ESG Awareness Training

Organized by the Capital Markets Authority
in collaboration with KPMG Kuwait

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27 May 2025

Essentials of Sustainability Reporting & Best Practices

Dalal M. Behbehani, Listing & Products Section Manager

27 May 2025

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Markets Regulation Department
Capital Markets Authority

Why Do We Regulate Sustainability?

Sustainable investments has gained prominence and are set to expand further to meet future commitments.

- Sustainable investing to reach $35 trillion in AUM by 2030, comprising over 25% of total AUM. (Bloomberg)
- Minimum of $4T required annually to meet net-zero target in 2050. (IEA)
- 75% of institutional investors incorporate ESG factors into their investment processes. (MSCI Survey)
- 77% of retail investors are interested in sustainable investing. (Morgan Stanley 2024)

Why Do We Regulate Sustainability?

- 44% of global investors think that corporate reporting contains unsupported claims (PwC Survey-2024);

- 1,841 incidents of misleading communication were recorded in 2024, 56% of it were linked to environmental issues (greenwashing);
- High-risk incidents surged by 30% in 2024. (RepRisk)

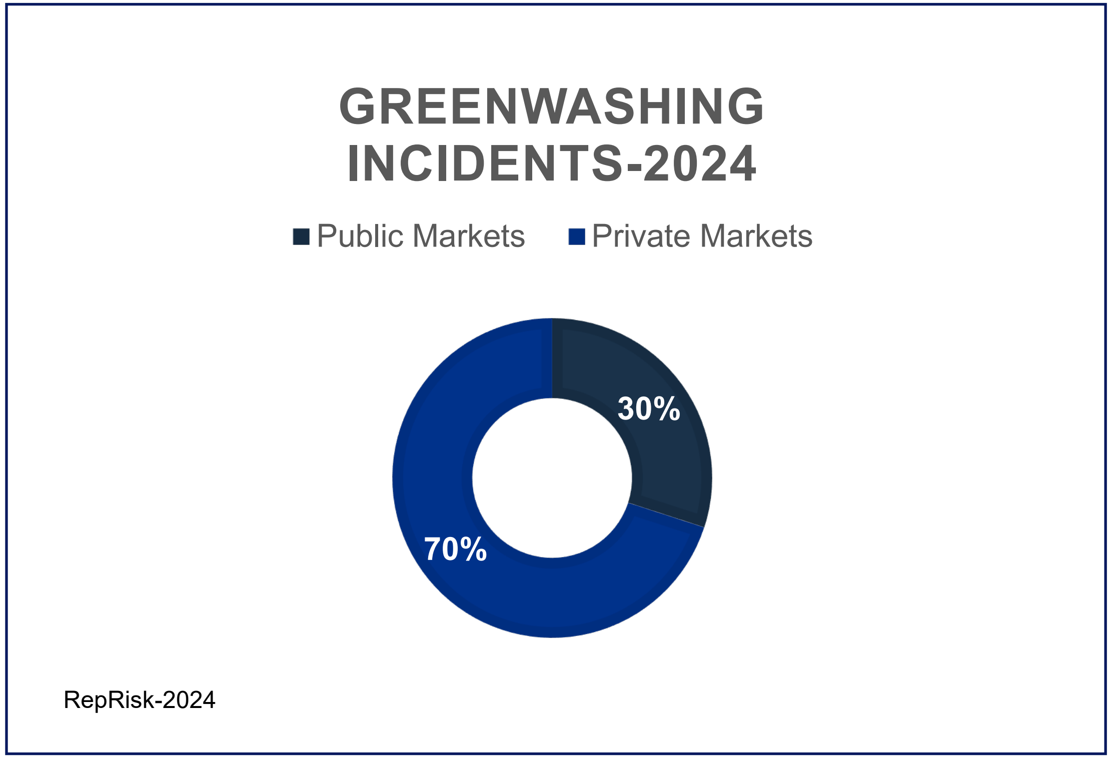
- WEF Global Risks Report 2024:
  - 5 of the top 10 global risks over the long-term are Environmental.
  - 2 of the top 10 global risks over the longer-term are Societal.

Why Do We Regulate Sustainability?

PROTECT INVESTORS

AVOID SYSTEMIC RISK

ENSURE TRANSPARENCY



Recent Regulatory Updates

Capital Markets Authority
State Of Kuwait

International Financial Reporting Standards IFRS) Sustainability Disclosure Standards (ISSB Standards)
Provide unified reporting standards for investors.
Effective, January 2024 (jurisdiction based)

European Union's Corporate Sustainability Reporting Directive (CSRD)
Mandatory, effective January 2024, set to impact 50,000 companies across the European Union.

U.S. Securities and Exchange Commission (SEC) Climate Disclosure Rules
Effective in March 2024, public companies are required to disclose all material climate related risks, and greenhouse gas emissions.

Hong Kong Exchanges and Clearing Limited (HKEX) Rules
New disclosure rules aligned with ISSB, effective January 2025.

Australian Mandatory Climate Reporting
Starting January 2025, Australia requires over 1,800 companies to disclose climate-related financial risks

Regulatory Trends

Transition from voluntary to mandatory schemes

Focus on enhancing reliability and verification (third-party assurance?)

Expanded impact to smaller firms (value chain-CSRD implications)

Global alignment on reporting standards

“Climate First” approach

Carbon Markets Guidelines

Kuwait's Commitment to Sustainability: Net-Zero Goals, SDGs, and Evolving Market Dynamics

Net-Zero Commitments

The government has pledged to reach net-zero emissions in the **oil and gas sector by 2050 and by 2060 for the whole country.**

SDGs Contributions

Kuwait committed to contributing to the Sustainable Development Goals (SDGs), contribution is incorporated in pillars established in Kuwait Vision 2035.

