



CONSULTING  
**HAUS**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE SERVICES



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## 1. What is ESG?

### ESG CONTINUES TO GAIN PROMINENCE GLOBALLY

Data shows that those companies actively implementing ESG policy are performing better than those that don't

#### WHAT IS MEANT BY ESG?

- ESG refers to the use of environmental, social, and governance ("ESG") aspects to assess the sustainability levels of businesses.
- It aids in evaluating how a company handles the opportunities and risks brought on by changes in environmental, economic, and social systems.



Globally, investor groups and CEO alliances have acknowledged that ESG factors foresee & avoid critical business risks



Investors relying on holistic and ESG-relevant reporting on corporate ESG topics led to strong ESG disclosures gaining importance



As a trickle-down effect, large corporates belonging to heavily invested sectors are cleaning up their supply chain



Large corporates are looking for such business liaisons that are ESG-risk free

**95%** of stock exchanges globally use the GRI's (Global Reporting Initiative) sustainability reporting framework as part of their ESG guidance ([Statista](#))

**80%** of companies worldwide now report on Sustainability (KPMG)

**76%** of consumers say they will stop buying from companies that treat the environment, employees, or the community in which they operate poorly ([PwC](#))

Around **40%** of companies now acknowledge the financial risks of climate change in their reporting (KPMG)

#### MAJOR DRIVERS OF ESG

Continuously evolving policies & regulations

Pressure from investors

Changing behaviour of consumers/clients

Stakeholder awareness

Technological innovation



## 2. ESG across the globe

REGULATORY LANDSCAPE IS CONTINUOUSLY EVOLVING GLOBALLY FOR ESG...



### Europe

- **Sustainable Finance Disclosure Regulation (SFDR):** Implemented by the European Commission (EC) in March 2021 & applicable to asset managers and other financial markets participants, mandates disclosure on integration of ESG factors at entity and product level
- **Non-Financial Reporting Directive (NFRD):** Implemented by the EC in 2018 & applicable to public interest entities (500+ employees), requires disclosure of non-financial and diversity information and will transition to a more comprehensive & mandatory Corporate Sustainability Reporting Directive (CSRD), starting in 2024
- **In development - Corporate Sustainability Due Diligence Directive:** Applicable to large companies, EC would require mandatory adoption of a 'Climate Plan', conducting due diligence to address human rights, and environmental adverse impacts apart from introducing specific duties for directors regarding sustainability

### North America



#### USA

- **NYSE Corporate Governance Rules:** Issued in 2014, mandates adoption and disclosure of a code of business conduct and ethics by listed companies
- **In development - The Enhancement and Standardization of Climate-Related Disclosures for Investors:** Issued in 2022, the SEC mandates disclosure of climate related risks, their governance & GHG emissions by public companies



#### Canada

- **TCFD Disclosure Requirements:** The Canadian Securities Administrators (CSA) will mandate federally regulated financial institutions to publish climate-related risks and disclosures aligned with TCFD, starting in 2024
- **TSX Listing Rules:** Issued in 2004, mandates disclosure of material environmental & social information by corporates

### APAC



#### China

- **Interim Regulation on the Management of Carbon Emissions Trading:** Issued in 2021, the Ministry of Ecology and Environment (MEE) mandates key emitters (corporations) to control & disclose their carbon emissions
- **Listing Rules for The Science and Technology Innovation Board:** Issued in 2019, Shanghai Stock Exchange mandates listed companies to disclose their performance on social responsibilities in annual report



#### Singapore

- **Listing Rule:** Issued in 2016, Singapore Exchange mandates listed issuers to prepare an annual sustainability report on a comply-or-explain basis
- **Guidelines on Environmental Risk Management:** Issued in 2020, Monetary Authority of Singapore sets out mandatory environmental risk management practices for asset managers to adopt

## 2. ESG across the globe

... AND CONTINUES TO EVOLVE IN THE MIDDLE EAST



Saudi Arabia

- **Corporate Governance Regulations:** Issued in 2006 and revised in 2017, the Capital Market Authority requires listed companies to voluntarily report on governance policies including management remuneration
- **ESG Disclosure Guidance:** Issued in October 2021, Saudi Exchange aims to help listed companies report on ESG across their operations by introducing voluntary reporting standards and options for companies of all sizes (14 Environmental, 13 Social & 6 Governance metrics)



