

البنك التجاري  
COMMERCIAL  
BANK



# The Commercial Bank (P.S.Q.C.)

## Sustainable Finance Framework

December 2023



The Commercial Bank (P.S.Q.C.)

## 1. Introduction

Incorporated in 1974 as the first private bank in the country, The Commercial Bank (P.S.Q.C.) (“**Commercial Bank**”, or the “**Bank**”) is today one of the leading financial institutions in Qatar. True to its pioneering origins, Commercial Bank continues to play an important role in driving innovation and raising service standards in banking across the region through our investment in new technology, a clear focus on customers and prudent management.

Commercial Bank’s business segments includes Wholesale Banking, where we offer conventional commercial and investment banking services and products to large, medium and small enterprises, and Retail Banking, where we provide a full suite of conventional retail banking services and products to retail customers in Qatar.

Expanding its geographical footprint, Commercial Bank is the 100% owner of Alternatif Bank in Turkey and has strategic partnerships with the National Bank of Oman (“**NBO**”) and United Arab Bank (“**UAB**”). These strategic alliances enable Commercial Bank to offer integrated services across the region, including cross-border services for corporate banking and capital markets, trade services for Corporate Banking customers, private banking services and syndicated loans in all our alliance markets.

### 1.1 Commercial Bank’s Sustainability Strategy

Commercial Bank has a five-year strategic plan (2022-2026) based on the 5Cs: Corporate earnings quality; Client experience; Creativity and innovation (Digital Creativity); Culture; and Compliance.



The Bank views sustainability as an integral part of its corporate strategy and it is inbuilt within the 5Cs.

The sustainability topics most material to our business and stakeholders can be viewed as a natural extension of the 5Cs as they support the delivery of our corporate strategy. These material topics were identified as the result of an extensive materiality assessment that the Bank conducted in 2021, and are:

- 1) Sustainable financial and economic performance
- 2) Risk management
- 3) Support for SMEs
- 4) Financial inclusion and accessibility
- 5) Responsible procurement and supply chain management
- 6) Exceptional client experience
- 7) Customer privacy and data security
- 8) Digital innovation
- 9) Environmental impact of our operations
- 10) Talent attraction, development and retention
- 11) Diversity and inclusion
- 12) Community investment
- 13) Governance and Compliance

## 1.2 Commercial Bank's Sustainability Governance

At Board-level, oversight of the Bank's sustainability strategy and performance is the responsibility of the Board Remuneration, Nomination and Governance Committee ("BRNGC").

Commercial Bank has a Management-level Sustainability Committee. Responsibilities include:

- Reviewing and recommending for approval of the BRNGC, the Bank's sustainability strategy and commitments;
- Assessing the Bank's sustainability related risks and opportunities (including climate change) and mitigations / opportunities;
- Recommending priority sustainability-related initiatives for implementation within the Bank, with accountable working groups; and
- Monitoring the Bank's sustainability performance against the Bank's sustainability strategy including oversight of the impact with external stakeholders.

The Sustainability Committee is chaired by Commercial Bank's Executive General Manager (EGM) Chief Risk Officer. As sustainability is an integral part of our corporate strategy, EGM-level representatives from across Commercial Bank's strategic business units sit on the Sustainability Committee.

## 1.3 ESG Risk Management

In 2022, the Bank put in place a detailed ESG Risk management approach and detailed methodology that identifies and measures ESG Risks associated with our customers while carrying out lending and investment activities. This methodology also includes a score that enables decision makers to understand a customer's absolute contribution to Commercial Bank's internal ESG criteria as well as relative ranking vis-à-vis the Bank's portfolio of customers.

The ESG Risk Assessment Criteria is approved by the Sustainability Committee, Management Risk Committee, Board Risk and Compliance Committee and Board Remuneration, Nomination and Governance Committee. The details of the criteria and its evaluation process is highlighted in the ESG Risk Assessment, under section 2.4.