Public markets can provide an enabling environment to fund sustainable initiatives.

CMA's Regulatory Framework on Sustainability

Reporting Requirements

- Voluntary;
- Internationally recognized reporting standard/s;
- Engage stakeholders;
- Material topics;
- Third-party assurance is allowed.

Governance (Board Level)

- Integration of ESG issues into operations (where needed);
- Include sustainability factors in strategic planning;
- Incorporate sustainability risks into overall risk management and assessment

Mutual Funds

- Definition of sustainable (ESG) fund;
- Conditions: alignment with sustainability goals, inclusion of ESG factor/s, ESG investing approach
- Report confirming alignment

Observations – Sustainability Reporting

Clear Disparity Between Market Segments

- A noticeable gap exists between premier and main market issuers in terms of sustainability reporting practices.

Variations in the Timing of Disclosures

- Sustainability reports are being published in different times around the year by issuers.

Positive Trends in the Premier Market

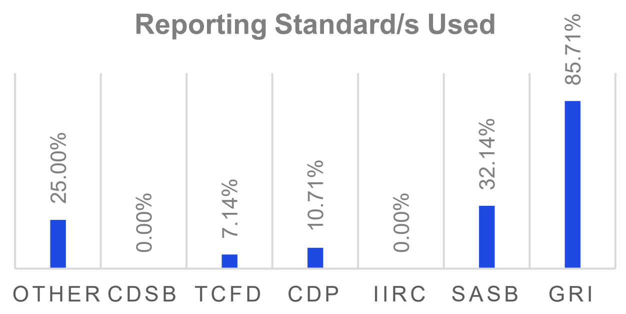
- Within the premier market segment, companies have demonstrated both the capability and a proactive approach toward publishing detailed and transparent sustainability reports, as evidenced by recent survey findings.

Observations – Sustainability Reporting

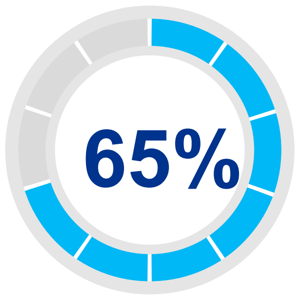
Report Submission Rates:

Nearly, 70% of premier markets issuers published sustainability reports in 2024.
Only 5% of main markets issuers published sustainability reports in 2024.

GRI is the most used reporting standards, followed by SASB.

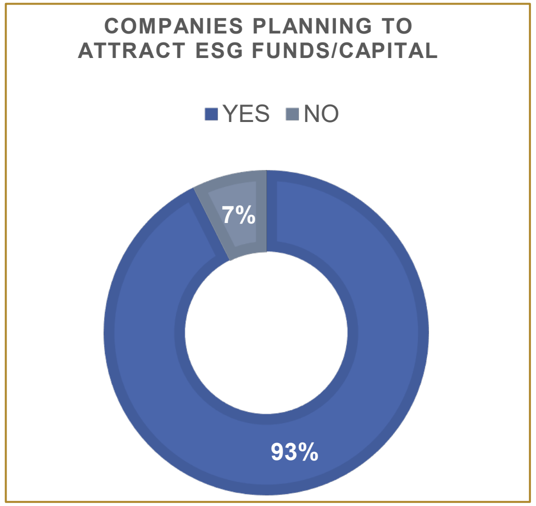


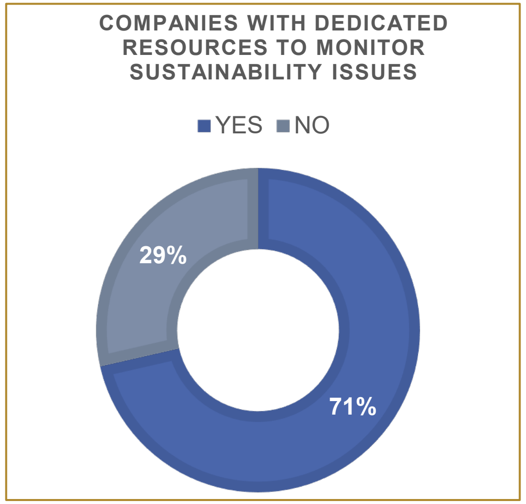
65% of reports are assured by third-parties

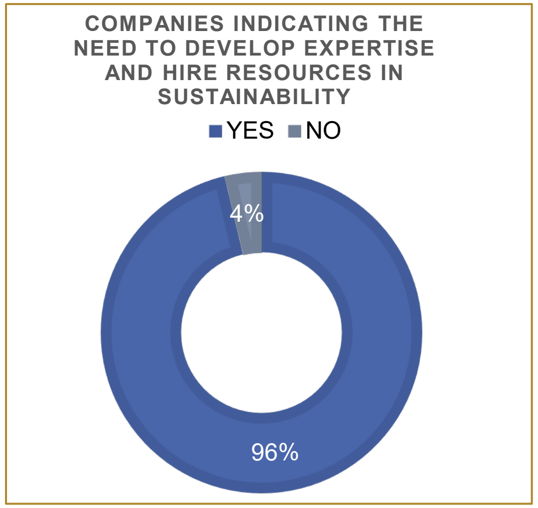


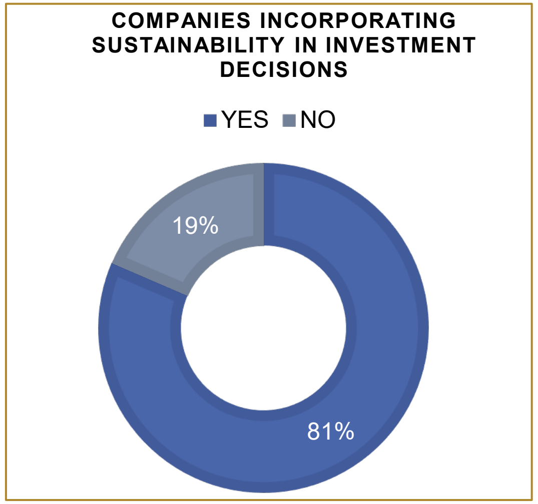
Observations – Sustainability Reporting

Majority of companies that have been surveyed integrate or in the process of integrating sustainability into their business









Observations – Sustainability Reporting

Although majority willing to integrate and disclose sustainability reports, there are some common challenges among companies.