UAE

- **Guiding Principles on Sustainable Finance:** Issued in 2020, applicable (voluntarily) to exchanges, credit rating agencies, corporations, financial service providers, investment managers, & asset owners; Abu Dhabi Global Markets (ADGM) aims to mitigate the risks of reduced global demand for oil, as well as address the physical & financial risks of climate change
- **ESG Disclosure Guidance:** Issued in 2019, the Abu Dhabi Securities Exchange (ADX) as well as the Dubai Financial Market (DFM) provide ESG indicators & metrics (ADX: 10 Environmental, 12 Social & 9 Governance; DFM: 10 Environmental, 12 Social & 10 Governance) for listed companies to voluntarily report in alignment with the Sustainable Stock Exchanges (SSE) Initiative and the World



Bahrain

- **ESG Disclosure Guidance:** Issued in June 2020, Bahrain Bourse encourages listed companies to voluntarily disclose a set of 32 ESG metrics and indicators (10 Environmental, 12 Social & 10 Governance) in alignment with the recommendations of the SSE Initiative & the WFE



Qatar

- Commitment to climate change evidenced by both **Qatar National Vision 2030** and **National Development Strategy 1 & 2** emphasizing the importance of environmental protection
- **ESG Disclosure Guidance:** Issued in 2017, the Qatar Stock Exchange (QSE) requires listed companies to voluntarily disclose on 34 ESG metrics and indicators in alignment with the recommendations of the SSE Initiative and the WFE



### 3. ESG reporting and disclosures

WE ARE COGNIZANT OF THE RAPID INFLUENCE OF ESG OVER THE WORLD MARKET

#### IMPACT OF GLOBAL ESG TRENDS

- ESG trends witnessed worldwide are resonating stakeholder concerns and have changed the way the business operations are perceived.
- Around the globe, across geographies, regulatory mandates, national targets and stock exchange guidelines are propelling a cultural wave of value-focused growth.



#### WHAT'S HAPPENING AROUND THE GLOBE?

- | APAC  | Europe   | Americas   | MENA   |
|---|--|--|--|
| <ul style="list-style-type: none"><li>▪ ESG reporting disclosures being driven by stock exchanges in <b>Singapore, Japan, China &amp; Hong Kong</b> taking the lead</li><li>▪ Corporate governance factors dominant in <b>Australia and Singapore</b></li></ul> | <ul style="list-style-type: none"><li>▪ <b>NFRD</b>, now evolved into <b>CSRD</b> mandated for adoption by corporates</li><li>▪ For financial participants, <b>SFDR</b> and <b>EU Taxonomy</b> is creating new precedents</li><li>▪ Increased focus towards <b>governance</b> and <b>social</b> issues</li><li>▪ <b>Climate transitions</b> driving business avenues</li></ul> | <ul style="list-style-type: none"><li>▪ Climate disclosures mandated by <b>SEC</b></li><li>▪ 57% of <b>Latin American countries</b> have mandated the publishing of an annual sustainability report</li><li>▪ However, only two of those countries provide an ESG reporting guidance</li></ul> | <ul style="list-style-type: none"><li>▪ 52% of countries have specific <b>ESG reporting guidelines</b></li><li>▪ However, only 30% of these countries mandate <b>ESG reporting</b></li></ul> |



### 3. ESG reporting and disclosures

#### GCC'S UNIFIED SET OF ESG DISCLOSURE METRICS

The GCC Exchanges Committee, has published a unified set of ESG Disclosure Metrics comprising 29 standards aligned with the World Federation of Exchanges and Sustainable Stock Exchanges Initiative.

The GCC Exchange Committee issued a unified ESG report under the name "**Supporting Sustainable Capital Markets through Enhanced Disclosure**" mainly focusing on the following

#### Key Elements Discussed

##### Increasing Sustainability Efforts:

- Highlighting the importance of compliance with Sustainable Stock Exchange (SSE) guidelines.
- Following SSE's initiatives toward better ESG and sustainability performance.




##### Global Reporting Initiatives and Frameworks:

- Importance of following the Global Reporting Initiative (GRI) and use it as a reference point.
- Highlighting the key global initiatives and how critical it is to utilize these initiatives as guidelines.

##### Reporting on ESG Disclosure Metrics:

- The unified metrics cover all aspects of ESG with reference to the corresponding standard in GRI and SDGs and is issued through the Bahrain Bourse.
- The metrics consist of 29 standards alongside the calculation basis of each standard.

