail sale of motorcycles, motorcycle's part and accessories | Low |
| Retail sale of automotive fuel in specialised stores | High |
| Retail sale of textiles | Low |
| Retail sale of watches and jewellery | Low |
| Retail sale of information and communication equipment in specialised stores | Low |
| Retail sale of hardware, building materials, paints and glass | Medium |
| Retail sale of other household equipment in specialised stores | Low |
| Retail sale of cultural and recreation goods in specialised stores | Low |
| Retail sale of other goods in specialised stores | Low |
| Dispensing chemist in specialised stores | Low |
| Retail sale of medical and orthopaedic goods in specialised stores | Medium |
| Retail sale of flowers, plants, seeds, fertilisers, pet animals and pet food in specialised stores | Medium |
| Retail sale via stalls and markets | Low |
| Retail trade not in stores, stalls or markets | Low |
| **H) Transportation and storage** | |
| H.1) Land transport and transport via pipelines | |
| Passenger rail transport, interurban | Medium |
| Freight rail transport | Medium |
| Other passenger land transport | Medium |
| Freight transport by road and removal services | Medium |
| Transport via pipeline | High |
| H.2) Water transport | |
| Sea and coastal passenger water transport | Medium |
| Sea and coastal freight water transport<br>Note: The shipment of oil or other hazardous substances in vessels that do not comply with IMO requirements is prohibited. | High |
| Inland passenger water transport | Medium |
| Inland freight water transport | Medium |
| H.3) Air transport | |
| Passenger air transport | High |
| Freight air transport | High |
| Space transport | High |

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| H.4) Warehousing and support activities for transportation | Medium |
| H.5) Postal and courier activities | Low |
| **I) Accommodation and food service activities** | |
| I.1) Accommodation (hotels, resort hotels, suite/apartment hotels, motels, holiday homes, youth hostels, cottages and cabins camping grounds, recreational vehicle parks, trailer parks) | Medium |
| I.2) Food and beverage service activities (restaurants and bars) | Medium |
| **J) Information and communication** | |
| J.1) Publishing activities | Low |
| J.2) Motion picture, video and television programme production, sound recording and music publishing activities | Medium |
| J.3) Programming and broadcasting activities | Low |
| J.4) Telecommunications | Medium |
| J.5) Computer programming, consultancy and related activities | Low |
| **K) Information service activities** | |
| K.1) Financial service activities, except insurance and pension funding | Low |
| K.2) Insurance, reinsurance and pension funding, except compulsory social security | Low |
| K.3) Activities auxiliary to financial services and insurance activities | Low |
| **L) Real-estate activities** | |
| L.1) Real-estate activities | Low |
| Renting and operating of own or leased real estate | Medium |
| Management of real estate on a fee or contract basis | Low |
| **M) Professional scientific and technical activities** | |
| M.1) Legal and accounting activities | Low |
| M.2) Activities of head offices; management consultancy activities | Low |
| M.3) Architectural and engineering activities; technical testing and analysis | Low |
| M.4) Scientific research and development | Low |
| M.5) Advertising and market research | Low |
| M.6) Other professional, scientific and technical activities | Low |
| M.7) Veterinary activities | Low |
| **N) Administrative and support service activities** | |
| N.1) Rental and leasing activities | |
| Renting and leasing of cars and light motor vehicles | Low |
| Renting and leasing of trucks | Medium |
| Renting and leasing of recreational and sports goods | Low |
| Renting and leasing of other personal and household goods | Low |
| Renting and leasing of agricultural machinery and equipment | Medium |
| Renting and leasing of construction and civil engineering machinery and equipment | Medium |
| Renting and leasing of office machinery and equipment (including computers) | Low |
| Renting and leasing of water transport equipment | Medium |
| Renting and leasing of air transport equipment | Medium |
| Renting and leasing of other machinery, equipment and tangible goods not elsewhere classified | Medium |
| Leasing of intellectual property and similar products, except copyrighted works | Low |
| N.2) Employment activities | |
| Activities of employment placement agencies | Low |
| Temporary employment agencies | Low |
| Other human resources provision | Low |
| N.3) Travel agencies, tour operator reservation services and related activities | |
| Travel agency and tour operator activities | Low |
| Other reservation services and related activities | Low |
| N.4) Security and investigation activities | |
| Private security activities | High |
| Security systems service activities | Low |
| Investigation activities | Medium |

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| N.5) Services to buildings and landscape activities | |
| Combined facilities support activities | Medium |
| General cleaning of buildings | Medium |
| Other buildings and industrial cleaning activities | Medium |
| Other cleaning activities | Medium |
| Landscape service activities | Medium |
| **O) Public administration and defence; compulsory social security** | |
| O.1) Public administration and defence; compulsory social security | |
| General public administration activities | Low |
| Justice and judicial activities | Medium |
| Regulation of health care, education, cultural services and other social activities | Low |
| Defence activities | High |
| Fire service activities | Medium |
| **P) Education** | |
| P.1) Education | Low |
| **Q) Human health and social work activities** | |
| Q.1) Human health activities | Medium |
| Q.2) Residential care activities | Medium |
| Q.3) Social work activities without accommodation | Medium |
| **R) Arts, entertainment and recreation** | |
| R.1) Creative, arts and entertainment activities | Low |
| R.2) Libraries, archives, museums and other cultural activities | Low |
| R.3) Gambling and betting activities | Excluded |
| R.4) Sports activities and amusement and recreation activities | Low |
| **S) Other service activities** | |
| S.1) Activities of membership organisations | Low |
| S.2) Repair of computers and personal and household goods | Low |
| S.3) Other personal service activities (excluding washing and dry-cleaning of textile and fur products) | Low |
| Washing and (dry-)cleaning of textile and fur products | Medium |
| **T) Activities of households as employers; undifferentiated goods and services producing activities of households for own use** | |
| T.1) Activities of households as employers of domestic personnel | Low |
| T.2) Undifferentiated goods - and services - producing activities of private households for own use | Low |
| **U) Activities of extraterritorial organisations and bodies, such as diplomatic and consular missions, international organisations** | |
| U.1) Activities of extraterritorial organisations and bodies, such as diplomatic and consular missions, international organisations. | Low |

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