Observations – Sustainability Reporting

Gradual move from voluntary to mandatory schemes

- Positive survey results led to adopting a phased approach (premier then main),
- CMA issued a circular mandating sustainable reporting from Premier listed companies.

Unifying reporting period

- Relevance of information declines with time,
- Investors look for timely, consistent disclosures
- Ideally coincides financial reporting.

ISSB Standards Adoption

- CMA joined IOSCO’s GEMC ISSB Adoption Network (31 jurisdictions in total)
- Currently developing a roadmap to adopt the standards.
- Mandating other well recognized standards (GRI, SASB, TCFD) should facilitate implementation of ISSB standards.

Assurance for Sustainability Reporting

- Heightened attention on reliability and credibility by investors (and other stakeholders)
- If mandated, might also be implemented in a phased approach (premier vs main, limited vs reasonable)
- International Ethics Standards for Sustainability Assurance (IESSA).

Closing Thoughts and Key Takeaways

- Evolving market dynamics, rising investor focus, and global sustainability goals are driving constant updates to regulations.
- Regulations are the baseline for transparency but should not be the starting point for integration.
- Sustainability is voluntary, but its value is undeniable.
- The CMA is committed and is likely to release its first sustainability report next fiscal year report.

THANK YOU!

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Capital Markets Authority
State Of Kuwait دولة الكويت

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27 May 2025

Welcome Speech

Dr. Rasheed Al-Qenae

Chairman of the KPMG Middle East, South Asia and Caspian (MESAC) region and Managing Partner KPMG in Kuwait

Dr. Rasheed is Chairman of the KPMG Middle East, South Asia, and Caspian (MESAC) region and Managing Partner of KPMG in Kuwait. In this capacity as the chairman, Dr. Rasheed also represents the MESAC region on the KPMG Global Council and the KPMG Europe, Middle East, and Africa (EMA) region's Board.

Dr. Rasheed holds a PhD in Accounting from the University of Essex in the UK, a Master of Professional Accounting from the University of Miami in Florida, and a Bachelor of Commerce from Kuwait University. He was the Chairman of the Kuwaiti Association of Accountants and Auditors in the year 2011/2012.

Speakers

Kal Subramanian
ESG Subject Matter Expert
KPMG in Bahrain

Kal has spent over 18 years with KPMG Globally across various geographic locations and roles covering a range of Advisory services.

He also has over 15+ years of focused consulting experience in the space of Sustainability, ESG, and advisory services for the Not-for-Profit/ Charity development sectors.

Naren Pasupalati
ESG Subject Matter Expert
KPMG in Bahrain

Naren has 12 years of experience in sustainability and is an energy sector specialist, delivering consulting and research outputs across geographies.

He has extensive experience in scenario-based assessments and analyzing large data sets to undertake financial and environmental modeling for decarbonization and net-zero projects, delivering consulting and research outputs across multiple sectors and geographies.

Ali Abbas
Director and Head of Risk Consulting
KPMG Kuwait

Ali heads KPMG Kuwait’s Governance, Risk and Compliance Services and has over 20 years of extensive experience in internal audit, governance, internal control, regulatory compliance, risk, controls assurance, and financial control in Kuwait and UK.

Ali helps clients to keep pace with the evolving strategic, reputational, financial, operational and regulatory expectations and helps clients anticipate and respond to emerging risks, opportunities and developments.

Agenda

10:20 am to 11:00 am

Building the Business Case: Opportunity vs Risk

An overview of how ESG can create long-term value, reduce risk exposure, and support strategic decision-making.

11:00 am to 11:40 am

ESG/Sustainability Reporting: Ensuring Compliance as Part of Operations

Overview of global ESG standards and frameworks (e.g., GRI, ISSB, UNGC-CoP, etc.).

12:00 pm to 12:40 pm

What Does Good Look Like: Best Practices, Data and Analytics

Exploring benchmarks, industry best practices, and how data can be used to track, manage, and assure ESG performance.

