

مصرف قطر المركزي
Qatar Central Bank
دولة قطر • State of Qatar



ESG and Sustainability Strategy for the Financial Sector

2024

QATAR CENTRAL BANK

www.qcb.gov.qa



A message from H.E. the Governor

“We recognize the importance of integrating sustainability into our financial activities and we believe that sustainable development can only be achieved through effective partnerships between financial institutions and the society.

In line with our commitment to enhancing sustainability in the financial sector, we affirm that sustainability has become an integral part of Qatar's economy. We acknowledge the importance of investing in human capital as a fundamental driver and essential element in the process of economic growth. We understand the vital role that the Central Bank of Qatar (QCB) plays in promoting sustainability within the financial sector.

From this perspective, aligning with Qatar's National Vision 2030 and in accordance with the Third Financial Sector Strategic Plan in the state of Qatar, we are delighted to announce the launch of the environmental, social and governance (ESG) and sustainability strategy for the financial sector. This strategy aims to support our economy and financial institutions while directing investments towards sustainable projects.

We acknowledge that this step is the cornerstone towards excellence in sustainability. We are committed to development and stress the importance of cooperation between the financial institutions and the society in promoting the concept on environmental and social responsibility, as this will effectively contribute to building a more sustainable and balanced financial sector.”

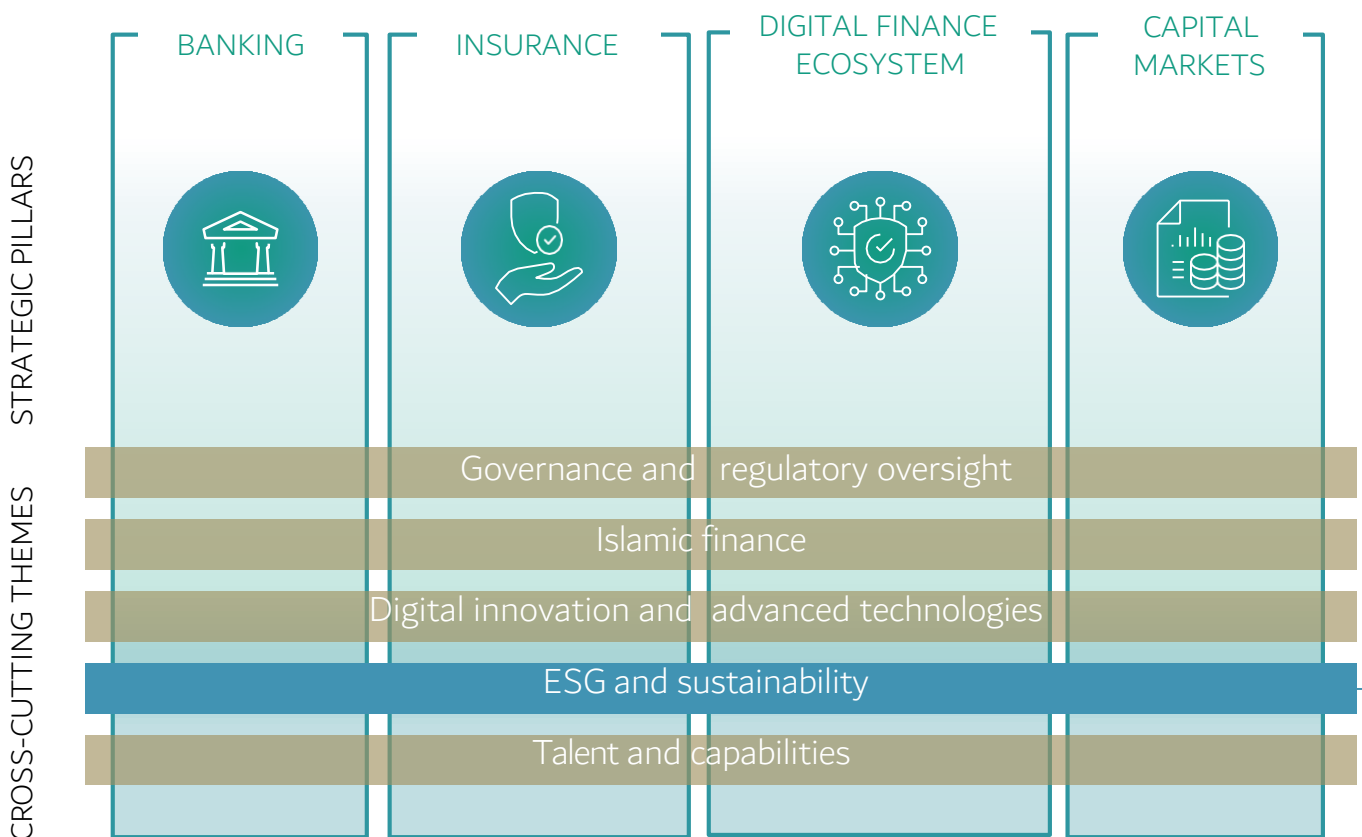
Bandar Bin Mohammed Bin Saud Al-Thani

The Governor

The Third Financial Sector Strategic Plan has an ESG and sustainability cross-cutting theme, which is further elaborated in the ESG and Sustainability strategy for the financial sector

