



# Sustainability Awareness Workshop

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01

## ESG / Sustainability definition and dimensions

# Let's Clarify Terms

## Sustainable Development:

The development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (Gro Brundtland, World Commission on Environment and Development (WCED), Our Common Future, 1987).



# Let's Clarify Terms

02



## Sustainability:

The holistic approach considers the impact on multiple stakeholders and the ecosystem through responsible practices that balance the needs of the community, environment, workplace, and marketplace.

# Let's Clarify Terms

## ESG

Environmental, Social Governance metrics that are used to assess a company's impact and exposure to a range of environmental, social and governance factors and is a term mainly adopted by investors and rating agencies.

*The term ESG was first used in UN Global Compact Initiative's report titled "**Who Cares Wins**" in 2004. It was coined by **James Gifford***

03



# Sustainability Dimensions vs. ESG Pillars



ESG Pillars

E

S

S/G

G/S/E

# ESG Context

Pillars		Topic Examples	Sub Topic Examples
Environmental	Board Oversight and Involvement	<ul style="list-style-type: none"><li>• Climate Change Governance</li><li>• Greenhouse Gas Emissions</li><li>• Energy Consumption</li><li>• Waste and Materials</li><li>• Water</li><li>• Pollution</li><li>• Biodiversity</li></ul>	<ul style="list-style-type: none"><li>• Environmental Initiatives</li><li>• Managing biodiversity</li><li>• GHG intensity</li><li>• GHG Scope 1</li><li>• GHG Scope 2</li><li>• GHG Scope 3</li><li>• Waste Management, resource use and circular economy</li><li>• Water Management and marine resources</li></ul>
Social		<ul style="list-style-type: none"><li>• Human Rights</li><li>• Community Engagement</li><li>• Workplace Inclusion</li><li>• Supply Chain Sustainability</li><li>• Customers</li><li>• Economic Aspects</li></ul>	<ul style="list-style-type: none"><li>• Local empowerment</li><li>• Community investment</li><li>• Employee Compensation</li><li>• Labour management</li><li>• Employee diversity</li><li>• Occupational Health &amp; Safety</li></ul>
Governance		<ul style="list-style-type: none"><li>• Anti-corruption, Bribery, and Crime</li><li>• ESG Strategy</li><li>• Corporate Governance</li><li>• Sustainability Risk Management</li><li>• Sustainable Financing</li><li>• ESG Policy Framework and Goal Alignment</li><li>• Ethics</li><li>• ESG Disclosures</li><li>• Materiality &amp; Double Materiality Assessment</li><li>• ESG Capacity Building</li><li>• Third-Party Assurance</li></ul>	<ul style="list-style-type: none"><li>• Anti-corruption, money laundering, and bribery</li><li>• Whistleblowing</li><li>• Communication</li><li>• Training</li><li>• ESG Strategy</li><li>• Board composition</li><li>• Board expertise</li><li>• Information Security / Cybersecurity &amp; System Availability</li><li>• Green and Social Bonds</li><li>• Sustainability Policies</li><li>• Code of conduct/ethics</li></ul>



02

Integrating Sustainability  
Into your business

# An Approach to Creating a Sustainable Culture

Does Sustainability  
**Embed in your daily business?**

# An Approach to Creating a Sustainable Culture



# Sustainability Integration Roadmap



# Engage Stakeholders



## STAKEHOLDERS



Different stakeholders are impacted differently by the actions and decisions of a company.

Considering all stakeholders at the beginning of your ESG journey presents the opportunity to:

- Comprehensively understand the impact of your activities on all impacted stakeholder groups
- Build trust and credibility with your stakeholders by engaging with them early in the process
- Identify key ESG issues to ensure your roadmap addresses the concerns that matter the most to your stakeholder's groups

# Assess Current Sustainability Performance



## Sustainability Diagnosis & Assessment

- 1<sup>st</sup>** Understand your organization holistically.
- 2<sup>nd</sup>** Establish which aspects of Sustainability are most essential to your organization
- 3<sup>rd</sup>** Meet with stakeholders to ensure data reflection
- 4<sup>th</sup>** Benchmark your organization against global leaders – industry base (as per the identified areas)
- 5<sup>th</sup>** Build a comprehensive diagnosis for your Sustainability
- 6<sup>th</sup>** Identify the Sustainability gaps and areas for improvement.

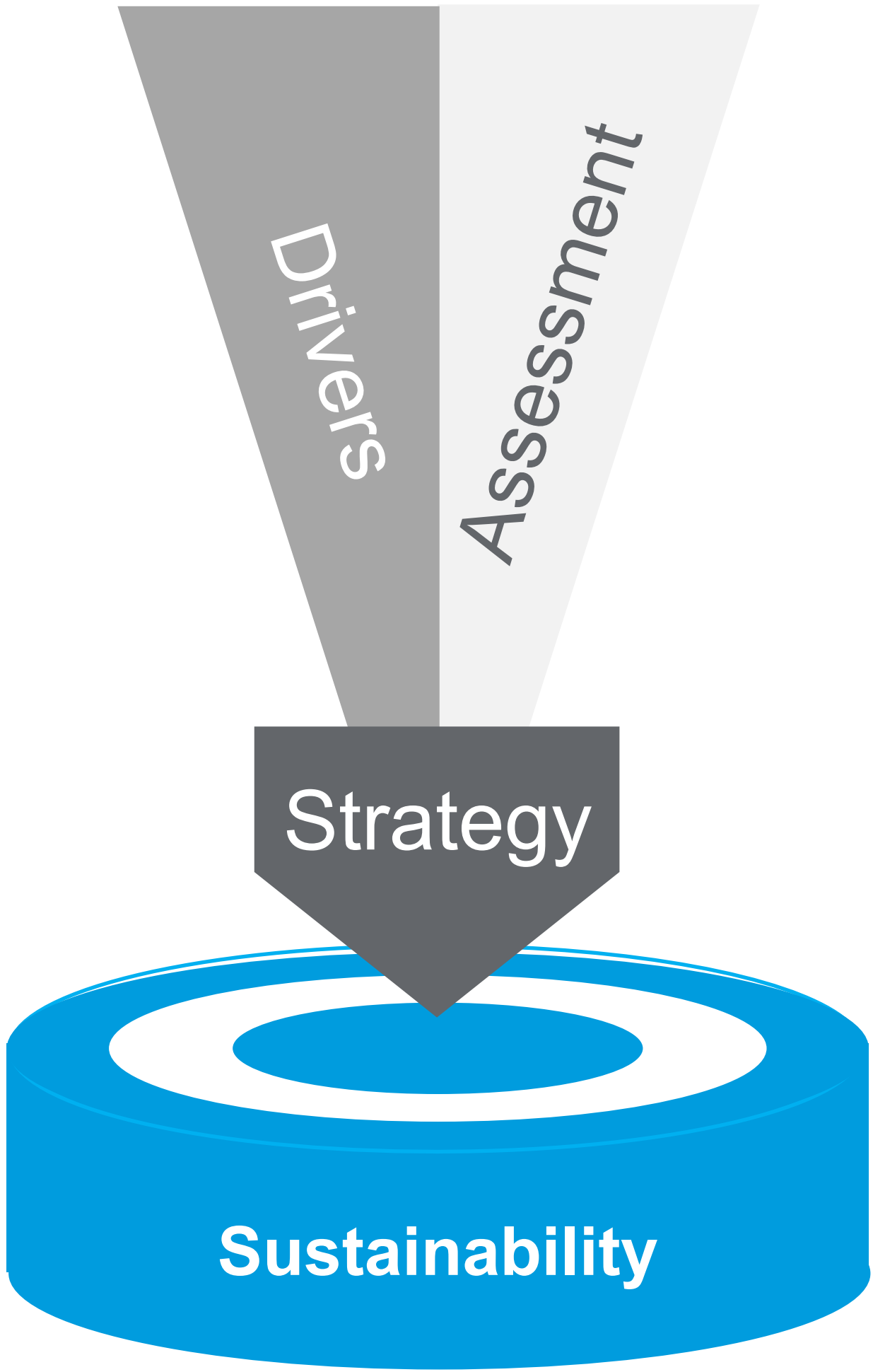
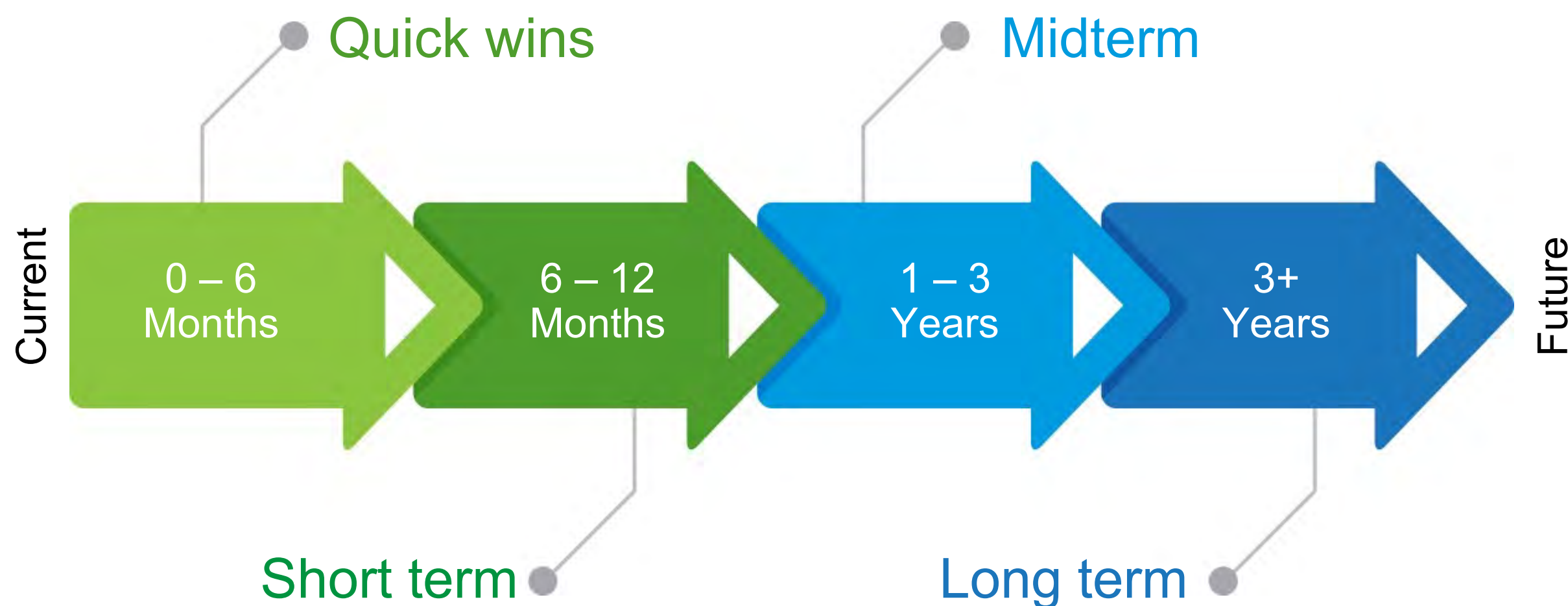