12:40 pm to 01:00 pm

Q&A and Closing Discussion

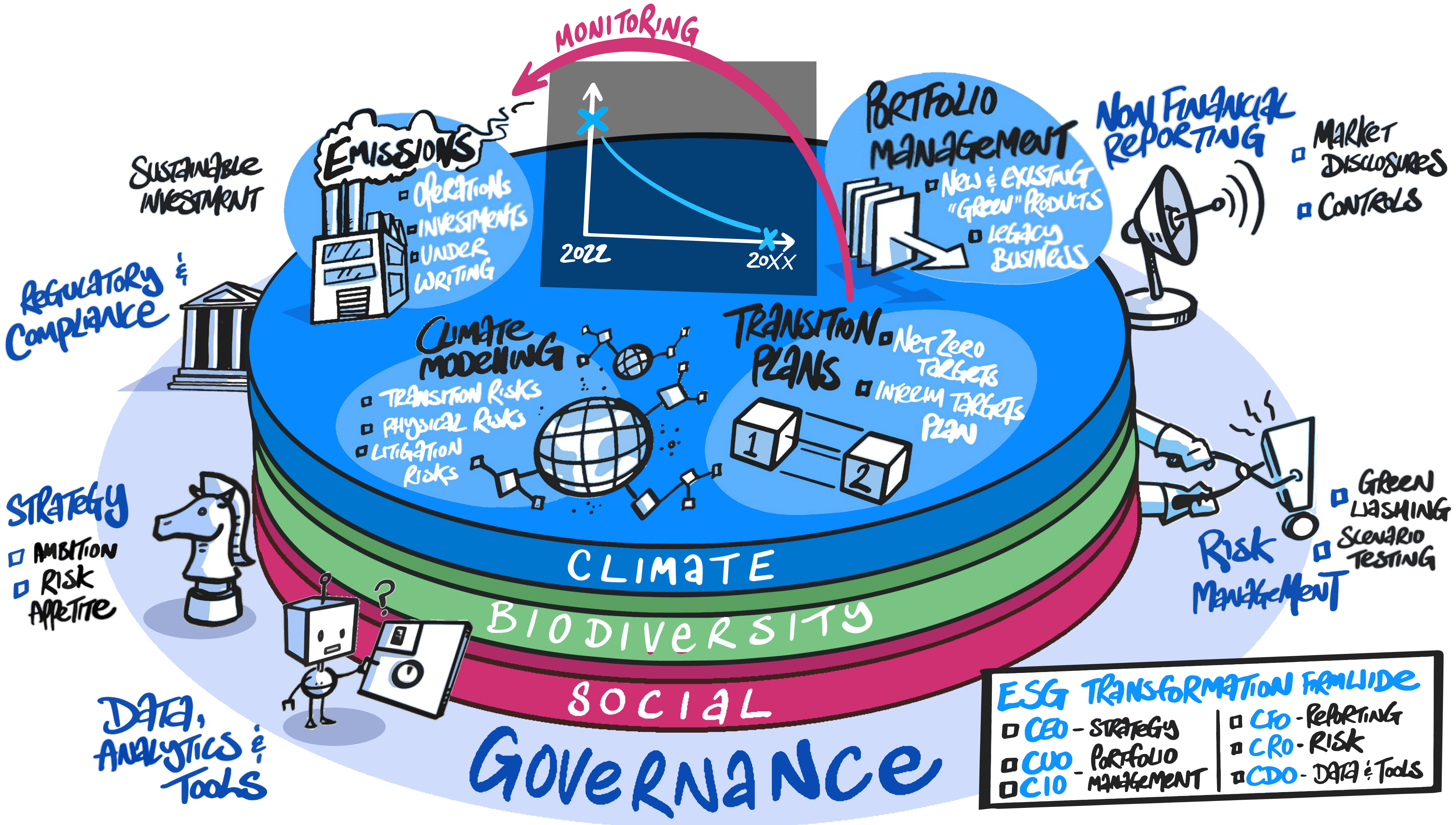
Open floor for questions, reflections, and interactive discussion with participants.