Third Financial sector strategy

The strategy is founded on 4 pillars and supported by 5 cross-cutting themes



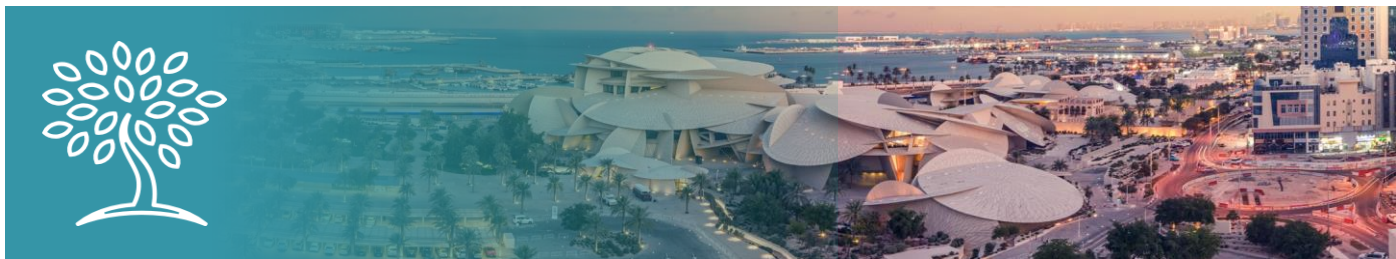
Including:

- Ensure a well-defined and consistent approach across pillars
- Ensuring all sectors meet the evolving ESG expectations and standards
- Support and facilitate green innovation and products across pillars¹

1.1. Provide a range of ESG and sustainability product offerings in banking; ii. Become a leader in digitalization within ESG and sustainability; iii. Expand offerings in ESG and sustainability in capital markets; iv. Issue advanced Sukuk and products related to ESG and sustainability

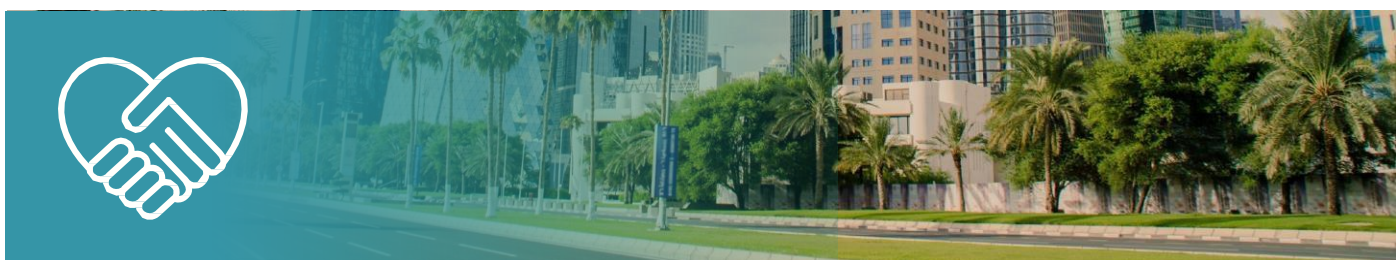
QCB has defined the financial sector's **vision and mission** on ESG and Sustainability

