



CONSULTING
HAUS

ENVIRONMENTAL, SOCIAL AND GOVERNANCE OVERVIEW

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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)

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

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

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

ESG REGULATORY LANDSCAPE IS CONTINUOUSLY EVOLVING GLOBALLY...



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



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 Federation of Exchanges (WFE)



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)



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 in Qatar

QATAR HAS TAKEN POSITIVE STEPS TO ENCOURAGE ESG REPORTING HOWEVER, IT REMAINS IN THE NASCENT STAGES

QATAR'S MOVES TO ENCOURAGE ESG REPORTING



Published the National Climate Change Action Plan (NCCAP) in 2021 to combat climate change



In 2021, the QSE launched its first ESG-tradable index and announced plans to mandate ESG disclosures for publicly-listed firms



The QSE's scoring platform provides insights into the ESG performance of individual companies by scoring them on all 3 ESG aspects across multiple years



Sustainability Dashboard by the QSE highlights the corporate leaders based on percentage of QSE ESG metrics reported on

REPORTING METRICS RECOMMENDED BY QSE

9 Environmental

13 Social

10 Governance

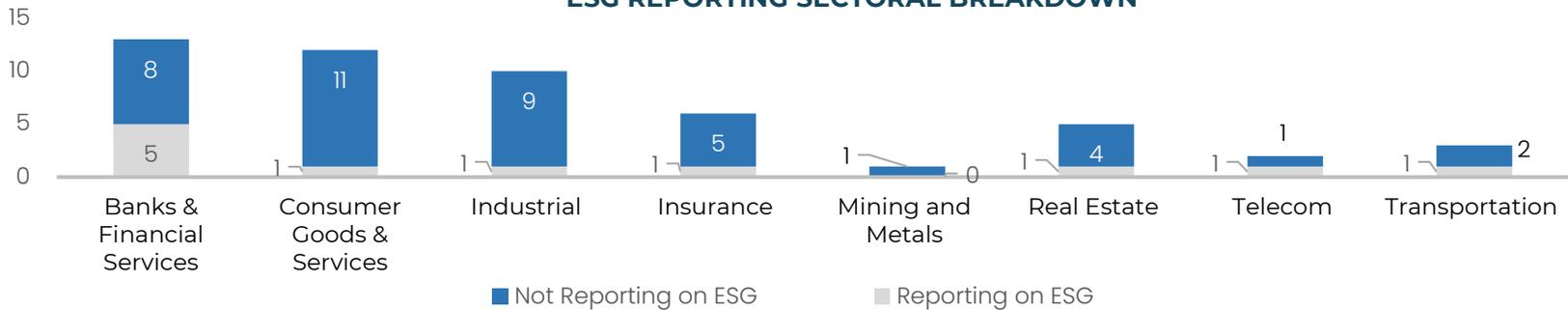
2 Reporting Integrity

3. ESG in Qatar

WE OBSERVE THAT THERE IS A VAST SCOPE FOR IMPROVEMENT IN ESG DISCLOSURES MADE BY QSE LISTED COMPANIES

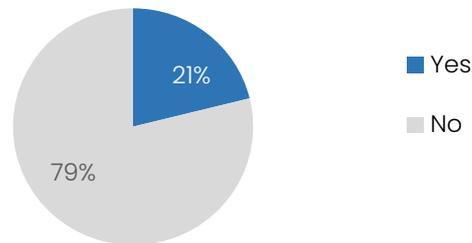
The graphs represent a total of **52** QSE listed companies further broken down into **8** sectors

ESG REPORTING SECTORAL BREAKDOWN



Out of the 11 companies reporting on ESG, **9** have an overall ESG score greater than 90%, whereas **2** companies have a score below 90%

QSE LISTED COMPANIES REPORTING ON ESG



LEADING ESG REPORTING COMPANIES:

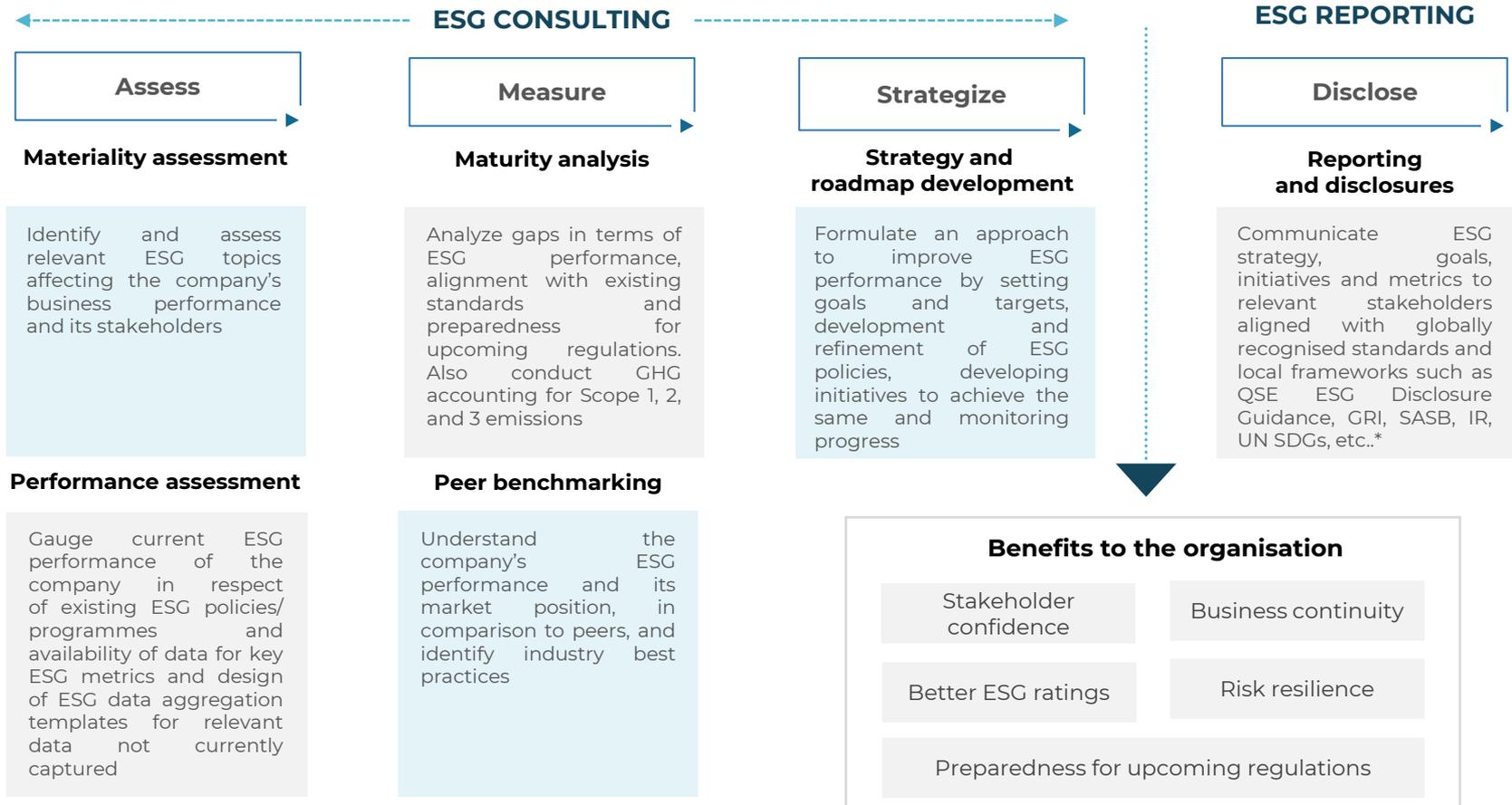




4. How CH can support you to achieve your ESG targets

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

CH'S PROPOSED SOLUTIONS



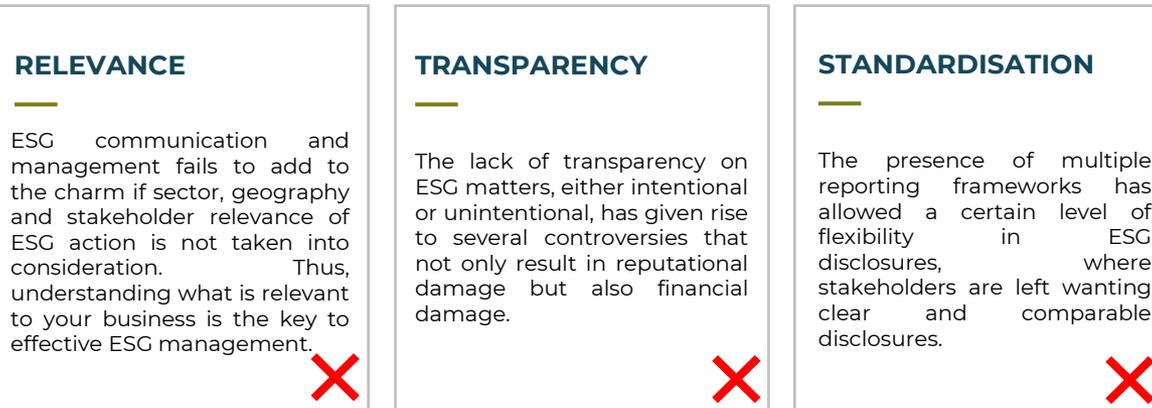
*GRI (Global Reporting Initiative), SASB (Sustainability Accounting Standards Board), IR (Integrated Reporting), UN SDGs (Sustainable Development Goals), etc..



4. 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



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...





4. 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.



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



RESULTING IN...

Low ratings and rankings

Reputational risks

Inconsistent stakeholder communication

Lost opportunities

Non-compliances

Penalties / increase in operating costs



4. How CH can support you to achieve your ESG targets

OUR CUSTOMIZED SOLUTIONS WILL TAKE INTO ACCOUNT THE VARYING LEVELS OF ESG MATURITY OF QSE LISTED COMPANIES

79% of QSE listed companies haven't started their ESG reporting journey and we can help them begin their transformation into ESG mature organizations

BEGINNER

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

The companies that are already reporting on QSE recommended metrics, we can enhance their ESG performance to get on par with global trends

TRANSITIONER

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

Global framework alignment

Reporting & disclosures

Meeting stakeholder expectations



4. How CH can support you to achieve your ESG targets

OUR ESG EXPERTISE WILL HELP QSE 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 an office setting. The image is overlaid with a large, white-outlined geometric shape consisting of several interconnected polygons. The text 'CONSULTING HAUS' is centered within one of the polygons. The background is a blurred office desk with papers, pens, and a smartphone.

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