Building the Business Case: Opportunity vs Risk

Session 1

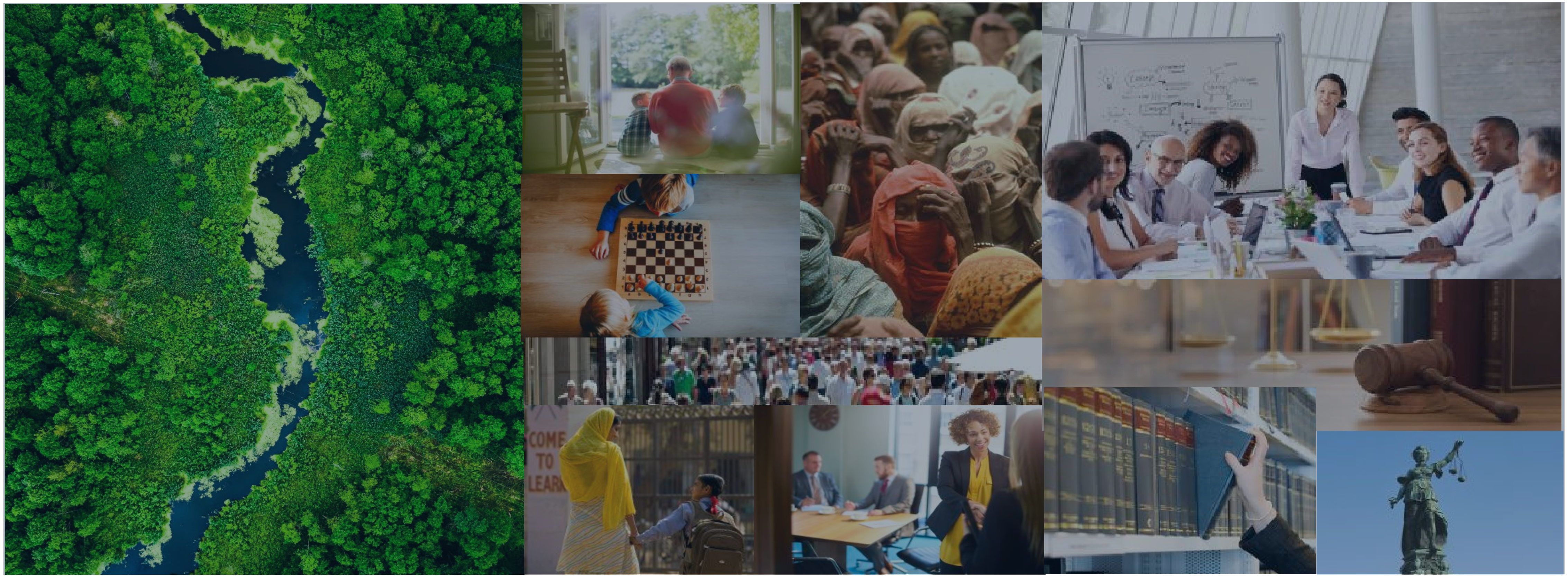
2025 Capital Markets Authority

Workshop



MONITORING
2022
20XX
EMISSIONS
Operations
Investments
Under writing
Sustainable Investment
Regulatory & Compliance
Climate Modelling
Transition Risks
Physical Risks
Litigation Risks
Transition Plans
Net Zero Targets
Interim Targets Plan
Portfolio Management
New & Existing "Green" Products
Legacy Business
Non Financial Reporting
Market Disclosures
Controls
Strategy
Ambition
Risk Appetite
Risk Management
Green Washing
Scenario Testing
CLIMATE
BIODIVERSITY
SOCIAL
GOVERNANCE
Data, Analytics & Tools
ESG TRANSFORMATION FRAMEWORK
CEO - Strategy
CUO - Portfolio Management
CIO
CFO - Reporting
CRO - Risk
CDO - Data & Tools

01 What is ESG



To help embed the ‘S’ in ESG and the connectivity of these three areas (Environmental, Social, Governance), let’s begin by reframing the question:

What’s in the E, S and G?

- **Energy & emissions**
- **Climate Risk & Net Zero**
- **Resource circularity**
- **Ecology & Biodiversity**
- **Above list include consideration of:**
  - Greenhouse gas emissions
  - Resource depletion, including water
  - Waste and pollution
  - Deforestation
  - Climate change
  - Hazardous materials

- **Workforce & skills for the future**
- **Inclusion, Diversity & Equality**
- **Health & Safety**
- **Economic & social contribution**
- **R&D& Innovation**
- **Financial investment**
- **Above list includes consideration of:**
  - Conflict regions, slavery & child labor
  - Impact on local communities
  - Employee relations and diversity
  - Inclusive design, product mis-selling
  - Data protection

- **Risk & Opportunity Oversight**
- **Ethical Behavior**
- **Purpose & Contribution**
- **Above list includes consideration of:**
  - Client onboarding & retention
  - Mass data harvesting & data breaches
  - Tax strategy
  - Bribery and corruption
  - Executive pay
  - Political lobbying and donations
  - Board & exec diversity and structure
  - Shareholder rights

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Key ESG objectives

The below outlines the core ESG objectives required to successfully deliver against your ESG strategy and vision. Overarching accelerators and enablers, such as embedding ESG into your risk management, governance frameworks and technology will also facilitate the achievement of these objectives.

02 ESG Risks and Opportunities

ESG Risks

Threats to business from a different lens

Measured by three central factors: Environmental, Social, and Governance (ESG) criteria, are risks that have strong interconnectivity to core business processes and operations, posing significant exposure with increasing interest and relevance to stakeholders and markets.

Environmental risks

- Implications on climate disruptions in the operation
- Significance of nonrenewable resources to the business
- Effects of operations on the environment

Climate Risk is only one form of ESG risk. Although currently considered as the most urgent,

Social risks

- Employees
- Community
- Users & Customers

Governance risks

- Regulators
- Laws and standards
- Policies & Procedures
- Ethics & Transparency

ESG factors can have an immense impact on the Entity’s P&L and liquidity and can change its risk profile directly.

ESG Risk Management

A step-by-step guide to integrate ESG

Consider ESG factors as potential drivers of traditional risk categories and embed ESG risks within the regular Risk Management system and processes to ensure consistency with the overall business and risk strategies.

Identify and classify | **Assess and prioritise** | **Define and deploy responses**

- Scoping & Ambition Level
- Governance & Culture
- ESG Strategy, Objectives & Commitments
- Eco-system / Interfaces
- Risk Governance
- Risk Monitoring
- Information, Communication & Reporting
- Rollout & Transfer to Regular Operation

Performed at a strategic / tactical level → **Performed at an operational level**

The ESG Risk Management approach supports the development of holistic steering of ESG risks and provides the necessary information for risk decision-making at the Board level.

ESG Risk Management

Implementing ESG factors

Companies are encouraged to take a more proactive approach to manage ESG risks in response to the increasing expectations from regulators and investors. We include the key milestones to implement ESG factors in the risk management framework:

Implementing ESG factors in the risk management framework

Accountability for ensuring ESG risks is managed consistently with the Risk Framework approved by the Board.

The **Board** and **Senior Management** set the **tone** from the top and cascade accountability for ESG risk management throughout the firm.

Expresses the **level** of ESG **risk** the organization is willing to **accept** in delivering the business plan.