## 1.4 Contribution toward Sustainability

### Financing of SMEs

In support of the Qatar National Vision 2030, Commercial Bank is actively committed to empowering entrepreneurs and supporting the needs of SMEs, which are recognized as essential drivers for economic diversification, job creation and new sources of innovation, through its Enterprise Banking team.

With over 8,000 active SME customers, Commercial Bank continues to have a significant share of the transaction volumes in the local market. The Bank stays focused on engaging with SMEs across sectors servicing them through more digital channels, while maintaining dedicated service centres.

As part of the Bank's digital transformation journey, Commercial Bank have also launched a dedicated payment app, CB Merchant Pay, for SMEs to facilitate seamless digital payments. This is part of a wider drive to digitize routine processes in order to improve efficiency and create digital awareness within the SME sector.

In 2022, SMEs comprised 78.21% of total corporate customers, and the SME loan portfolio comprised 7.33% of the total retail and SME portfolios.

### Supporting Financial Inclusion and Accessibility

Commercial Bank has long been a strong supporter of financial inclusion, which is one of the core development pillars of the Qatar National Vision 2030.

As a result, the Bank's purpose is to continue to harness its over 40 years of banking knowledge, innovative skills, and technology progress toward the shared goal of offering best-in-class financial solutions to Qatar's underserved/unbanked community. Commercial Bank has one of the largest retail franchises in Qatar, with a Retail Banking Department that caters to the various banking and financial needs of individuals across diverse income segments.

In particular, Commercial Bank continues to lead the underserved segment in line with the government's vision for wage protection system (WPS) by running a low cost and efficient payroll card business model (PayCard), which proudly captures an estimated 50%+ market share of this segment in Qatar.

Furthermore, Commercial Bank continues to offer its well-known market-leading 60 Seconds Remittance service allowing customers to send money abroad within one minute through the app. The service initially covered home countries of the majority of Qatar's low salaried workers, namely India, Pakistan, Bangladesh, the Philippines, Sri Lanka and Nepal, and has since been expanded to other geographies including Turkey, Jordan, the UK and Europe to reach 30 countries.

### Green Products

In its aim to support the Qatar National Environment and Climate Change Strategy, as well as to assist its customers in making more environmentally conscious choices, Commercial Bank offers a green vehicle loan, with lower interest rates for electric or hybrid vehicles, and a green mortgage loan with incentives to encourage customers to opt for eco-friendly buildings, this loans are exclusively offered to finance properties with Global Sustainability Assessment System certification. Commercial Bank intends to launch additional green products to support the Strategy.



As part of its monitoring of ESG risks, Commercial Bank tracks information related to the following on an annual basis, such as its exposure in mining, oil and gas related activities, as well as percentage of loans to the renewable energy sector.

### Environmental impact of our operations

We recognize the value of preserving the environment, achieved by driving reductions in consumption and supporting both recycling programs and energy conservation in our offices and branches.

We support Qatar's National Environment and Climate Change Strategy, which has five goals: reducing greenhouse gas and air pollutant emissions; restoring biodiversity abundance; establishing sustainable water management; improving waste management and building a circular economy; and increasing land-use productivity.

In line with the National Environment and Climate Change Strategy, we are accelerating our efforts to reduce our carbon footprint and target a 25% reduction in Commercial Bank's greenhouse gas emissions associated with our own operations by 2030 versus 2021.

We recognise our responsibility to pursue environmentally friendly and sustainable purchasing policies and practices. Particularly following the 2020 pandemic, we have focused on local sourcing to the furthest extent possible to minimize our carbon footprint and support local businesses. We also follow a policy of purchasing environmentally friendly goods and eliminating or reducing the consumption of materials which are not sustainable. A specific example is our recent decision to eliminate the purchase of plastic water bottles for the use of our clients and staff and substituting them with reusable bottles made from environmentally friendly and sustainable materials. In addition, we have taken steps to significantly reduce our printing and therefore our paper requirements.