# Assess Current Sustainability Performance



## Assessment Value Outcomes

Bridging the gaps involves creating a realistic plan in line with the available resources

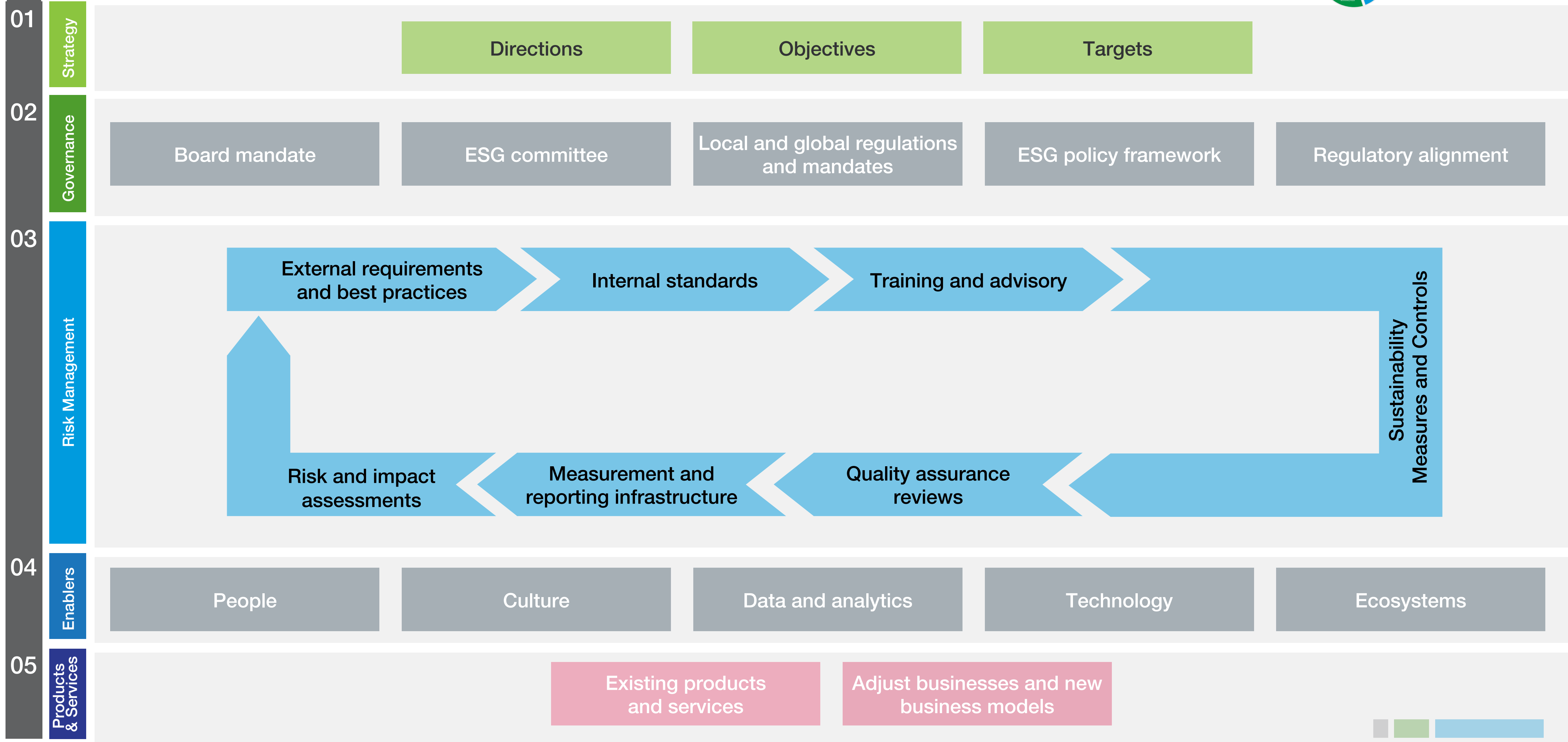


# Conduct Sustainability Analysis for Improvement

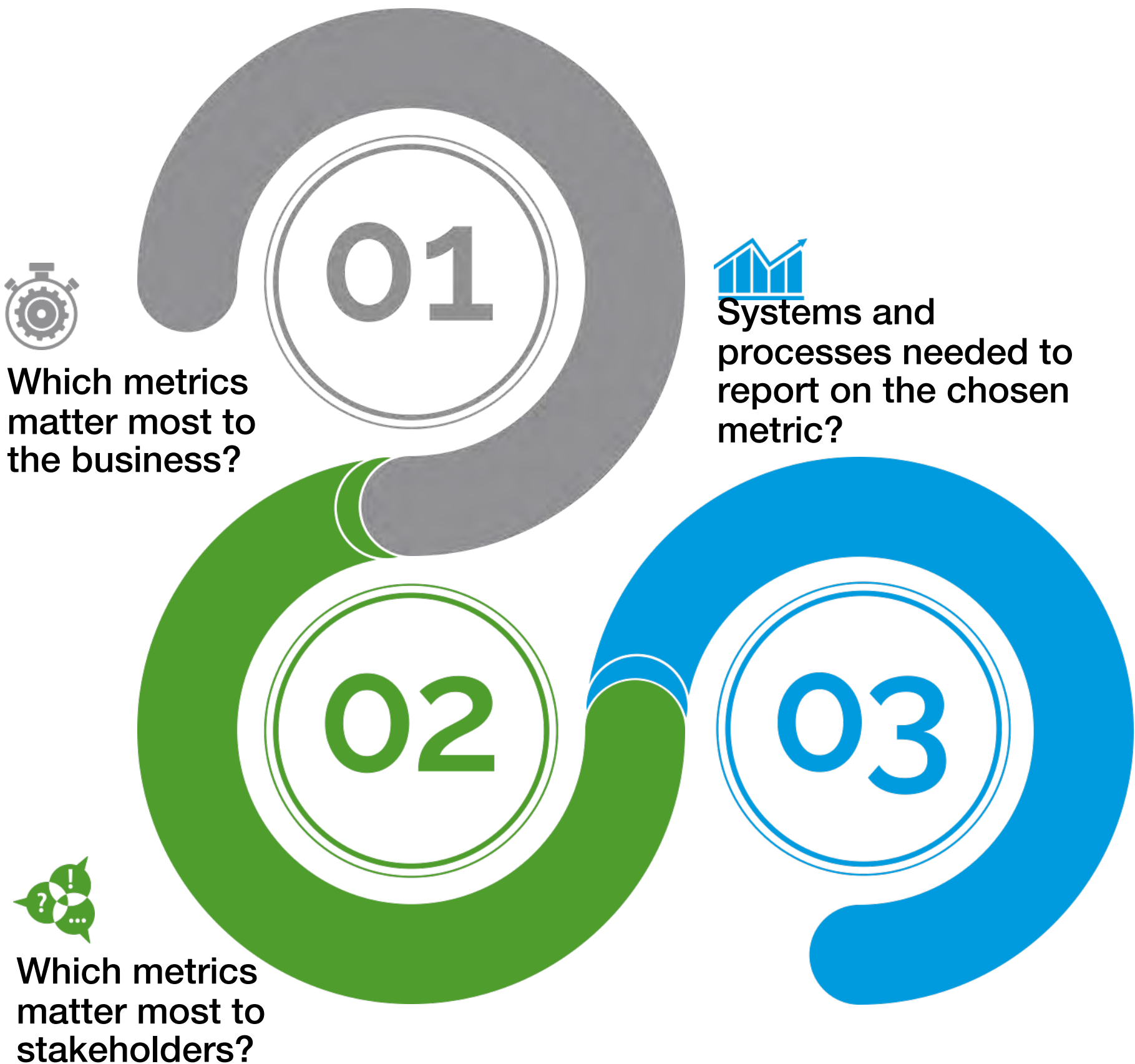
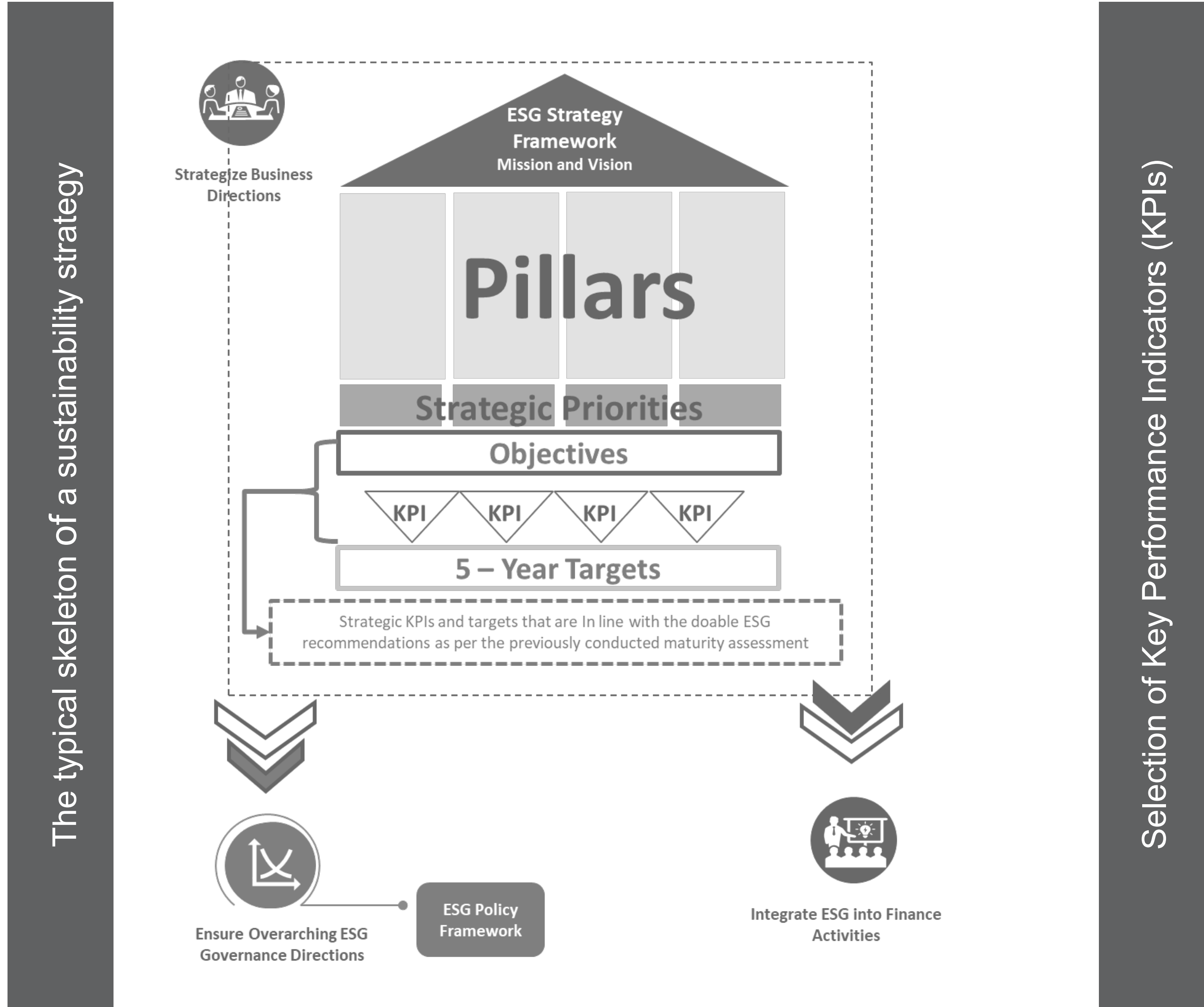