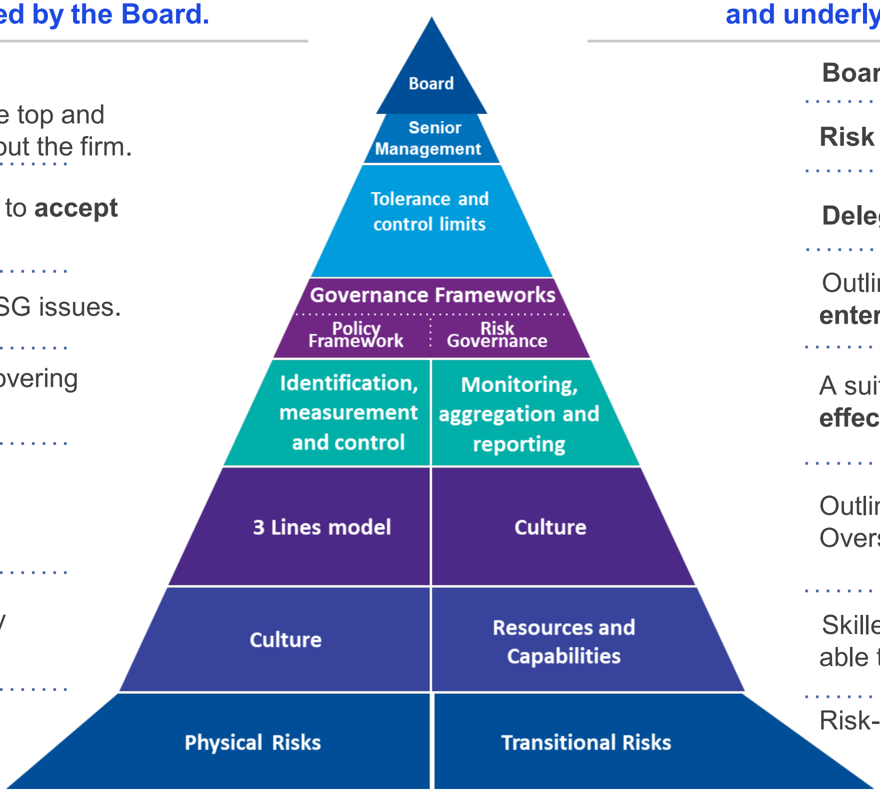
Group **Policy Framework** and risk policies must include ESG issues.

Categorization and **definition** of the sustainability risks covering environmental and climate, social and governance issues.

Ensures **Lines 1, 2 and 3** are aware of their risk **responsibilities** to the firm.

Makes **risk management** a **core element** of our culture by considering ESG matters.

Impacts of ESG risks spread across all other risks categories.



Confirmation of the effectiveness of the Risk Framework and underlying ESG risks and control.

Board Authorities

Risk Appetite Framework with specific ESG approach.

Delegated Executive Authorities

Outlines the **governance arrangements** which articulate the **enterprise-wide approach** to ESG issues.

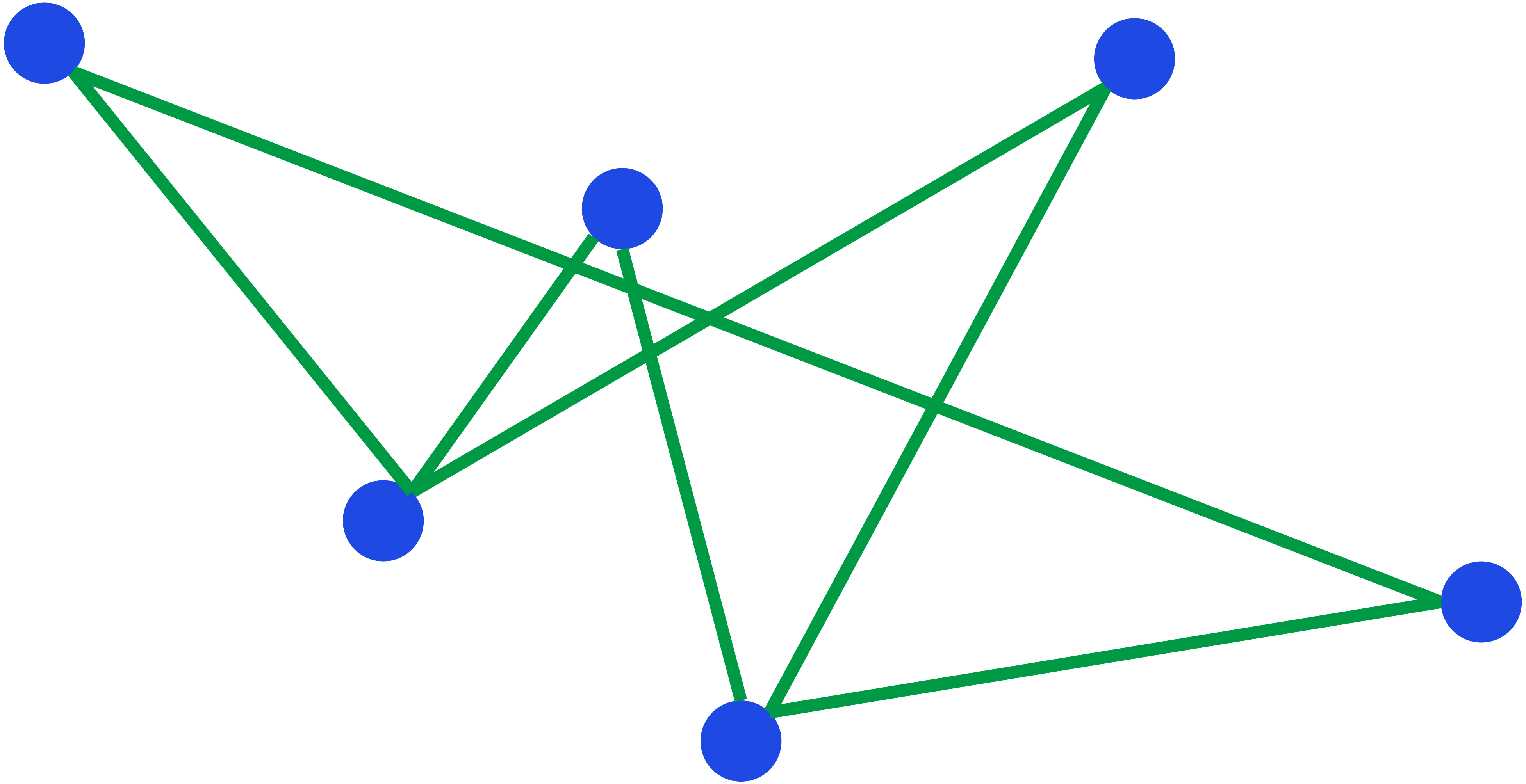
A suite of **ESG metrics and information** to support **effective decision** making at all levels (investment & loans)

Outlines the mandate and responsibilities of the ESG Risk Oversight function

Skilled and motivated resources with the right values able to support the business and risk management.