We also realize that we are only one part of a complex chain, and that a key part of our transition towards more sustainable practices is in the hands of our suppliers. We insist on our suppliers following environmentally sustainable and ethical policies and practices with respect to their own staff and suppliers. These conditions are embedded in our Supplier Code of Conduct.

### **Diversity and Inclusion**

Commercial Bank has a diverse workforce, comprising of 55 different nationalities. 34.6% of staff are Qatari nationals and 38.4% are female. As per our Code of Conduct, we recognize the power and importance of workplace diversity and we respect each other's differences. Further, as per our Code of Conduct, we do not tolerate discrimination, bullying, harassment or any other offensive conduct. We prohibit any discrimination based on personal characteristics related to sex, marital status, race, nationality or religion.

We work as a team and we treat each other with respect and kindness. Our Employee Handbook mandates that all employees should not be involved in any act of bullying, discrimination or any offensive behavior. Further, as per our Remuneration Policy Principles, we aim to attract and motivate great people without any discrimination based on race, gender or religion.

We work actively to ensure that our business activities are free of any discrimination and unfair labour practices that could potentially occur. As per the Bank's Code of Conduct, we respect human rights and we are signatory to the United Nations Global Compact and support the ten principles on human rights, labour, environment and anti-corruption.

## 2. Sustainable Finance Framework

### 2.1 Purpose

Commercial Bank is committed to the Qatar National Vision 2030 which aims to transform Qatar into an advanced society capable of achieving sustainable development by 2030 through four interconnected pillars: environmental, economic, social, and human development.

Commercial Bank intends to use this Framework as a tool to support the 2030 Vision and Qatar's National Environment and Climate Change Strategy through enabling business growth and supporting our clients in their transition towards to sustainability.

### 2.2 Opportunity

Commercial Bank, along with its wholly owned subsidiaries, intends to use this Framework as the basis to issue Green, Social or Sustainability Bonds, Sukuk and Loans ("Sustainable Financing Instruments"). The Sustainable Financing Instruments will fund Eligible Sustainable Projects that conform to the sustainable finance principles listed below:

- the International Capital Market Association ("ICMA") Green Bond Principles ("GBPs") 2021 (within June 2022 Appendix 1)<sup>1</sup>, Social Bond Principles ("SBPs") 2023<sup>2</sup> and Sustainability Bond Guidelines ("SBGs") 2021<sup>3</sup>; and/or
- the Loan Market Association ("LMA") Green Loan Principles ("GLPs") 2023<sup>4</sup> and Social Loan Principles ("SLPs") 2023<sup>5</sup>.

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

#### Core Components:

- a. Use of Proceeds
- b. Process for Project Evaluation and Selection
- c. Management of Proceeds
- d. Reporting

#### Key Recommendations:

- e. Bond Framework
- f. External Review

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

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

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

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

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

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

## 2.3 Use of Proceeds



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

Eligible loans may be financed directly by Commercial Bank or indirectly via its 100% wholly owned subsidiaries (e.g. Alternatif Bank) which are fully consolidated in Commercial Bank’s financial statements. Any eligible loans earmarked for allocation will not be counted as eligible loans by the subsidiaries if they were to issue Sustainable Financing Instruments.





Eligible loans can include general purpose financing for a pure play company which derives 90% or more revenue from assets aligned with the eligibility criteria below.