#### Unified KPIs

 Environmental	 Social	 Governance
GHG Emissions	CEO Pay Ratio	Board Diversity
Emissions Intensity	Gender Pay Ratio	Board Independence
Energy Usage	Employee Turnover	Incentivized Pay
Energy Intensity	Gender Diversity	Supplier Code of Conduct
Energy Mix	Temporary Worker Ratio	Ethics & Anti-Corruption
Water Usage	Non-Discrimination	Data Privacy
Environmental Operations	Injury Rate	Sustainability Reporting
Environmental Oversight (Management)	Global Health & Safety	Disclosure Practices
Environmental Oversight (Board)	Child & Forced Labor	External Assurance
Climate Risk Mitigation	Human Rights	



## 4. Key ESG themes

CH'S TEAM MANAGES ESG DATA ACROSS VARIOUS THEMES

### THEMES COVERED

#### FRAMEWORKS & NORMS



- Global Reporting Initiative ("GRI")
- UN Sustainable Development Goals ("SDGs")
- Sustainability Accounting Standards Board ("SASB")
- International Integrated Reporting Council ("IIRC")

#### CLIMATE CHANGE



- GHG inventory (Scopes 1, 2 and 3)
- Goals & targets
  - Absolute targets
  - Intensity targets
- Task Force on Climate-related Financial Disclosures ("TCFD")
- Carbon Disclosure Project ("CDP")

#### CARBON



- Carbon Registries such as VCS, Gold Standard, American Carbon Registry
- Carbon sequestration
- Reducing emissions from Deforestation and Degradation ("REDD")
- Cross validation and verification of carbon credits

#### REGULATORY DISCLOSURES



- EU Taxonomy
- Sustainable Finance Disclosure Regulation ("SFDR")
- Non-Financial Reporting Directive ("NFRD")

#### SCREENING



- Negative/exclusionary
- Positive/best in class
- Norm-based such as UN Global Compact
- Shariah Principles

#### CONTROVERSY



- Controversy research
- Monitoring and mapping
- News tracking
- Social media tracking for sentiment analysis





## 4. Key ESG themes

CAPITAL MARKET PARTICIPANTS LEVERAGE OUR SERVICES TO STAY AHEAD OF THE 'BENCHMARK'

### ESG research support

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Assessment of as-is-aspects of ESG integration in asset management

Selection criteria:  
ESG screening, norms-based screening, ESG exclusions

ESG assessment:  
Customised data management and analysis, controversies

Compliance:  
SFDR, EU Taxonomy, etc.

### Ensuring resilience to upcoming regulations

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Understanding the maturity and preparedness of entities in portfolios in respect to their alignment with current and upcoming regulatory mandates and norms

Assessing level of preparedness of the organization to be able to adapt to the guidelines

Gap analysis for further refinement of portfolios in alignment with the investment philosophy

Ongoing maintenance and monitoring to ensure adherence to the ESG frameworks and standards

### ESG benchmarking of investment management

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Portfolio performance assessment across a wide range of parameters and perceptions

Peer benchmarking:  
Understanding market position

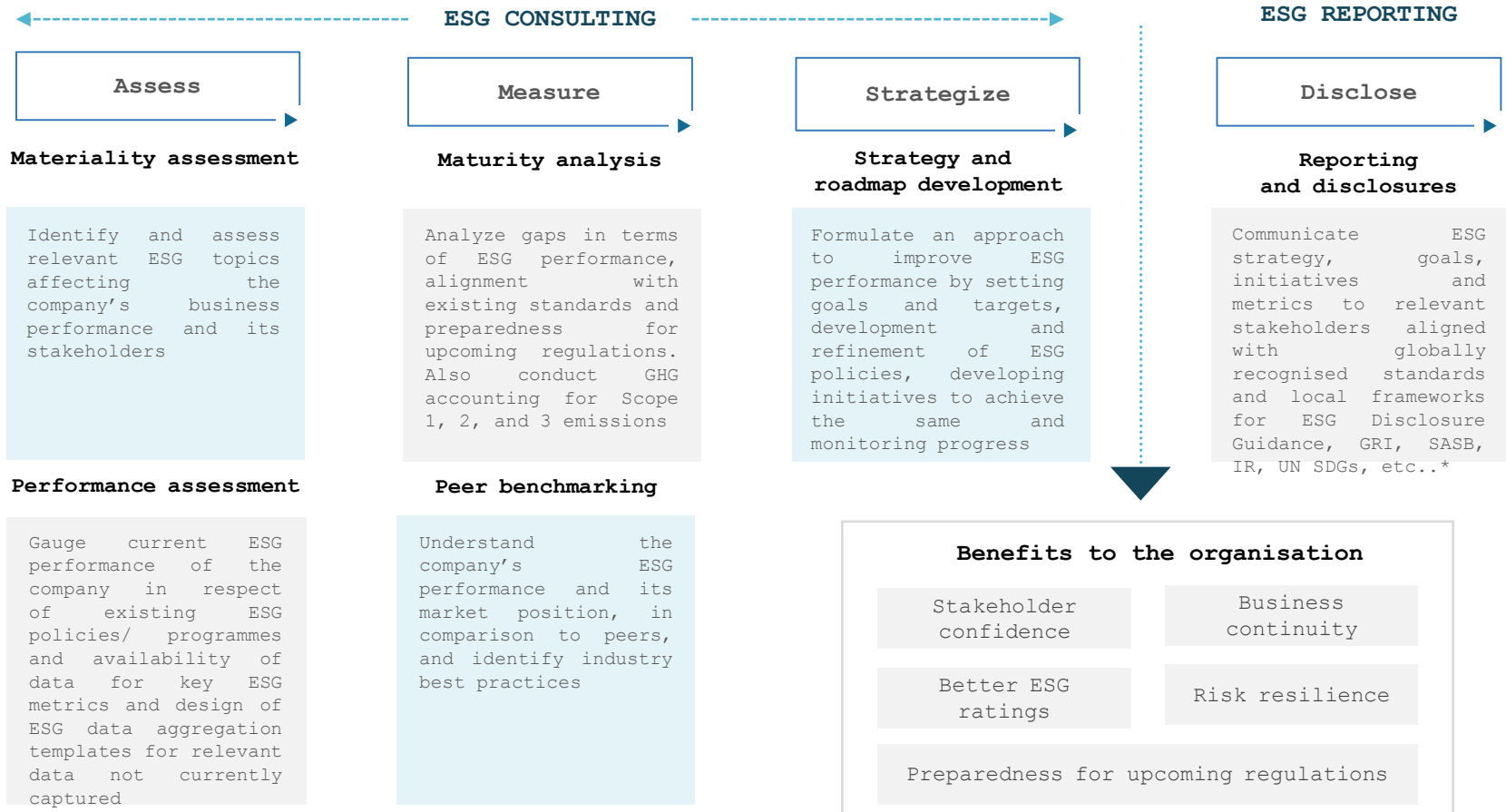
Controversies /Sentiment analyses  
Public perceptions, social media engagement, controversial litigations