Risk-category specific Sub-Frameworks covering ESG matters.

Connect the Dots – Room Activity



How ESG risk is linked to other organisational risks

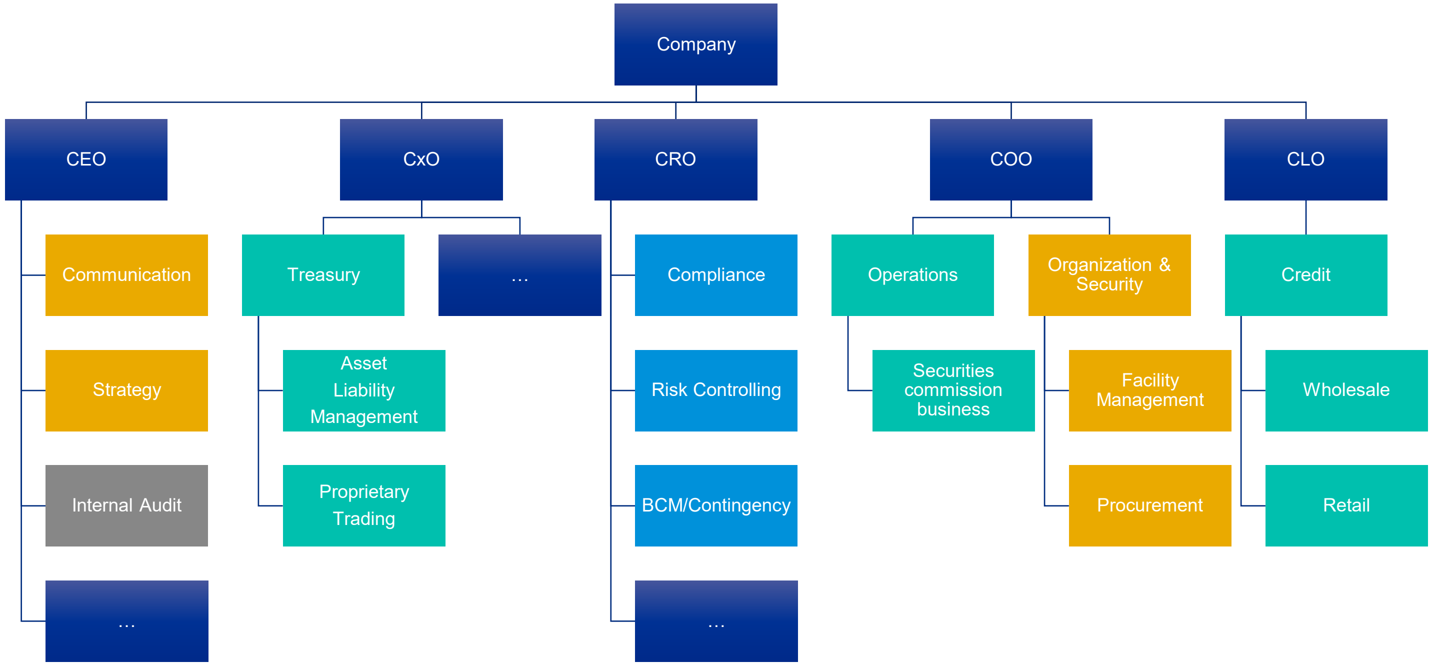
Dealing with risks is an inevitable and essential element in most organizations and they cannot avoid the inherent risks in their businesses. Therefore, risk management is a key priority for the industry and its own sustainability.

Due to the broad range of dependencies across financial and non-financial risks and the interconnectedness of ESG risks, organizations cannot assess them in a liner fashion