Should the sustainability manager specialize in  
**strategy, risk, compliance, reporting,  
data management, investment.....?**

# Conduct Sustainability Analysis for Improvement



# Develop Sustainability Strategy Framework



# Communicate Sustainability Impact



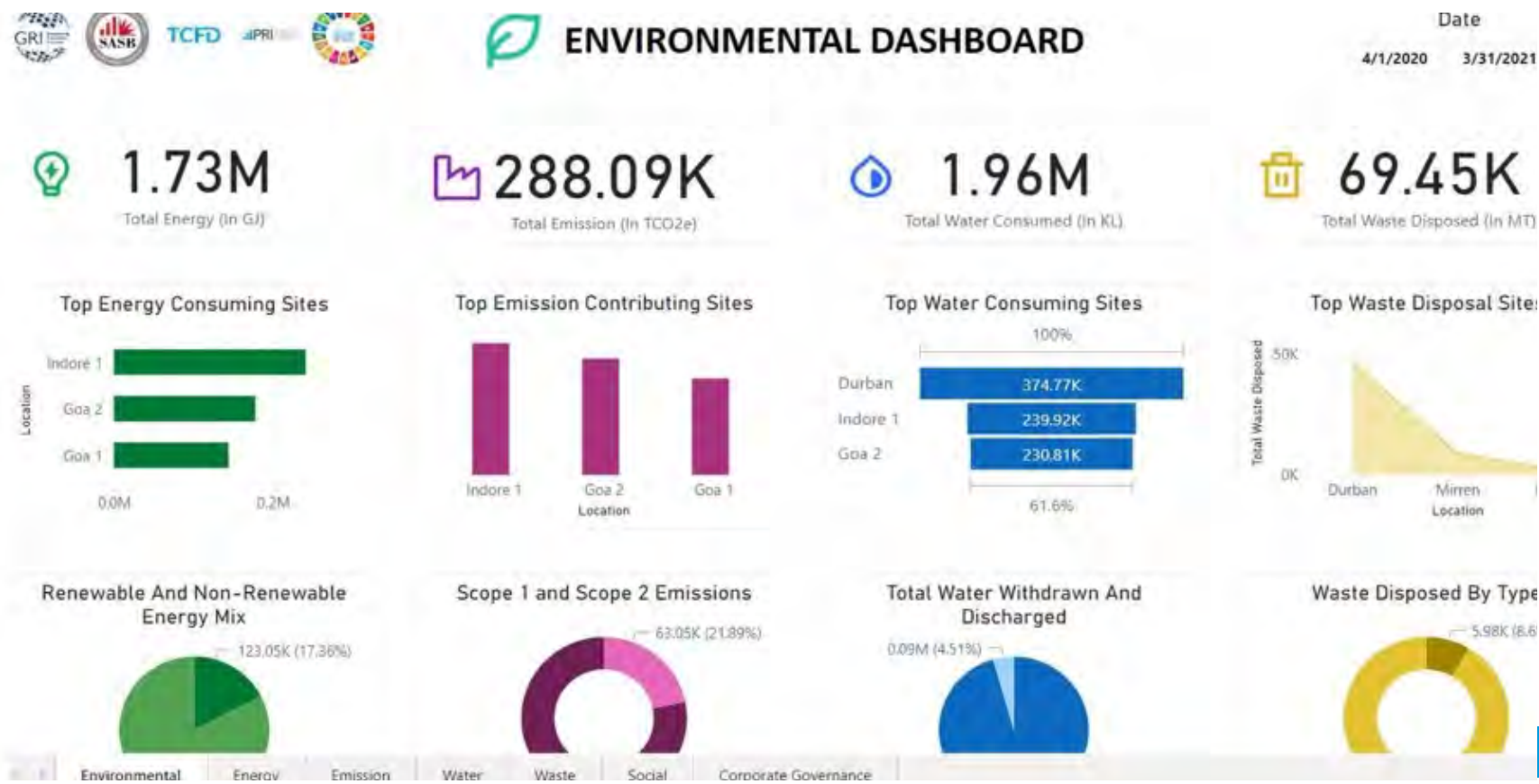
Reflect your Commitments to



Sustainability Report



Reporting Periods Jan 1<sup>st</sup> – Dec 31<sup>st</sup>



# Key Steps for Sustainability Report Development

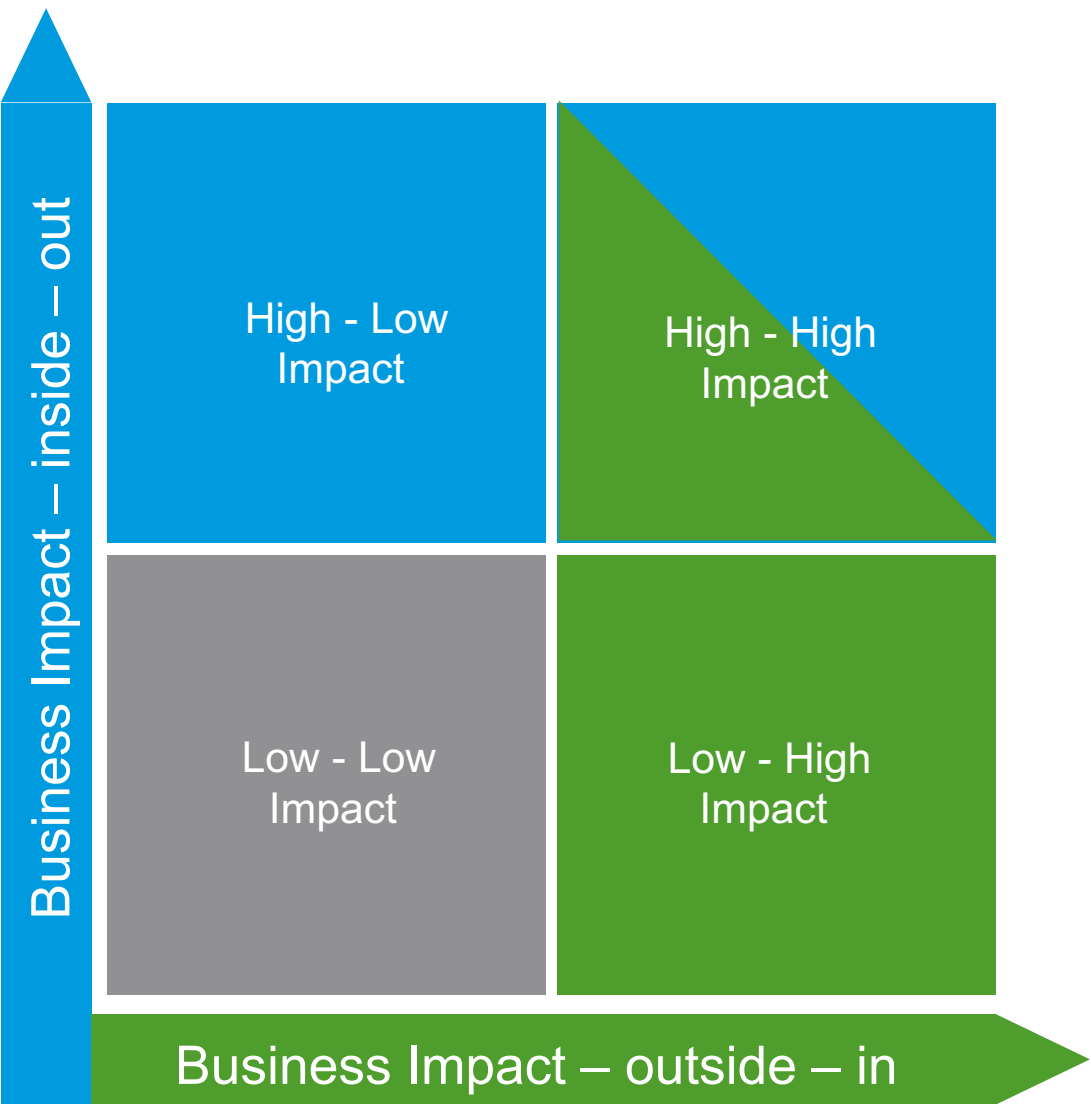


# Approach to Materiality

## 1 - Key Material Topics



## 2 - Double Materiality



## 3 - Integration & Alignment

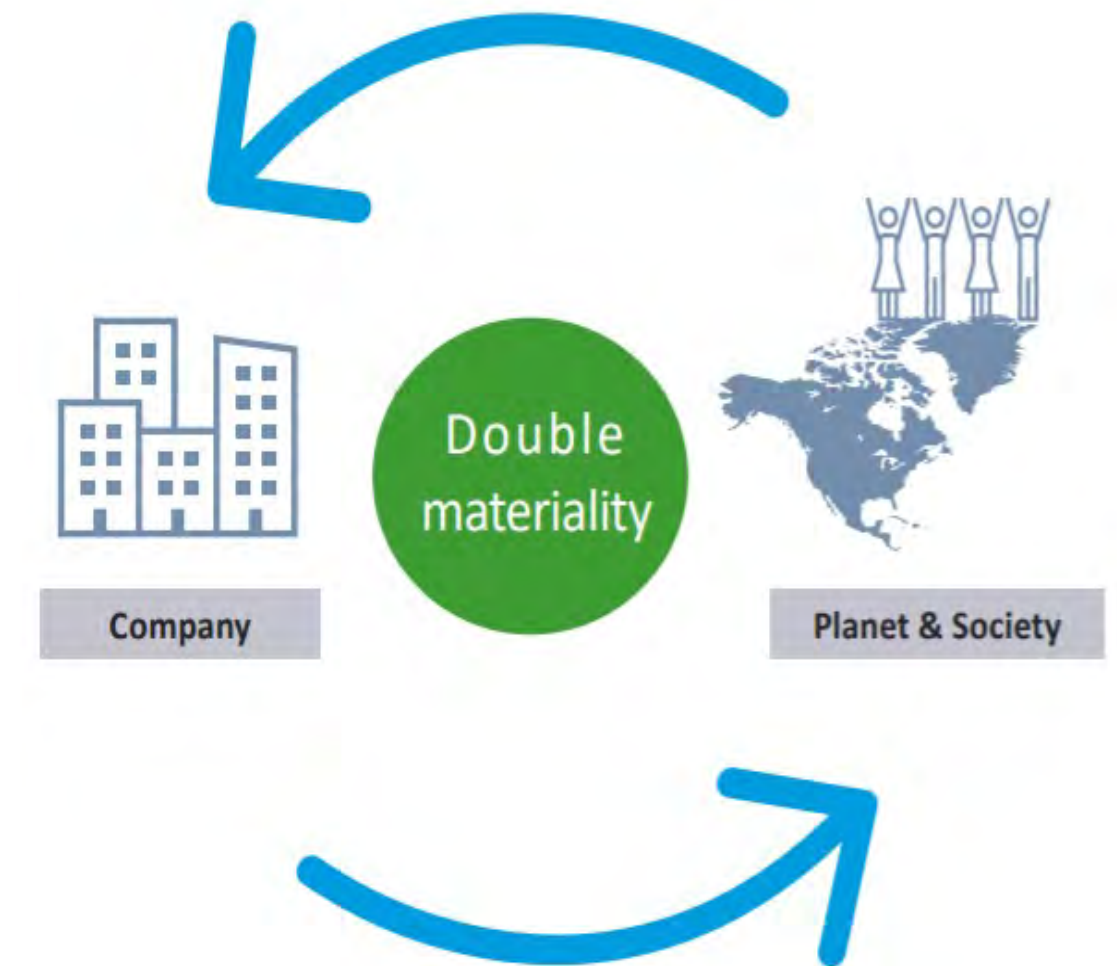


# Conduct Sustainability Analysis for Improvement

## What is double materiality?

A key element in reporting and determines, to a large extent, the reporting scope. Taking a 'two-way' perspective will be more complex than most companies are used to:

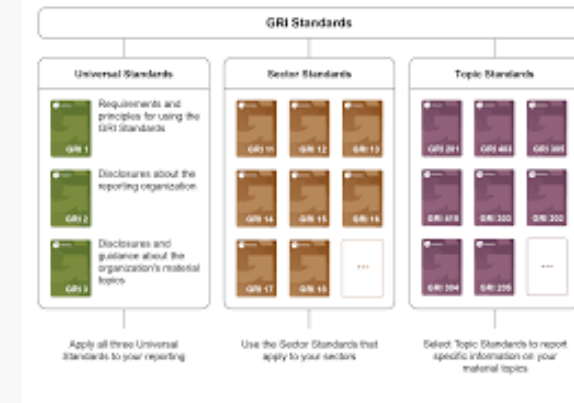
- The inside-out view (impact materiality)
- the outside-in view (financial materiality)



# Reporting through ESG/Sustainability Frameworks & Standards

## Global Reporting Initiative (GRI)

- A sustainability reporting standard widely used by various organizations around the world.
- It is composed of a set of universal standards (general disclosures), as well as topic-specific standard disclosures.
- # of GRI reports: over 38,000 reports in database.



Main Reporting Framework

## United Nations Sustainable Development Goals (SDGs)

- 17 goals which cover the following dimensions:
  - Economy
  - Environment
  - Community
  - Labour rights
  - Equality



## IFRS S1 and S2

- Governance
- Strategy
- Risk Management