## 5. How CH can support you to achieve your ESG targets

WE PROVIDE HOLISTIC AND BESPOKE ESG SOLUTIONS TO IMPROVE AN ORGANIZATION'S ESG PERFORMANCE

### CH'S PROPOSED SOLUTIONS



\*GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board), IR (Integrated Reporting), UN SDGs (Sustainable Development Goals), etc..



## 5. How CH can support you to achieve your ESG targets

OUR COGNIZANCE OF THE CHALLENGES PREVAILING IN THE ESG SPACE DIRECTLY ALIGNS WITH CH'S SERVICE OFFERINGS

### KEY CHALLENGES



**RELEVANCE**

ESG communication and management fails to add to the charm of sector, geography and stakeholder relevance of ESG action is not taken into consideration. Thus, understanding what is relevant to your business is the key to effective ESG management. ❌

**TRANSPARENCY**

The lack of transparency on ESG matters, either intentional or unintentional, has given rise to several controversies that not only result in reputational damage but also financial damage. ❌

**STANDARDISATION**

The presence of multiple reporting frameworks has allowed a certain level of flexibility in ESG disclosures, where stakeholders are left wanting clear and comparable disclosures. ❌

### RESULTING IN...

Low ratings and rankings

Reputational risks

Inconsistent stakeholder communication

Lost opportunities

Non-compliances

Penalties / increase in operating costs

### REMEDIAL ACTIONS: CH CAN SUPPORT YOU TO...

**RELEVANCE**

In-depth Materiality Assessment to identify and prioritize ESG topics that have an impact on business operations and are important to stakeholders. ✓

**TRANSPARENCY & STANDARDISATION**

Development of a transparent and comprehensive ESG report in line with global standards and local frameworks. ✓



## 5. How CH can support you to achieve your ESG targets

OUR COGNIZANCE OF THE CHALLENGES PREVAILING IN THE ESG SPACE DIRECTLY ALIGNS WITH CH'S SERVICE OFFERINGS (CONT'D...)

### KEY CHALLENGES



#### MONITORING & EVALUATION

With business alliances and collaborations spreading across the globe, monitoring of key ESG issues across operations is a huge challenge for organisations.



#### ESG COMPETENCE

The lack of suitable talent in the ESG space is triggering a myriad of issues regarding the efficient management and communication of ESG issues.



#### DYNAMIC CAPABILITIES

A lack of dynamic capabilities to adapt to the changing ESG landscape is a major factor why organisations are unable to effectively capitalise on the ESG opportunities.



### RESULTING IN...

Low ratings and rankings

Reputational risks

Inconsistent stakeholder communication

Lost opportunities

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### REMEDIAL ACTIONS: CH CAN SUPPORT YOU WITH...