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

### Eligible Green Categories




GBP Category	Eligibility Criteria
<b>Renewable Energy</b> 	<p>Projects related to the production, transmission and distribution, and storage of energy from the following renewable sources (including manufacture of dedicated components for renewable energy):</p> <ul style="list-style-type: none"> <li>• Solar (PV and Concentrated Solar Power with a minimum 85% of power generation derived from solar sources)</li> <li>• Wind energy</li> <li>• Hydropower, including pumped storage<sup>6</sup> with either a power density above 5W/m<sup>2</sup> or lifecycle GHG emissions intensity below 100gCO<sub>2</sub>e/kWh</li> <li>• Bioenergy including sustainable aviation fuel and projects supporting electricity generation with emission intensity below 100gCO<sub>2</sub>e/kWh, with feedstock being sourced from sustainable sources (e.g. agricultural residues or forestry residues) or waste sources that do not compete with food sources or deplete existing terrestrial carbon pools</li> </ul> <p>Investment and expenditures in Green Hydrogen and/or projects, comprising hydrogen production, storage and distribution and R&amp;D. Green Hydrogen projects are limited to production of hydrogen using electrolysis that meet either of the following criteria:</p> <ol style="list-style-type: none"> <li>a. Lifecycle GHG emissions threshold of under 3tCO<sub>2</sub>e/tH<sub>2</sub>; or</li> <li>b. Powered using 100% renewable energy</li> </ol>
<b>Clean Transportation</b> 	<p>Projects related to acquisition, operation and maintenance of low carbon vehicles for passenger and freight transportation. For non-fully electrified transportation, it should meet the following criteria:</p> <ul style="list-style-type: none"> <li>• Passenger and public transportation, including buses, train and rail (under 50gCO<sub>2</sub>/p-km up to 2025, and 0gCO<sub>2</sub>/km thereafter)</li> </ul>

<sup>6</sup> In addition, pumped storage should meet additional criteria: A) where the storage facility is demonstrably purposefully built-in conjunction with intermittent renewables or B) where the storage facility will contribute to a grid with at least a 20% share of intermittent renewables, and which is committed to increasing the share of renewable energy connected to the grid over the next 10 years and will not be charged with an off-peak grid intensity that is higher than the intensity of the electricity that it will displace when it is discharged.

GBP Category	Eligibility Criteria
	<ul style="list-style-type: none"> <li>Freight transportation (under 25gCO<sub>2</sub>/t-km up till 2030, 21gCO<sub>2</sub>/tkm from 2030 up to 2050)</li> </ul> <p>Projects supporting the deployment of electric vehicles including charging infrastructure</p>
<p><b>Green Buildings</b></p> 	<p>Projects related to acquisition, development, construction and refurbishment of buildings that belongs to the top 15% in terms of energy efficiency of their local market or have received, or expect to receive based on its design, construction and operational plans, certification according to third-party verified green building standards, including:</p> <ul style="list-style-type: none"> <li>LEED “Gold” or above</li> <li>BREEAM “Excellent” or above</li> <li>Estdama Pearl Building Rating System “4 Pearl” and above</li> <li>Global Sustainability Assessment System (GSAS) “3-4 star” or above</li> </ul> <p>Projects related to acquisition, development, construction and refurbishment of data centres with a PUE of under 1.5</p> <p>Mortgage lending for energy efficient residential buildings that meet the above criteria</p>
<p><b>Energy Efficiency</b></p> 	<p>Projects that reduce energy consumption by at least 20% compared to the average of national energy consumption of an equivalent project or technology, such as:</p> <ul style="list-style-type: none"> <li>District cooling systems</li> <li>Investment in smart energy grids, energy meters and energy management systems</li> <li>Smart Cities</li> <li>Energy efficient equipment for buildings including LED lighting and HVAC and supporting infrastructure</li> </ul> <p><i>For the avoidance of doubt, improvement activities that result in the lock in of fossil fuel technologies will be excluded</i></p>
<p><b>Sustainable Water and Wastewater Management</b></p> 	<p>Projects related to construction, upgrades, renovations or improvements for transportation and treatment of wastewater, including:</p> <ul style="list-style-type: none"> <li>Water and wastewater treatment plants (WWTP) including reuse of WWTP effluents</li> <li>Sewer systems and pumping stations</li> </ul> <p>Projects that increase water-use efficiency, such as water recycling and reuse projects, water saving systems, technologies and water metering</p> <p>Investment and expenditures in desalination plants powered by electricity with an average carbon intensity at or below 100gCO<sub>2</sub>e/kWh over the residual asset life and based on reverse osmosis technology</p>
<p><b>Pollution Prevention and Control</b></p> 	<p>Projects related to construction, upgrades and renovation of facilities for collection, sorting, processing and conversion and treatment of waste, including:</p> <ul style="list-style-type: none"> <li>Waste collection and storage</li> <li>Waste sorting, separation and material recovery</li> <li>Recycling and reuse</li> <li>Biological treatment facilities (including anaerobic digestion and composting facilities)</li> <li>Waste to energy plants, where recyclables are sorted and there is bottom ash recovery</li> </ul>