- Metrics and Targets



## SASB

- Environment
- Social Capital
- Human Capital
- Business Model and Innovation
- Leadership and Governance



International Framework For Sustainability

## International ESG Raters

- ESG ratings are evaluations of a company based on a comparative assessment of their performance related to environmental, social & governance (ESG) issues.
- Examples of ESG raters include:
  - MSCI
  - FTSE Russell
  - REFINITIV
  - Morningstar
  - S&P
  - Sustainalytics



International ESG Raters

National Frameworks for Sustainability

## Kuwait National Development Plan (KNDP)

- Global positioning
- High quality healthcare
- Creative human capital
- Sustainable living environment
- Developed infrastructure
- Sustainable diversified economy
- Effective government administration



## Capital Markets Authority (CMA)

- Includes resolutions on Sustainable Finance



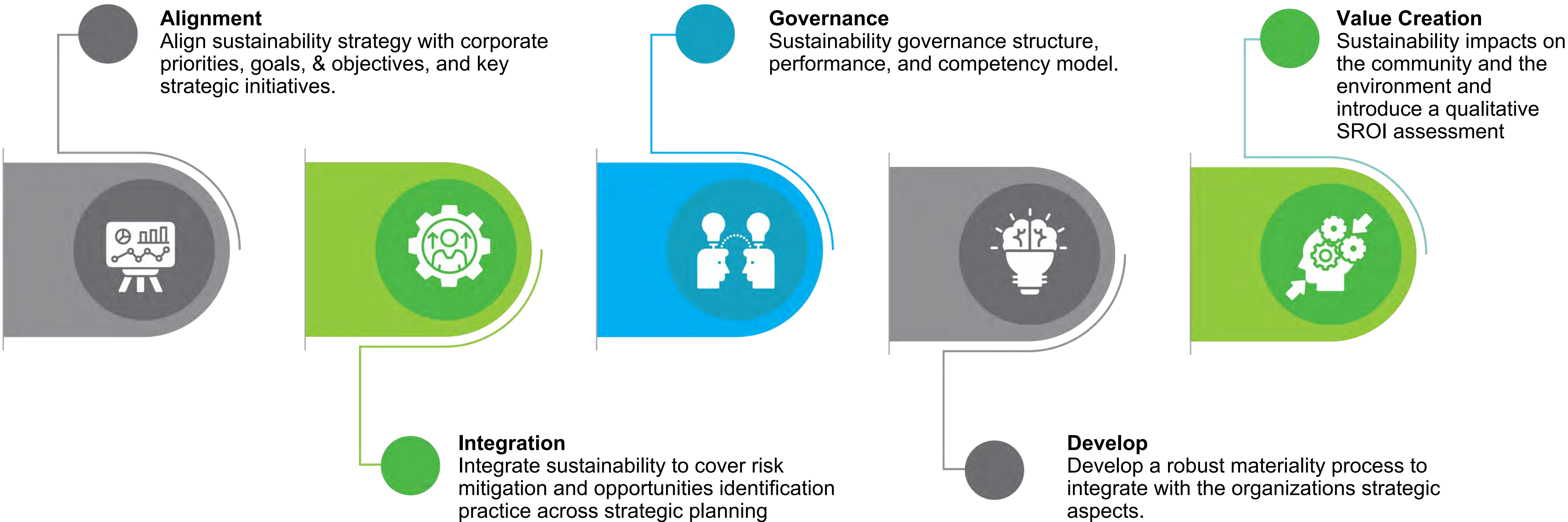
## Bursa Kuwait Sustainability Indicators

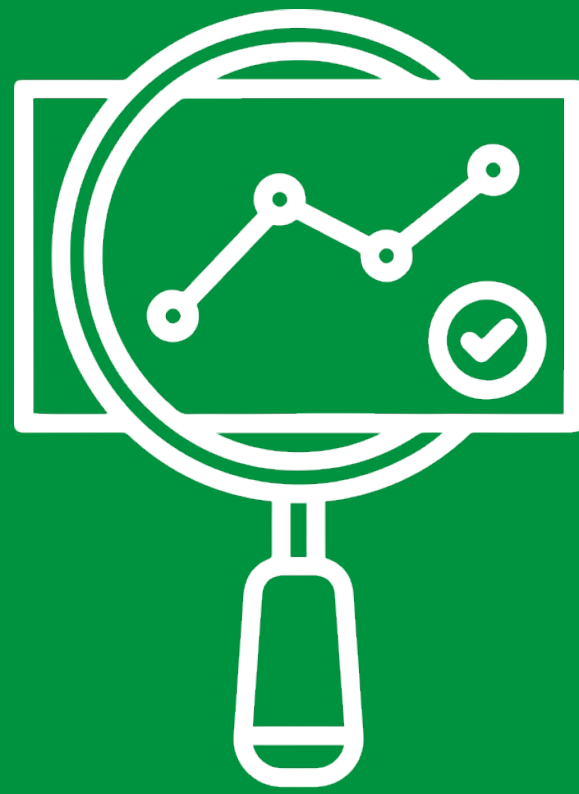
- Includes sustainability indicators, cover the sustainability dimensions of Economy, Environment, Social & Governance.



# Sustainability Report Advancement

## Value proposition of reporting process

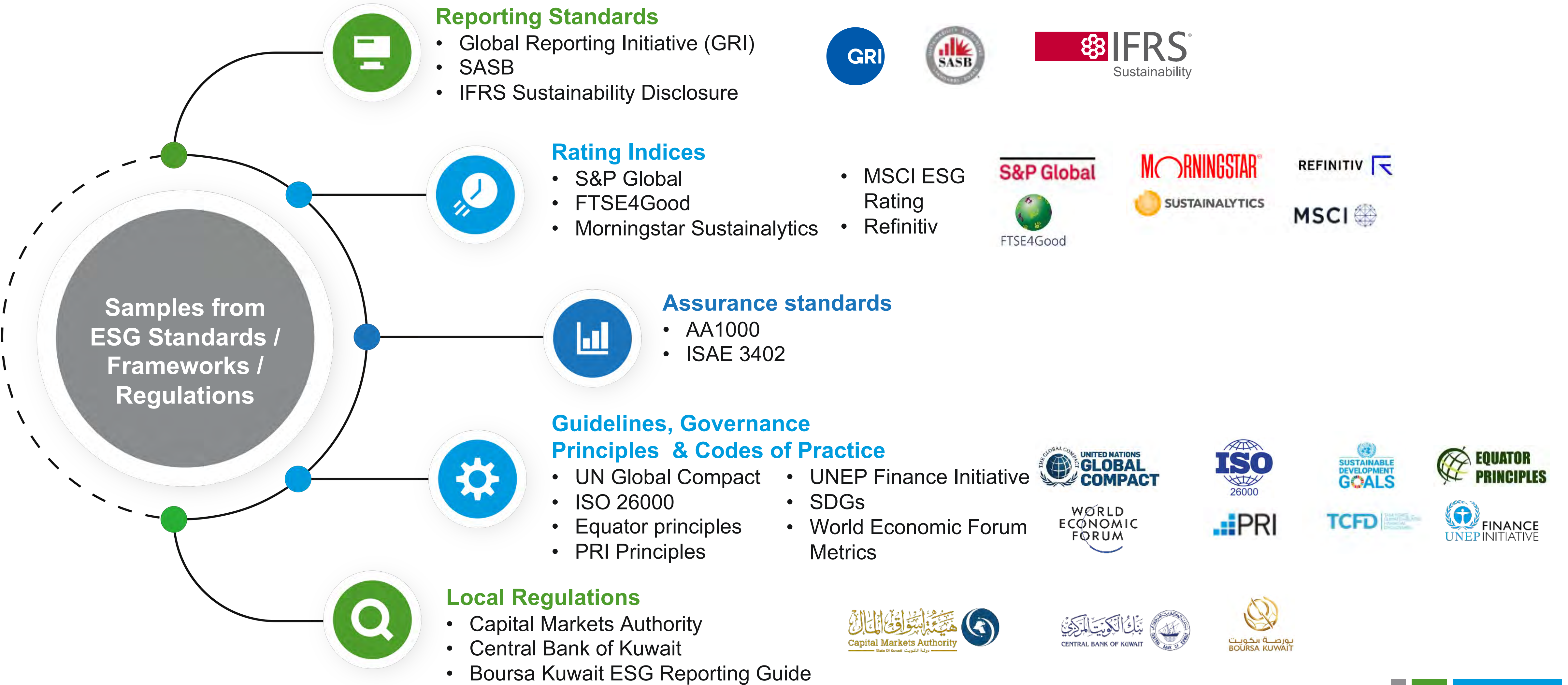




03

Standards, metrics  
and indicators


# Standards, Frameworks, and Regulations




# Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is a non-profit organization that promotes sustainability. They do this by producing one of the most comprehensive standards for sustainability reporting. Companies can communicate their ESG performance through a report by referring to a comprehensive, global framework such as the GRI: 2021.