Vision



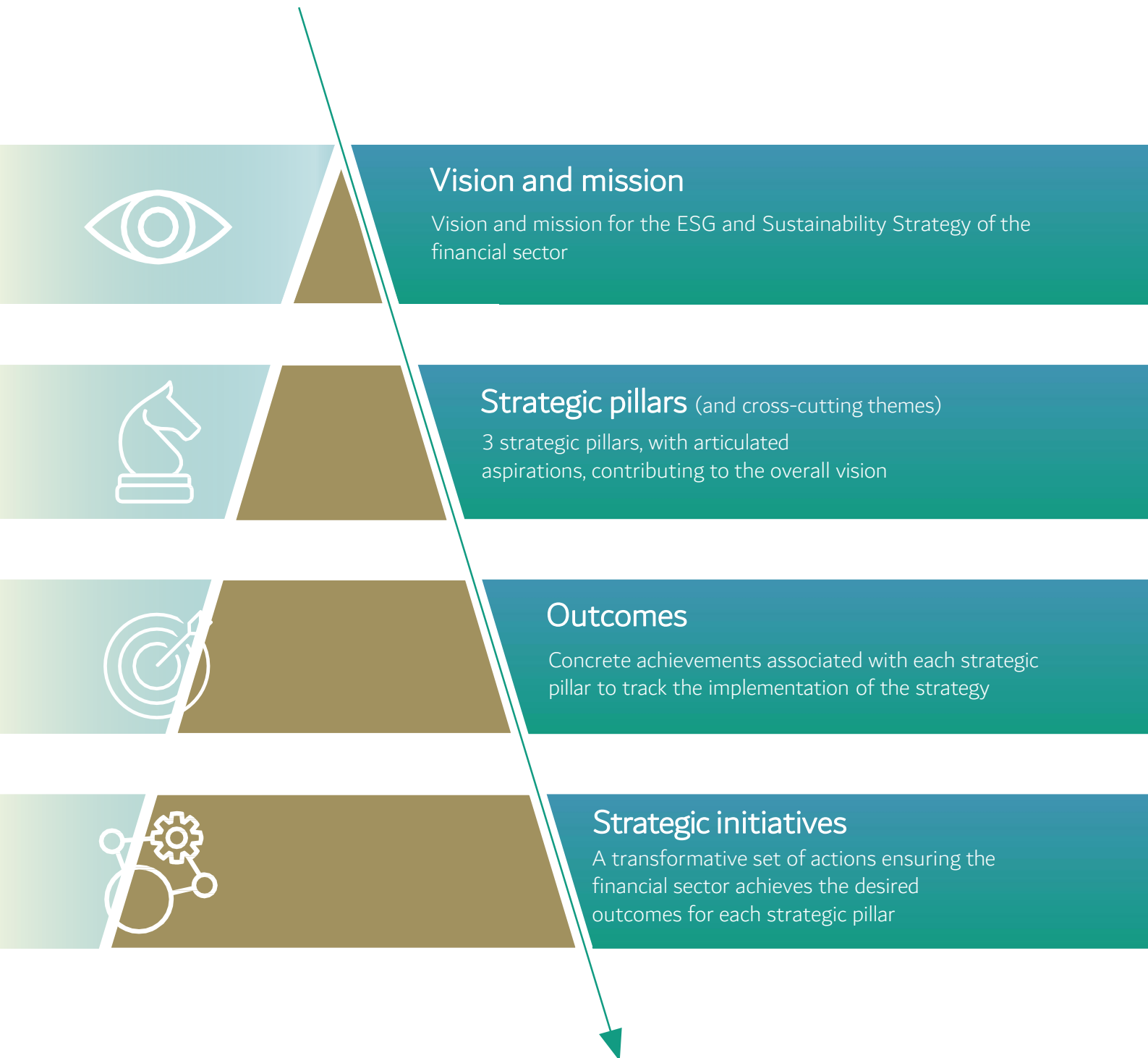
To **strengthen** the financial system's capacity in **supporting** national sustainability goals and making it **resilient** to changes occurring from the transition to a sustainable economy, while also **aspiring** to inspire both regionally and globally

Mission



To **integrate** ESG and sustainability as part of our mandates including financial stability, supervision, market governance, financial service hub, economic development and **our** internal operations

QCB Vision and Mission have been cascaded into strategic pillars with specific outcomes and operationalized through a set of strategic initiatives



The **Strategy** is anchored around 3 Pillars, for which aspirations and specific **outcomes** have been defined



1. For banks, insurance companies and capital markets

The **outcome** of each Pillar will be achieved through a set of **strategic initiatives** (1/3):



PILLAR 1 - Financial sector climate, environmental and social risks management

Outcome	Strategic initiatives
A.1. Established climate, environmental and social risks awareness and management among banks and insurance companies	A.1.1 Prudential regulation: Issue prudential regulation on climate, environmental and social risks management applicable to banks and insurance companies A.1.2 Stress-Testing: Conduct stress-testing to assess climate risk for the banking industry
A.2. Increased transparency on the exposure of banks and insurance companies to climate, environmental and social risks and opportunities	A.2.1 Disclosure requirements for financial institutions: Set sustainability disclosure requirements to create transparency on financial institutions' exposure to climate, environmental and social risks A.2.2 Disclosure requirements for capital markets: Set sustainability disclosure requirements to create transparency on capital market participants' exposure to climate, environmental and social risks A.2.3 Systemic report: Publish a dashboard summarizing the exposure of banks to climate and environmental and social risks and the contribution of banks to the national sustainability objectives

The **outcome** of each Pillar will be achieved through a set of **strategic initiatives** (2/3):