## Eligible Social Categories

SBP Category	Eligibility Criteria
<p><b>Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socio-economic Crises</b></p> 	<p>Financing and/or refinancing of loans to Micro, Small and Medium Enterprises (MSME)<sup>7</sup> and microfinance clients impacted by external factors, with a consequently negative impact on employment generation or retention</p> <p>This includes loans to SMEs and micro enterprises negatively impacted by economic slowdown as a result of various events such as natural disaster (e.g., earthquakes, floods, etc.), social and/or health emergencies including the Covid-19 pandemic (including loans provided under the National Response Guarantee Program), as well as the provision of support measures to these clients such as offering extension of payment periods and exemption of facility fees</p> <p><b>Target Population</b></p> <ul style="list-style-type: none"> <li>MSMEs whose economic activities have been affected by pandemics and natural disasters</li> <li>Female-owned MSMEs and female entrepreneur clients (majority owned or majority managed by females)</li> </ul>
<p><b>Food Security and Sustainable Food Systems</b></p> 	<p>Projects related to physical, social, and economic access to sufficient, safe, nutritious food:</p> <ul style="list-style-type: none"> <li>Access to adequate food and meeting nutrition needs, including investment in infrastructure and facilities such as warehouses to provide adequate storage, improve food conservation or improve connectivity in the food chain to reduce food losses</li> <li>Increasing agricultural productivity and resilient agricultural practices that support smallholder farmers<sup>8</sup></li> </ul> <p><b>Target Population</b></p> <p>General Population</p>
<p><b>Access to Essential Services (Healthcare and Education)</b></p> 	<p>Projects that expand access to public, not-for-profit, free or subsidised healthcare and education:</p> <ul style="list-style-type: none"> <li>Construction, maintenance or refurbishment of hospitals, clinics and healthcare centers</li> <li>Infrastructure for the provision of emergency medical response and disease control services</li> <li>Construction, maintenance or refurbishment of schools, universities, kindergartens or vocational training facilities and development of related education services and programs</li> </ul> <p><b>Target Population</b></p> <p>General population, including populations that lack quality access to essential goods and services</p>
<p><b>Affordable Basic Infrastructure</b></p>	<p>Financing related to the development, construction, operation of affordable basic infrastructure that provides / expands access to rural and urban needs for</p> <ul style="list-style-type: none"> <li>Clean drinking water</li> </ul>

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

<sup>8</sup> FAO's definition of smallholder farmers: <https://www.fao.org/family-farming/detail/en/c/273864/>

SBP Category	Eligibility Criteria
	<ul style="list-style-type: none"> <li>Sanitation including infrastructure related to sewerage systems</li> </ul> <p><b>Target Population</b> General Population</p>

### Exclusions Criteria

As part of Commercial Bank's Risk Management approach, the Bank has a list of prohibited credits which also includes the following sectors that have been excluded from an environmental and social (E&S) perspective, including tobacco, alcohol and gambling sectors. Commercial Bank also has a list of restricted sectors and prohibited activities covering animal welfare, controversial weapons, fisheries and protected areas.