Key Takeaways



Since inception in 1997, GRI Standard is adopted by 90%+ of the world's largest 250 organizations.



**GRI has partnered with the United Nations Global Compact (UNGC) to provide organizations with a prioritized metrics/disclosures that organizations can use to show their progress regarding the SDGs.**




In March 2022, GRI and the [IFRS Foundation](#) signed a [Memorandum of Understanding \(MoU\)](#) to coordinate their work programs and standard-setting activities as well as join each other's consultative bodies related to sustainability reporting.

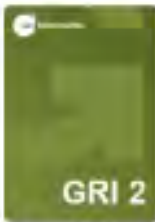
GRI Standards

GRI Standards


Universal Standards



Requirements and principles for using the GRI Standards



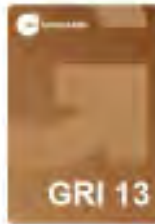


Disclosures about the reporting organization

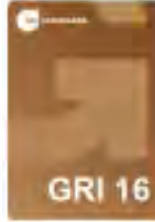







Disclosures and guidance about the organization's material topics

Apply all three Universal Standards to your reporting

Sector Standards
















Use the Sector Standards that apply to your sectors

Topic Standards








Select Topic Standards to report specific information on your material topics

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AUDIT | TAX | CONSULTING



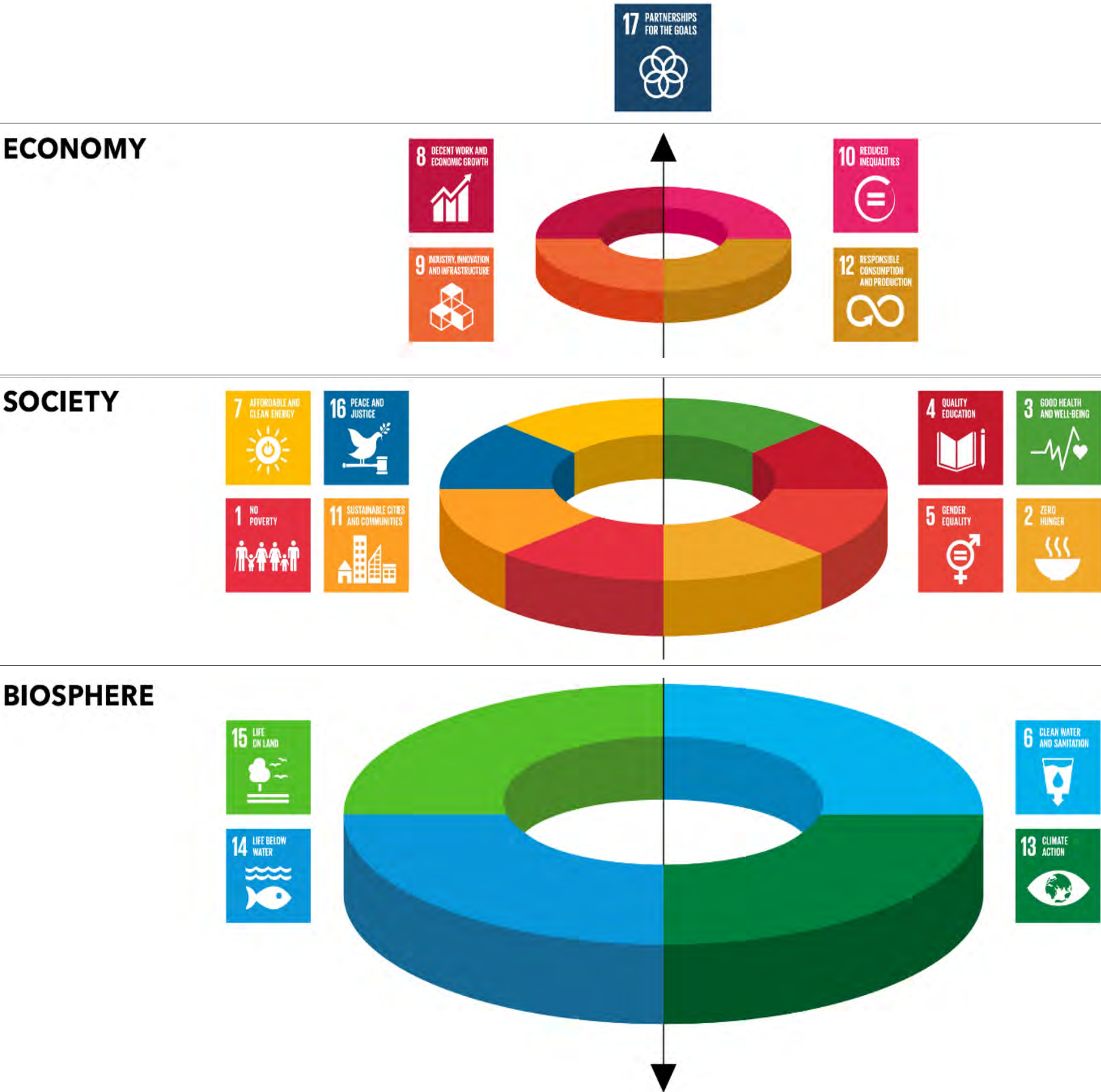
# Sustainable Development Goals (SDGs)

**Achieving the SDGs could create 380 million jobs and help unlock at least \$12 trillion in opportunities for business by 2030!**

Source: *The Business & Sustainable Development Commission report:*  
<http://report.businesscommission.org/report>

**The SDGs are ambitious and estimates of the cost of achieving them range from \$5-7 trillion per year**

Source: *Aberdeen Standard Investments: Embracing the UN's Sustainable Development Goals in institutional investment, 2018*



# IFRS ISSB - S1 and S2 at a Glance



The ISSB has published its first two IFRS Sustainability Disclosure Standards:

- **IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information**
- **IFRS S2 Climate-related Disclosures**

**IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.**

**IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity.**

## Why IFRS S1 and S2?

Demand for improved transparency in relation to sustainability reporting

Lack of harmonization and comparability across reporting standards and frameworks

To establish a comprehensive global baseline of sustainability and climate-related disclosures

To assist in the effective assessment and decision-making for investors and stakeholders

# Evolution of ISSB- S1 & S2

ISSB considered several standards to form the S1 and S2 Standards to consolidate the approaches in one standardized framework



# ISSB- S1 & S2 – Core Content

Unless another IFRS Disclosure Standard permits or requires otherwise in specified circumstances, an entity shall provide disclosures about:



Enable users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee sustainability-related risks and opportunities.



Enable users of general purpose financial reports to understand an entity's strategy for managing sustainability-related risks and opportunities.

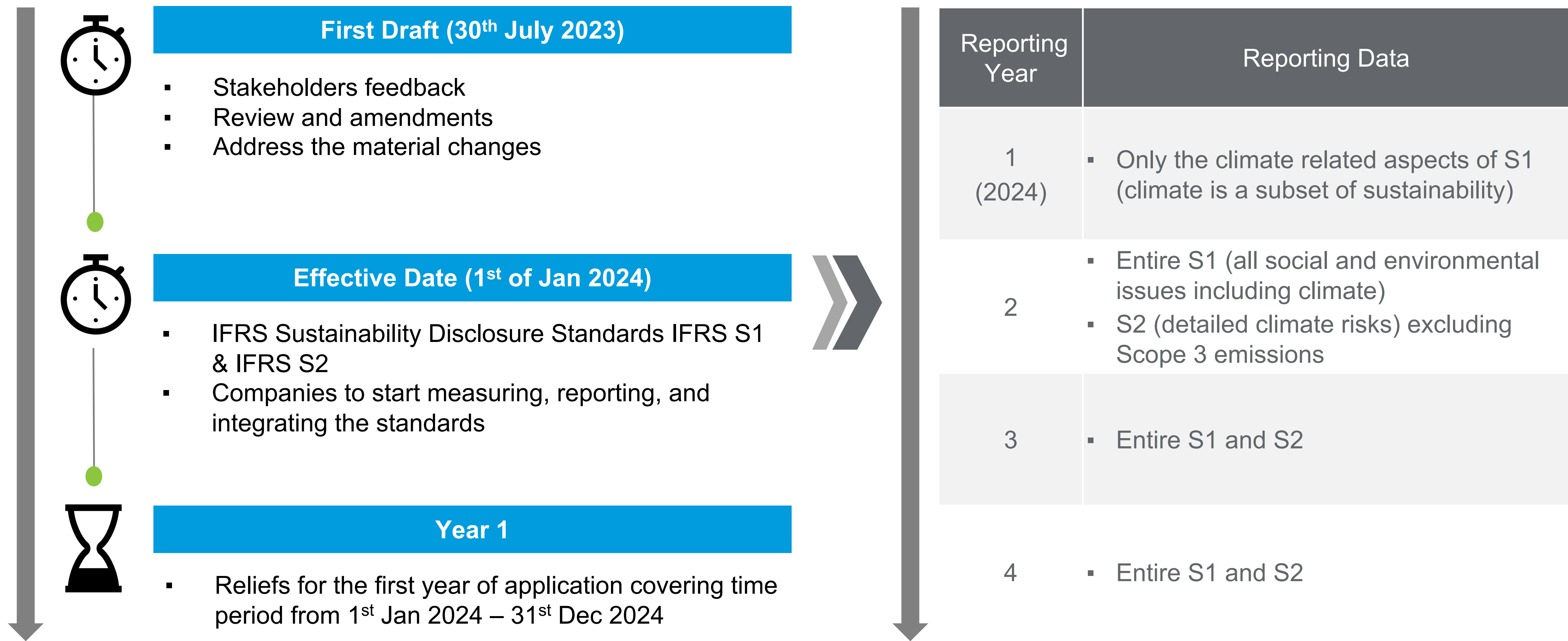


Enable users to understand an entity's processes to identify, assess, prioritize and monitor sustainability and climate -related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process; and to assess the entity's overall risk profile and its overall risk management process.