PILLAR 2 - Capital mobilization towards sustainable finance

Outcome	Strategic initiatives
B1. Heightened transparency on the contribution of the financial sector to national sustainability objectives	B.1.1 Taxonomy of sustainable activities: Release a taxonomy of sustainable economic activities recognized as having a material positive contribution to the achievement of the State of Qatar national sustainability objectives B.1.2 Sustainable finance framework: Release guidelines on the issuance of sustainable products (i.e., loans, bonds, sukuks, etc.) applicable to financial institutions and capital market participants
B.2. Strengthened contribution of the financial sector in mobilizing capital towards sustainable finance	B.2.1 Public capital mobilization: Support the issuance of sustainable sovereign debt on behalf of the government B.2.2 Private capital mobilization: Create incentives (e.g., grants) for financial institutions and capital market participants to issue sustainable products B.2.3 Funding facilities: Facilitate access to funding for sustainable projects with preferred conditions
B.3. Diversified innovative sustainable products including digital solutions (e.g., Fintech) brought forward by the financial sector	B.3.1 Sustainability-themed fintech's: Promote fintech's with positive environmental or social impact

The **outcome** of each Pillar will be achieved through a set of **strategic initiatives** (3/3):



PILLAR 3 - A Central Bank leading by example on ESG and sustainability

Outcome	Strategic initiatives
C.1. A central bank resilient to climate, environmental and social risks in its operations and reserve portfolio	C.1.1 Climate, environmental and social risks integration in QCB's risk management operations: Assess and manage the impact of climate, environmental and social risks on QCB's operations C.1.2 Sustainability considerations in QCB investment policies: Integrate sustainability considerations in the investment policies of QCB
C.2. Broadened incorporation of climate, environmental and social considerations across QCB's functions, leveraging international collaborations	C.2.1 ESG and sustainability structure set-up: Set-up the organizational structure to support the implementation of the ESG and sustainability strategy C.2.2 QCB staff awareness and culture development: Organize sustainability awareness-raising programs and events C.2.3 International networks membership: Become a member and contribute to relevant international sustainable finance networks for central banks and supervisors
C.3. Exemplary sustainability performance for QCB's own operations	C.3.1 Operational footprint: Assess and manage operational footprint of QCB (e.g., Emissions, Waste, Water) C.3.2 Sustainability related disclosure: Report on the sustainability performance of QCB and the progress against the ESG and sustainability strategy

Specific outcomes have also been defined for each cross-cutting themes

Cross-cutting themes

Outcome	Strategic initiatives
Capability building	• Capability and knowledge building: Create QCB and industry-wide programs to foster the development of sustainable finance and climate, environmental and social risks management capability, knowledge and talent for financial institutions and capital markets • National taskforces: Establish industry taskforces to bring forward selected topics (e.g., taxonomy, sustainable capital markets etc.)
Sustainable finance data infrastructure	• Sustainable finance data platform: Develop a data repository platform to collect and aggregate relevant data for climate, environmental and social risks assessments



The progress against the ESG and Sustainability Strategy will be tracked through KPIs specific to each pillar of the strategy



PILLAR 1 - Financial sector climate, environmental and social risks management

Main Outcomes	Indicators
A.1. Established climate, environmental and social risks awareness and management among banks and insurance companies	- Level of compliance of financial institutions with climate, environmental and social risks supervisory principles in terms of: a) comprehensiveness and b) soundness of practices - Number of financial institutions having conducted a materiality assessment of climate and environmental risks on their operations
A.2. Increased transparency on the exposure of banks and insurance companies to climate, environmental and social related risks and opportunities	- Number of financial institutions with sustainability performance information in their annual reports - Share of exposure of financial institutions to high climate and environmental risk sectors



PILLAR 2 - Capital mobilization towards sustainable finance

Main Outcomes	Indicators
B.1. Heightened transparency on the contribution of the financial sector to national sustainability objectives	- Total volume of sustainable finance by product type (loans, bonds, sukuk) and by financial institution type - Number of ESG and sustainability related FinTech's and associated employment
B.2. Strengthened contribution of the financial sector in mobilizing capital towards sustainable finance	
B.3. Diversified innovative sustainable products including digital solutions (e.g., Fintech) brought forward by the financial sector	



PILLAR 3 - A Central Bank leading by example on ESG and sustainability

Main Outcomes	Indicators
C.1. A central bank resilient to climate, environmental and social risks in its operations and reserve portfolio	Environmental impact: - Annual scope 1&2 emissions of QCB - Per capita waste production and water consumption
C.2. Broadened incorporation of climate, environmental and social considerations across QCB's functions, leveraging international collaborations	Percentage of staff trained on ESG and sustainability annually
C.3. Exemplary ESG and sustainability performance for QCB's own operations	



www.qcb.gov.qa

@qcbqatar

مصرف قطر المركزي
Qatar Central Bank
دولة قطر • State of Qatar