- Alcohol beverage production, distribution or trade (principal activity)
- Gambling activities, establishments and equivalent enterprises
- Sanctioned or Embargoed countries as classified by the relevant regulator exercising regulatory oversight
- Any other activity that is either illegal or considered socially unacceptable in its home market
- Production or activities violating human rights, involving harmful or exploitative forms of forced labour/ child labour
- Unbounded asbestos production or trade (This does not apply to purchase and use of bonded asbestos cement sheeting where asbestos content is less than 20%)
- Ozone Depleting Substances not permitted by national regulations (e.g. Montreal Protocol)
- Production or trade in any pharmaceuticals, pesticides/ herbicides subject to international bans and local legislation

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

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

## 2.4 Project Evaluation and Selection Process

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

Commercial Bank's Sustainable Finance Working Group (the "SFWG") will be responsible for governing and implementing the initiatives set out in the Framework.

The SFWG is comprised of certain Bank management personnel, including but not limited to representatives from the following departments for the selection and evaluation of the Eligible Sustainable Projects: Risk Management, Business Strategic Business Units (SBUs)

The SFWG will:

- Meet at least twice each year, endeavoured to be distributed evenly throughout the year
- Ratify Eligible Sustainable Projects, which are initially proposed by the constituent team members
- Ensure that all Eligible Sustainable projects have been assessed from an environmental and social risk management perspective, in line with Commercial Bank's environmental and social risk management policy
- Undertake regular monitoring of the asset pool to ensure the eligibility of Sustainable Projects with the criteria set out above in section 2.1, Use of Proceeds, whilst replacing any ineligible Sustainable Projects with new eligible Sustainable Projects
- Facilitate regular reporting on any Sustainable issuance in alignment with our Reporting commitments
- Oversee the arrangements established to ensure the Sustainable Financing Instruments remain in alignment with the Framework
- Managing the allocation of Sustainable Financing Instruments proceeds as per section 2.5 Management of Proceeds
- Manage any future updates to this Framework and corresponding update to the Second Party Opinion
- Ensure that the approval of Eligible Sustainable Projects will follow the Bank's existing loan approval processes

### ESG Risk Assessment

The Bank considers exposure to any risks, including ESG risk, at both a lending/investment portfolio and an individual customer/issuer level. At the customer level, ESG risk is assessed on a case-by-case basis as part of the credit / investment risk assessment and due diligence process.

The ESG risk assessment is associated with the activities that the Bank directly finances, as well as the indirect risks that the Bank may be exposed to, through other activities a client/issuer may undertake as part of their overall business strategy. The ESG due diligence is an annual process and will review large clients and assess potential ESG risks associated with their business as part of annual credit review of the accounts.

The ESG Risk Assessment covers each of the Bank's business segments and has put in place sector wise key ESG Risks to review environmental risk which is directly or indirectly impacting the agriculture resource, biodiversity, energy use, forestry, natural resources/ materials also will be conducted wherever applicable.

The ESG Scorecard segments customers into the following categories as a benchmark for ongoing monitoring and future assessments:

- Low - Customer/Issuer with minimal or no adverse social, environmental & governance impacts or risks
- Medium - Customer/Issuer with potential limited adverse Governance, environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures
- High - Customer/Issuer with significant potential adverse social, environmental & governance impacts or risks that are diverse, irreversible or unprecedented

## 2.5 Management of Proceeds

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

The Sustainable Finance Register will contain the following information:

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

Any proceeds temporarily unallocated<sup>9</sup> will be invested according to the Bank's standard liquidity policy in cash or cash equivalents, e.g., deposits with Central Bank or other government securities.

## 2.6 Reporting

On an annual basis, Commercial Bank will publish an allocation report and an impact report on its Eligible Sustainable Projects, as detailed below. This reporting will be updated annually until full allocation of the net proceeds of any Sustainable Financing Instrument issued, or until the Sustainable Financing Instrument is no longer outstanding. The Bank will publish an updated allocation report and an updated impact report in case after completion of the allocation some Eligible Projects are replaced, in accordance with the substitution conditions detailed in section 2.4 Process for Project Evaluation and Selection.