Enable users of general purpose financial reports to understand an entity's performance in relation to its sustainability-related risks and opportunities, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation.

# ISSB - S1 & S2 - Implementation Timeline

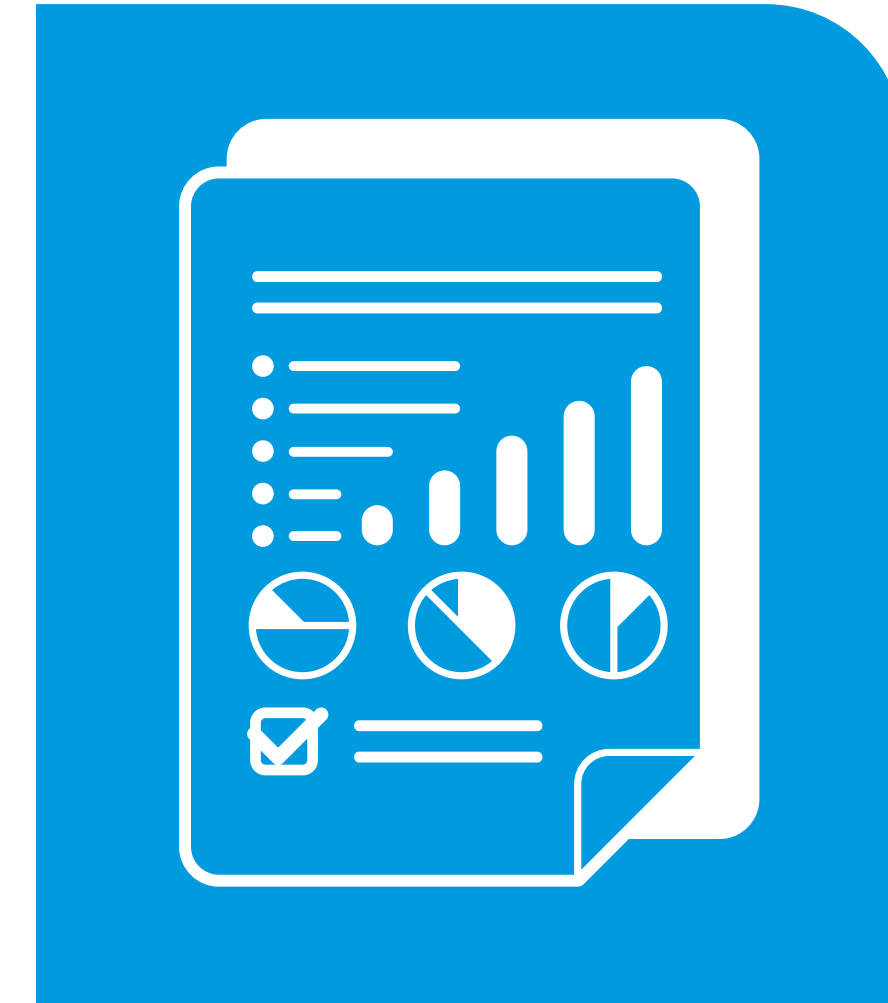


# Recommended Options of Reporting



Option 1

- Create a separate report aligned with the S1 and S2 standards
- For any information already published elsewhere, provide a cross-reference



Option 2

- Make sure all required information is published in other documents, and prepare a cross-reference list
- This might require expanding the scope of financial documents, annual reports, etc. to include risks and opportunities



04

Role of regulations  
In Sustainability

# Global Regulations on ESG

Global ESG Regulations have increased in the past decade, with every major economy and economic groups (such as the EU) pursuing legislation to mitigate climate change and social issues in supply chains



In March 2022, The US Securities and Exchange Commission (SEC) proposed rules to Enhance and Standardize Climate-Related Disclosure for Investors. These rules pose a significant challenge for companies as they must report on three "Scopes" of their direct greenhouse gas (GHG) emissions.



In April 2022, The UK government enacted two new ESG laws affecting registered companies and Limited Liability Partnerships (LLPs) that have over 500 employees and annual revenue of more than GBP 500 million.



In July 2023, The EU Commission adopted the European Sustainability Reporting Standards (ESRS) for use by companies subject to the Corporate Sustainability Reporting Directive (CSRD). Beginning in 2024, companies with more than 500 employees will have to provide this new reporting.

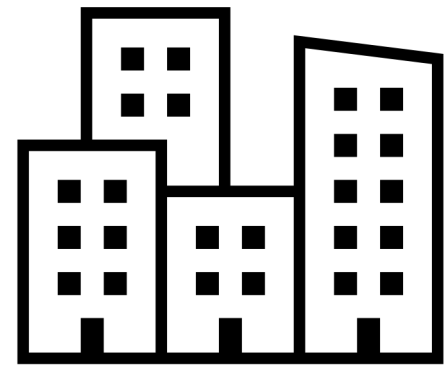
# Landscape of Global Regulatory Issuances on ESG





05

Impacts of  
Sustainability



# Sustainability Impact on Ecosystems at Various Levels

# Company Level

## Environmental Impact:

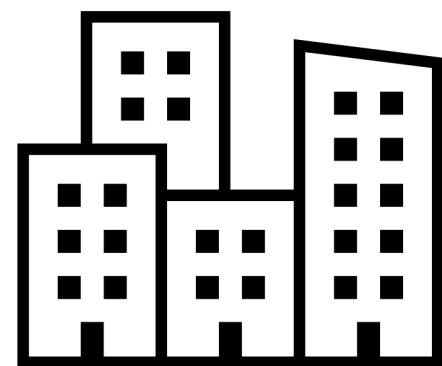
Companies are increasingly evaluated based on their environmental practices, such as carbon emissions, energy efficiency, and resource management.

## Social Impact:

Companies with strong social responsibility policies tend to attract and retain talent, fostering a positive work environment.

## Governance Impact:

Robust governance helps build trust among stakeholders, reducing risks and enhancing the company's overall reputation.



# Market Level

## Investor Preferences:

Companies with strong ESG performance often attract more investment, influencing market dynamics.

## Consumer Behavior:

Consumers are becoming more conscious of the environmental and social impact of their purchases.

## Regulatory Environment:

Governments and regulatory bodies are enacting policies that incentivize ESG compliance.



# Country Level

## Environmental Impact:

Companies are increasingly evaluated based on their environmental practices, such as carbon emissions, energy efficiency, and resource management.

## Social Impact:

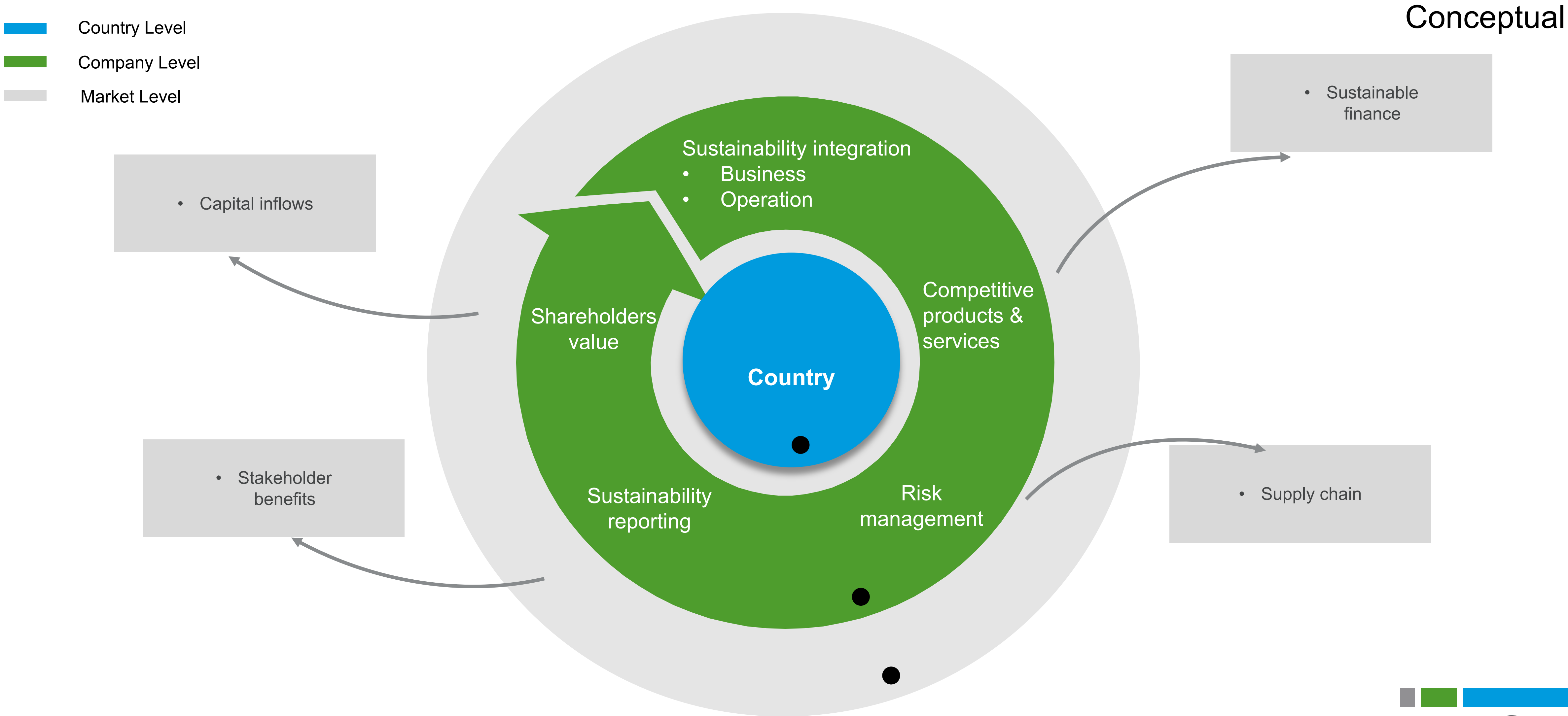
Companies with strong social responsibility policies tend to attract and retain talent, fostering a positive work environment.