#### MONITORING & EVALUATION

Formulation of ESG policies, development of standardized ESG data aggregation templates, and GHG accounting of Scope 1, 2, and 3 emissions



#### ESG COMPETENCE & DYNAMIC CAPABILITIES

End-to-end support for an organization's ESG requirements from improving current ESG performance, strategizing and roadmap design to development of robust disclosures





## 5. How CH can support you to achieve your ESG

OUR CUSTOMIZED SOLUTIONS WILL CONSIDER THE VARYING LEVELS OF ESG MATURITY OF LISTED / NON-LISTED COMPANIES

### BEGINNER

Materiality mapping of ESG topics	Establishing KPIs & metrics	Sustainability dashboard analysis	Formulating roadmaps & strategies
<ul style="list-style-type: none"> <li>• Sector</li> <li>• Peers</li> <li>• Reporting guidelines</li> <li>• Stakeholder assessment</li> </ul>	Alignment to: <ul style="list-style-type: none"> <li>• GRI,</li> <li>• SASB &amp;</li> <li>• IR</li> <li>• Local disclosure guidance (country specific)</li> </ul>	<ul style="list-style-type: none"> <li>• Performance projections</li> <li>• Footprint calculation</li> <li>• Globally accepted methodologies</li> </ul>	<ul style="list-style-type: none"> <li>• Target adoption</li> <li>• Target milestones</li> <li>• Opportunities for improvement</li> <li>• Strategic roadmap</li> <li>• Assistance in external assurance preparation</li> </ul>

### TRANSITIONER

As-is analysis	Gap assessment	OFI mapping	Roadmap & strategies
<ul style="list-style-type: none"> <li>• Holistic review</li> <li>• Disclosure analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Peer benchmarking</li> <li>• Regulatory compliance</li> <li>• Climate action assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Identification of additional KPIs &amp; metrics</li> <li>• Finalisation of monitoring and calculation methodology</li> </ul>	<ul style="list-style-type: none"> <li>• Best industry practices</li> <li>• Transition roadmap and milestones</li> </ul>

### FRONT-RUNNER

Strategy Evaluation		Future-fit reporting	Climate Action Management	
<b>Landscaping Study</b> <ul style="list-style-type: none"> <li>• Strategy Review</li> <li>• ESG Integration Analysis</li> </ul>	<b>Peer Benchmarking</b> <ul style="list-style-type: none"> <li>• Investor Alignment</li> <li>• Supply chain overview</li> <li>• Peer Review</li> </ul>	<b>Value creation</b> <ul style="list-style-type: none"> <li>• Double Materiality</li> <li>• Integrated Reporting</li> </ul>	<b>Impact based</b> <ul style="list-style-type: none"> <li>• Impact Analysis</li> <li>• Quantification and assessment</li> </ul>	<b>Net Zero</b> <ul style="list-style-type: none"> <li>• Climate disclosures</li> <li>• Decarbonization strategy</li> </ul>
			<b>TCFD</b> <ul style="list-style-type: none"> <li>• Climate risk horizon</li> <li>• Gap Assessment</li> <li>• Peer Benchmarking</li> </ul>	

Global framework alignment

Reporting & disclosures

Meeting stakeholder expectations



## 5. How CH can support you to achieve your ESG

OUR ESG EXPERTISE WILL HELP LISTED COMPANIES ACCELERATE THEIR SUSTAINABILITY JOURNEY & BE ON PAR WITH GLOBAL ESG TRENDS

### THE BOTTOM LINE...

- **Increased scrutiny across all stakeholders:** Companies of all sizes are focusing more on their ESG strategies
- **Regulatory actions for sustainable finance:** Although the European Union continues to lead, other regions, particularly **Asia**, are advancing
- **Combating climate change:** **Qatar** has a compelling national interest in promoting swifter and ambitious domestic, regional, and global action
- **Hosting first-ever carbon-neutral FIFA World Cup:** Qatar will display its efforts in **sustainable economic development** on a global stage and will continue to enhance its sustainability initiatives
- **ESG-based investments:** A massive opportunity for Qatar in terms of financial gains and contributions to sustainability and climate-related goals
- **Growth of sustainable investment market:** 2022 and beyond promises to bring forward several global regulatory efforts promoting more resilient and sustainable economies, societies, and companies

A photograph of two people shaking hands in a business meeting. The image is overlaid with a large, white-outlined geometric shape consisting of several interconnected triangles and quadrilaterals. The text 'CONSULTING HAUS' is centered within one of the blue-shaded triangular sections of this overlay. The background is a blurred office setting with a desk, papers, and pens.

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