- I. Allocation Reporting
  - a. List of eligible Sustainable projects
  - b. The amount of Proceeds allocated to each Eligible Sustainable Project category
  - c. When possible, descriptions of the Eligible Sustainable Projects financed, such as project locations, amount allocated, etc.
  - d. Share of financing vs. refinancing
  - e. Selected examples of projects financed
  - f. Amount of unallocated Proceeds
- II. Impact Reporting

The Bank will provide reporting on the environmental and social benefits of the Eligible Sustainable Projects. Subject to data availability and confidentiality, impact reporting may cover the following impact reporting metrics listed below, and where available, taking reference from the relevant indicators suggested in the ICMA Harmonized Framework for Impact Reporting<sup>10</sup>. In addition, calculation methodologies and key assumptions will be disclosed.

Eligible Sustainable Project Categories	Impact Reporting Metrics
<b>Green Project Categories</b>	
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>Capacity of renewable energy plant(s) constructed or rehabilitated in MW</li> <li>Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy)</li> <li>Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent (where possible)</li> </ul>

<sup>9</sup> unallocated proceeds will follow the exclusionary criteria set in this framework

<sup>10</sup> <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Harmonized-Framework-for-Impact-Reporting-for-Social-BondsJune-2020-090620.pdf>



Eligible Sustainable Project Categories	Impact Reporting Metrics
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>• Number and type of clean transportation infrastructure financed</li> <li>• Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent</li> </ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>• Type of scheme, certification level</li> <li>• Energy efficiency gains in MWh or % versus baseline/building code</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>• Annual energy savings in MWh (electricity) and GJ/TJ (other energy savings)</li> </ul>
<b>Sustainable Water and Wastewater Management</b>	<ul style="list-style-type: none"> <li>• Annual reduction in water use in %</li> <li>• Annual amount of wastewater treated, reused or avoided before and after the project in m3/a</li> </ul>
<b>Pollution Prevention and Control</b>	<ul style="list-style-type: none"> <li>• Waste reduced/avoided (tonnes)</li> <li>• Annual GHG emissions reduced/avoided (tonnes of CO2 equivalent)</li> </ul>
<b>Social Project Categories</b>	
<b>Employment Generation, and Programs Designed to Prevent and/or Alleviate Unemployment Stemming from Socioeconomic Crises</b>	<ul style="list-style-type: none"> <li>• Number and amount of loans to SMEs</li> <li>• Number and amount of loans to microfinance entities</li> </ul>
<b>Food Security</b>	<ul style="list-style-type: none"> <li>• Number of people provided with access to affordable, safe, nutritious, and sufficient food</li> <li>• Farmers provided with training (climate smart training/organic etc)</li> <li>• Farmers provided with access to agricultural inputs (financial inputs, equipment, etc)</li> <li>• Increased production of Fair-Trade certified products</li> <li>• Improved yield</li> <li>• Reduced wastage</li> <li>• Improved soil quality</li> <li>• Improved water efficiency</li> <li>• Reduced pesticide use</li> <li>• Increased production with organic/sustainability standards</li> </ul>
<b>Access to Essential Services (Healthcare and Education)</b>	<ul style="list-style-type: none"> <li>• Number of people benefited (e.g. patients benefited or students supported)</li> <li>• Number of public hospitals, clinics and health care centres financed</li> <li>• Numbers of places and beds</li> <li>• Number of schools and universities financed</li> </ul>
<b>Affordable Basic Infrastructure</b>	<ul style="list-style-type: none"> <li>• Number of water infrastructure projects built/upgraded</li> <li>• Number of new household connections</li> <li>• Number of people provided with adequate and equitable sanitation</li> </ul>

### 3. External Review

#### 3.1 Second Party Opinion (SPO)

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

The Second Party Opinion will be made publicly available on the Bank's official website: <https://www.cbq.qa>

#### 3.2 Post issuance external verification

In order to provide timely and transparent information about the reporting of the funds from Sustainable Financing Instruments issued under this Framework, the Bank intends to engage a third-party reviewer to provide an annual assessment on the alignment of the allocation of funds with the Framework's criteria.

### 4. Amendments to this Framework

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