## Governance Impact:

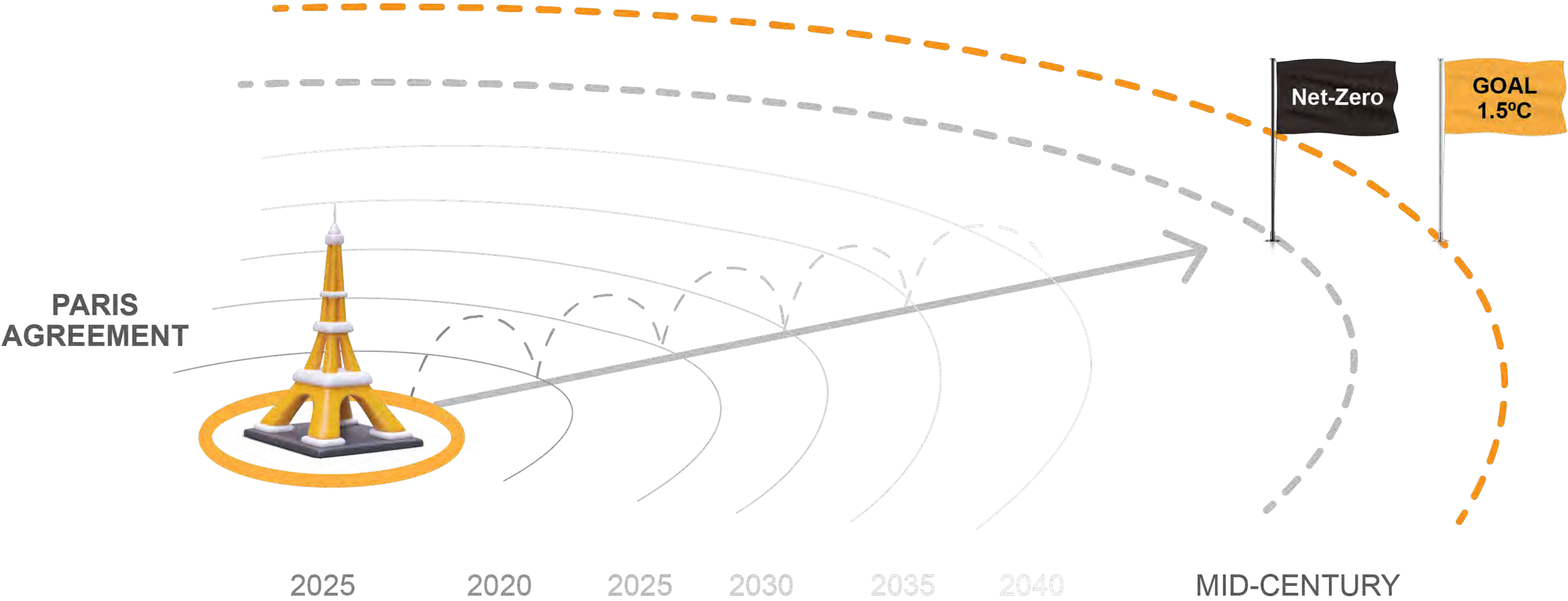
Robust governance helps build trust among stakeholders, reducing risks and enhancing the company's overall reputation.



# The Interconnection between the Three Impact Levels



# Kuwait – Net Zero Commitment

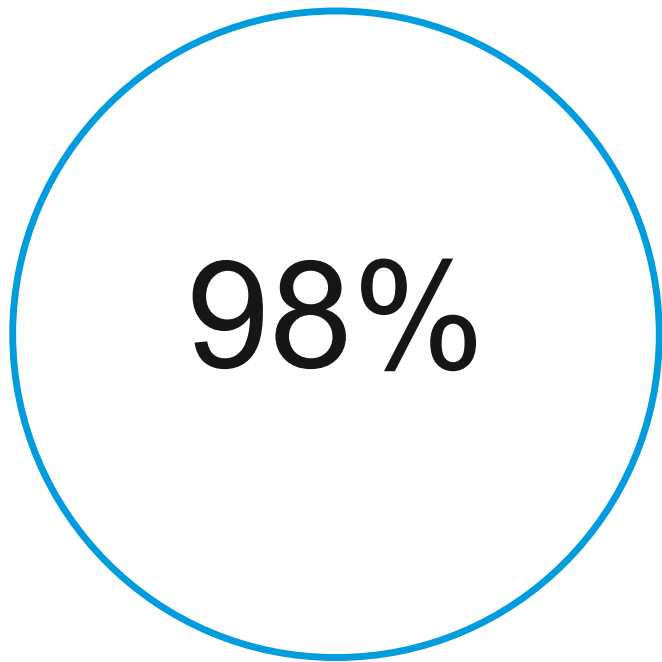




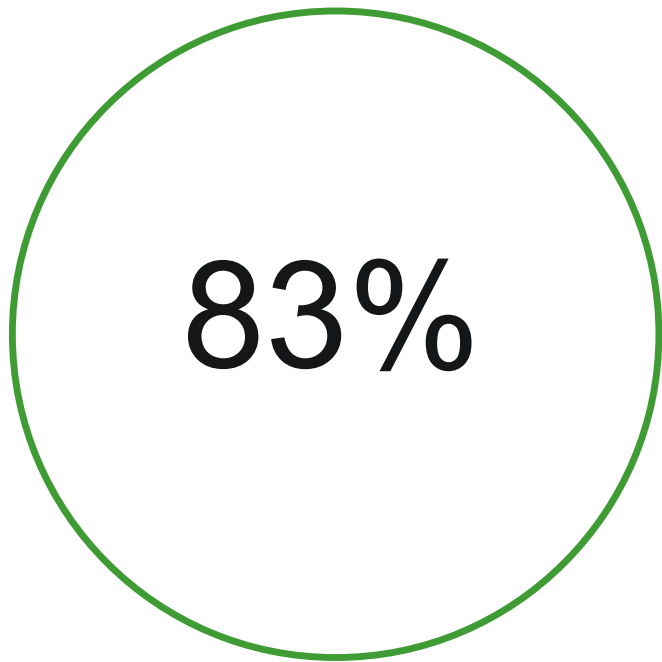
06

Key statistics - ESG adoption  
around the world

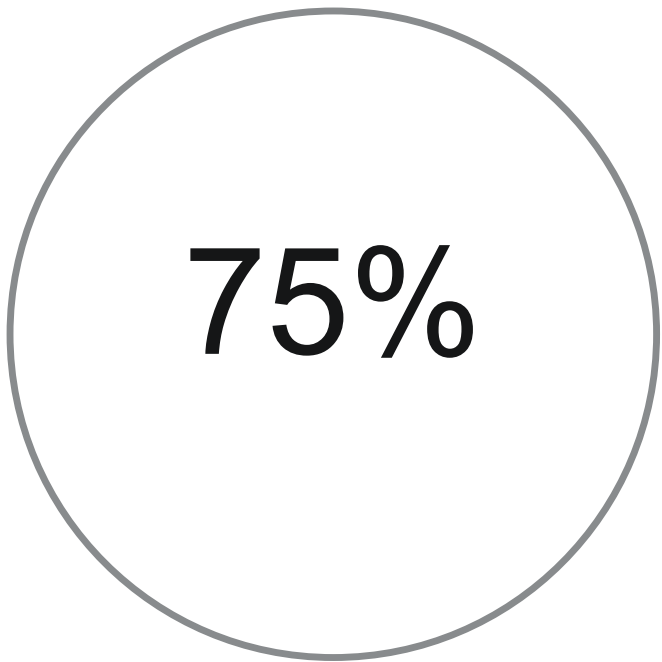
# Growing the Term: “ESG”



of investors surveyed evaluate non-financial disclosures, either formally or informally



of investors surveyed consider formal frameworks to be necessary in assessing long-term value



of investors surveyed would find value in assurance of the robustness of an organization’s planning for climate risks



# Global Investment Trends in ESG

In 2021 ESG bonds worth more than **USD 300 billion** were issued, with the US accounting for over one-third of the amount. - Refinitiv



As of Nov 2023, the global ESG market was worth approximately **USD 30.3 trillion**. Sustainable investments rose more than 20% in Europe, Japan, Australia and New Zealand between 2020 and 2022 – Global Sustainable Investment Alliance



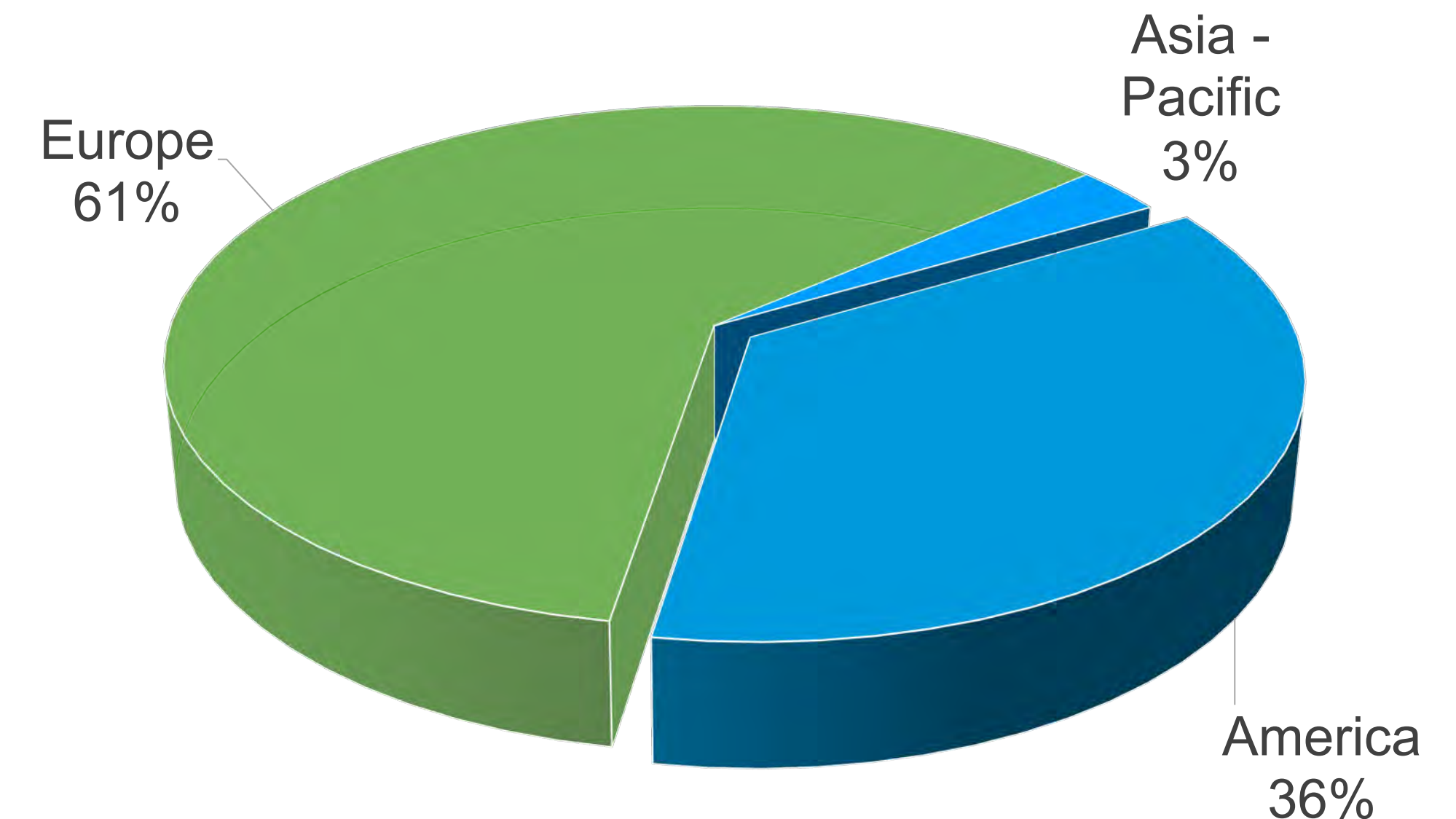
The International Energy Agency (IEA) estimates that investments in renewable energy transitions reached **USD 2.8 trillion** in 2023



More than **20%** of all Assets Under Management (AUM) is set to be ESG linked within the next 5 years

## Distribution on ESG ETF

Value of ESG linked ETF (Exchange Traded Funds) assets worldwide is valued at USD 403 Billion, as of May 2023 - Statista



# Highlight on Key Outcomes - COP 28

## 01 Renewable Capacity

- Tripling renewable energy capacity and energy efficiency by increasing investments in the sector.
- UAE announced \$54 billion in investments in clean energy

## 02 Green Finance

- Green and sustainable bonds, and sukuk issuance set records in 2022 and 2023, and are projected to continue to be crucial ESG factors

## 03 ESG Sukuk

- ESG Sukuk is estimated to account for 7.5% of total sukuk market over the next 5 years



## 04 Sustainable finance

- A primary priority post-COP28 pledging \$270 billion in green finance, and Multilateral Development Banks (MDBs) for \$18 billion in climate finance

## 05 ESG-linked Funds

- ESG Labeled funds rising above \$7 trillion in assets

## 06 ESG Reporting

- Increase in the number of ESG Reports published by the private sector. This trend will continue to rise

# The Maturity of Climate Policy by CCPI

Jan Burck  
Thea Uhlich  
Christoph Bals  
Niklas Höhne  
Leonardo Nascimento

## RESULTS

Monitoring Climate Mitigation Efforts  
of 63 Countries plus the EU – covering more than  
90% of the Global Greenhouse Gas Emissions

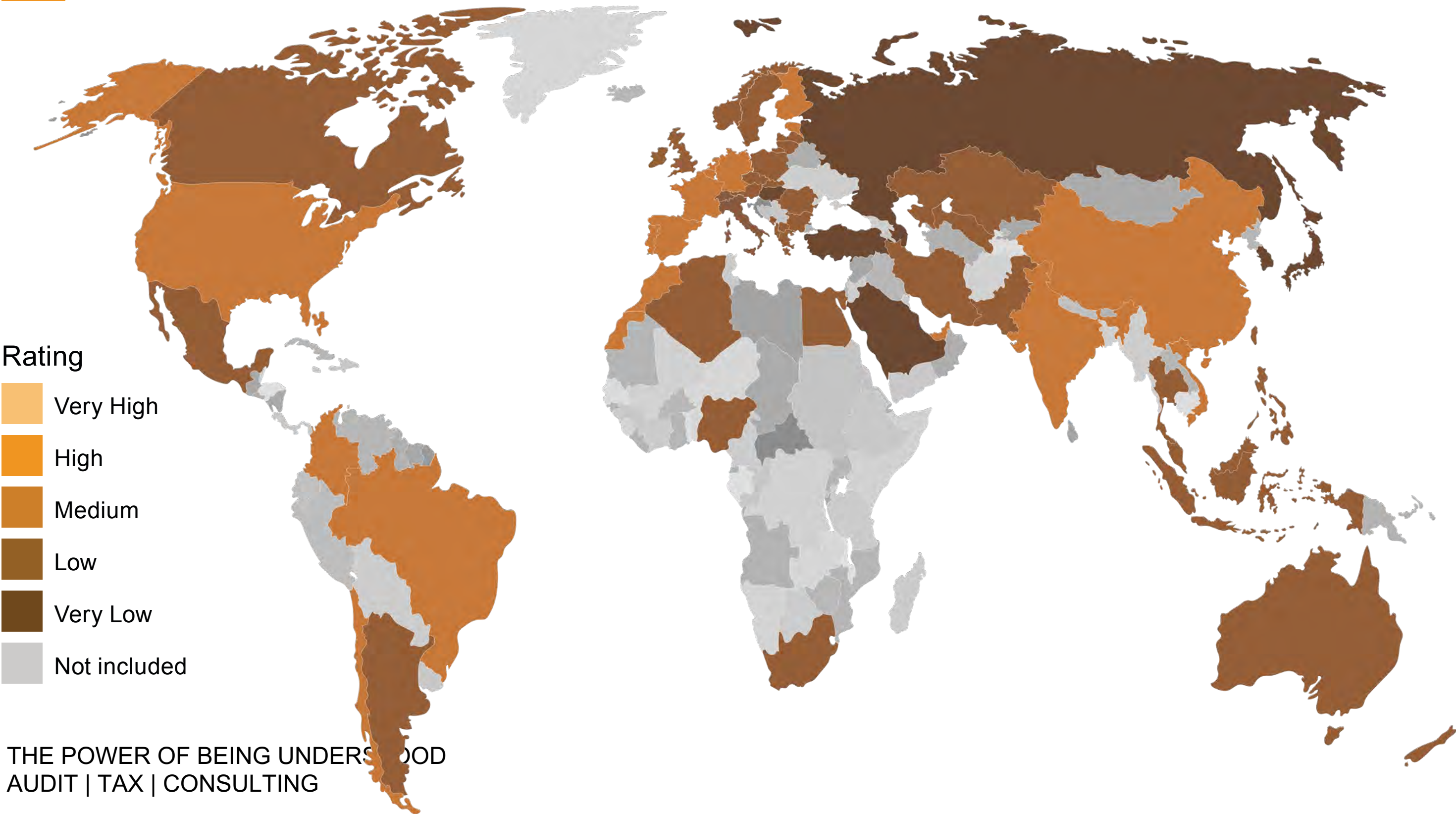
2024



Climate Change  
Performance Index



## 2.4 Category Results – Climate Policy



Rating

- Very High
- High
- Medium
- Low
- Very Low
- Not included

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AUDIT | TAX | CONSULTING

Climate Policy – Rating table

Rank	Country	Score*	Overall Rating	National Climate Policy Performance	International Climate Policy Performance
1.	–	–	Very High	–	–
2.	–	–	Very High	–	–
3.	–	–	Very High	–	–
4.	Netherlands	18.67	Medium	Medium	High
5.	Finland	17.86	Medium	Medium	Medium
6.	Vietnam	17.40	Medium	Medium	Medium
7.	Denmark	17.24	Medium	Medium	High
8.	European Union (27)	17.22	Medium	Medium	High
9.	Estonia	16.74	Medium	Medium	Medium
10.	India	16.38	Medium	Medium	Medium
11.	Brazil	16.30	Medium	Medium	High
12.	United States	16.20	Medium	Medium	Medium
13.	China	15.91	Medium	Medium	Medium
14.	Morocco	15.91	Medium	Medium	Medium
15.	Germany	15.39	Medium	Medium	High
16.	United Arab Emirates	14.78	Medium	Medium	Medium
17.	Chile	13.98	Medium	Low	Medium
18.	Spain	13.94	Medium	Low	Medium
19.	Austria	13.87	Medium	Medium	Medium
20.	Portugal	13.24	Medium	Low	Medium
21.	Belgium	12.90	Medium	Low	Medium
22.	France	12.71	Medium	Low	Medium
23.	Colombia	12.37	Medium	Low	Medium
24.	Chinese Taipei	12.02	Low	Low	Medium
25.	Philippines	11.95	Low	Low	Medium
26.	Indonesia	11.90	Low	Low	Medium
27.	New Zealand	11.81	Low	Low	Medium
28.	Romania	11.78	Low	Medium	Low
29.	Lithuania	11.73	Low	Low	Low
30.	Luxembourg	11.52	Low	Low	Medium
31.	Switzerland	11.52	Low	Low	Medium
32.	Uzbekistan	11.49	Low	Low	Low
33.	Nigeria	11.43	Low	Low	Medium
34.	Latvia	11.38	Low	Low	Medium
35.	Croatia	11.38	Low	Low	Low
36.	Pakistan	11.12	Low	Low	Medium
37.	Sweden	10.80	Low	Low	Low
38.	Thailand	10.77	Low	Low	Low
39.	Egypt	10.72	Low	Low	Medium
40.	Slovenia	10.64	Low	Low	Medium
41.	Greece	10.45	Low	Low	Medium
42.	Slovak Republic	10.12	Low	Low	Low
43.	Ireland	10.08	Low	Low	Medium
44.	Norway	9.95	Low	Low	Medium
45.	South Africa	9.74	Low	Low	Low
46.	United Kingdom	9.58	Low	Low	Medium
47.	Canada	9.52	Low	Low	Medium
48.	Mexico	9.04	Low	Low	Low
49.	Czech Republic	8.93	Low	Low	Low
50.	Australia	8.90	Low	Low	Low
51.	Malta	8.85	Low	Low	Medium
52.	Kazakhstan	8.80	Low	Low	Low
53.	Malaysia	7.61	Low	Low	Low
54.	Cyprus	7.26	Low	Low	Low
55.	Argentina	7.16	Low	Low	Low
56.	Islamic Republic of Iran	7.12	Low	Low	Low
57.	Republic of Korea	6.95	Low	Low	Low
58.	Italy	6.49	Low	Low	Low
59.	Poland	6.33	Low	Low	Low
60.	Algeria	6.20	Low	Low	Low
61.	Bulgaria	5.11	Low	Low	Low
62.	Saudi Arabia	5.09	Very Low	Low	Very Low
63.	Belarus	4.86	Very Low	Low	Very Low
64.	Hungary	2.56	Very Low	Very Low	Very Low
65.	Japan	2.50	Very Low	Very Low	Very Low
66.	Russian Federation	1.45	Very Low	Very Low	Very Low
67.	Turkey	1.07	Very Low	Very Low	Very Low

\* weighted and rounded

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# Final Takeaway



## Does Sustainability Reduce the Operational Cost?

As per The Comprehensive Business Case for Sustainability by Harvard Business School, Well-Implemented Sustainability Practices Can Lower the Cost of Capital. A recent research, *90% studies* assessing the economic profitability of sustainability say businesses that implement sustainability practices have lowered their cost of capital. This shows sustainability is profitable not just on the consumer front, but on the operational one too.

# Final Takeaway



## Does Sustainability Enhance Customer Experience?

**Brands with Sustainable Products Have Better Customer Retention.**

*Brands that sell sustainable products in a proportion larger than 50% have a better repeat purchase rate (34%), as compared to brands that sell sustainable products in a proportion less than 50% (which have a repeat purchase rate of less than 30%.) The more loyal customers you attract, the less you will have to spend on customer acquisition -- and thus, your business will be more profitable.*

# Final Takeaway



## Does Sustainability Affect Financial Performance?

Sustainability can affect financial performance in multiple ways, from better access to financing to increased market share and customer loyalty. Well-implemented sustainability practices lead to lower operational costs, greater employee engagement, and improved brand reputation. Ultimately, it all comes down to the fact that customers are looking for sustainable products and services -- and that businesses must meet that demand if they want to remain competitive.

# Thank You

for your time and attention

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