ESG Risks can originate from any department in a Company

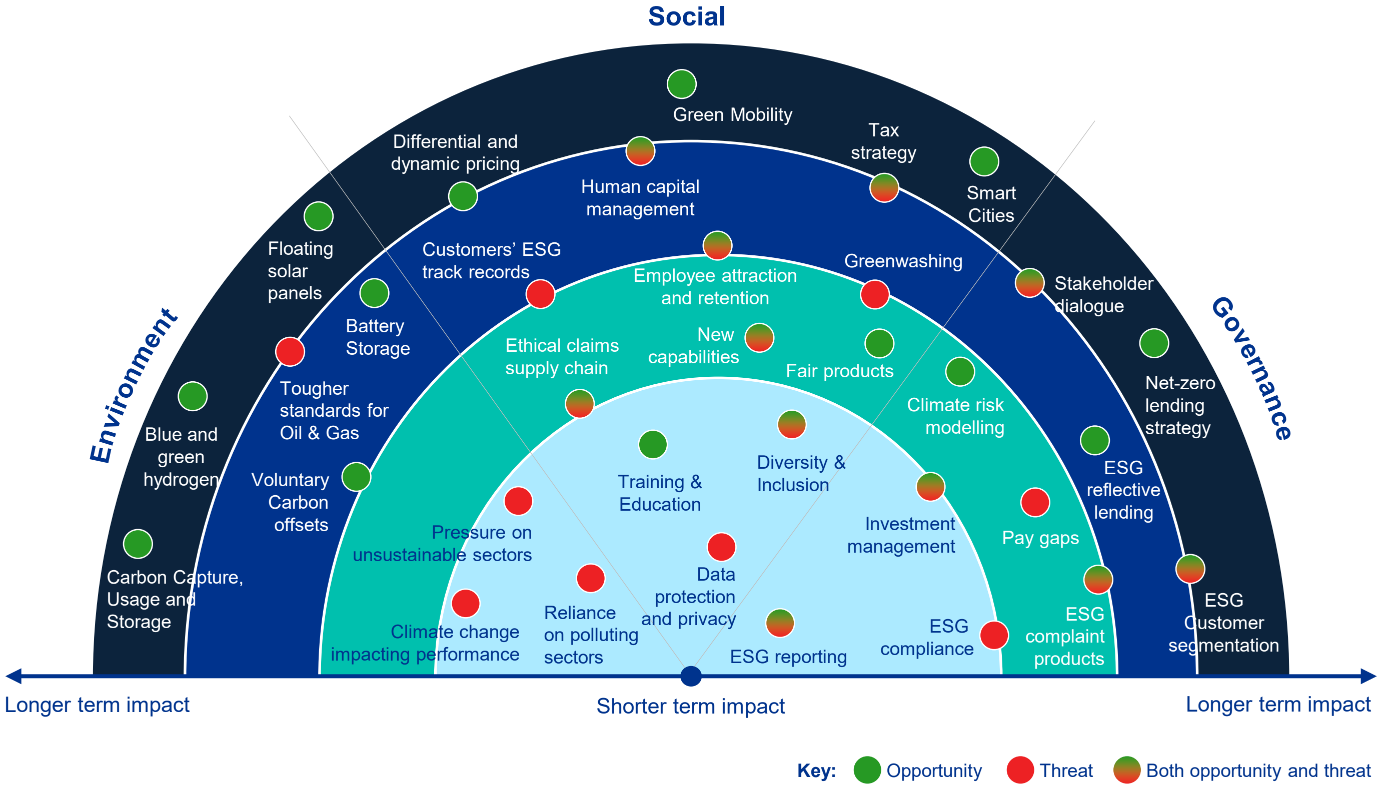
ESG risks have an impact across all three lines of defense and both profit and costs centers. A sound risk governance structure enhances the roles and responsibilities of existing units.

Impacted divisions and departments in all three lines of defense



Wide range of risks and opportunities to consider

Potential ESG risks and opportunities for Organizations

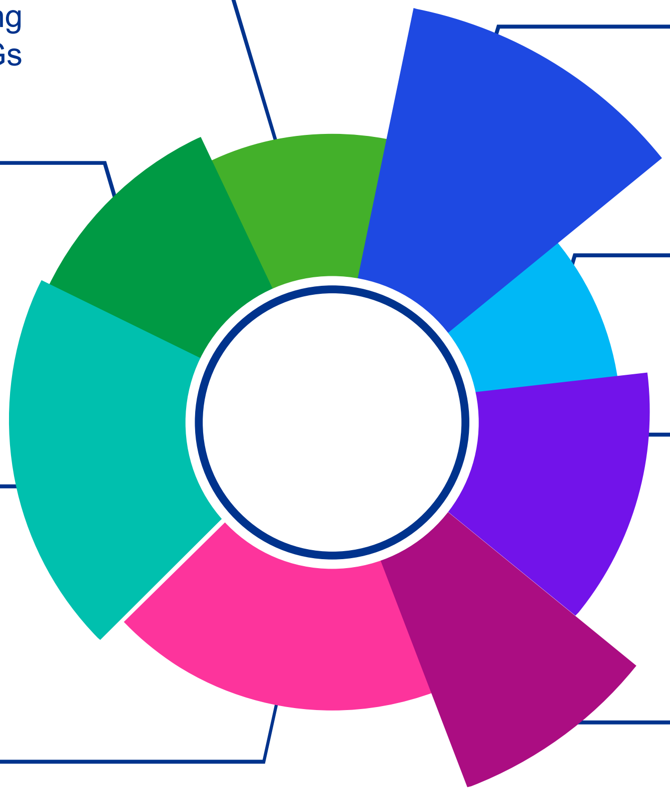


Implications for Organizations

- **New risks, new opportunities** – customers face a new set of risks and opportunities associated with ESG (e.g. reputation, supply chain management, transition to net zero), creating new opportunities for risk transfer products and financing products
- **Decarbonisation opportunities** – businesses and households are transitioning to new ways of operating (e.g. renewable energy and sustainable practices), creating new financing markets in the process
- **Business model change** – opportunities created by new industries and ecosystems, e.g. mobility and smart cities, that create new types of customers and financing needs
- **Rising expectations** – regulators, investors, customers and stakeholders expect progress on ESG. Organizations need to demonstrate compliance and action
- **Data and modelling** – reporting on ESG and integrating ESG into lending requires enhanced data collection and analysis, and new modelling approaches to take account of climate change and ESG factors

Opportunities - Investment and Business Products

Sustainable finance products span a variety of industries and instrument types. The items below show a non-exhaustive list of sample products.



SDG Investment Fund
Investments specifically supporting UN SDGs

Green Bond
Fixed-income instruments used to fund products that have positive environmental and / or climate benefits

Index Linked Sustainable Development Bond
Provides investors access to a sustainable development bond and global equity index based on ESG ratings

Sustainability Linked Loans
Loans where borrowers are incentivized through better rates or larger access to capital to meet ambitious sustainability targets

Healthcare Impact Funds
Investments to support innovative healthcare products and development focusing on medical technology and biopharmaceuticals

Innovation Impact Funds
Investments to support early stage, high impact companies

Food Security Fund
Investments targeting opportunities to improve food security in Asia and Africa

Housing Fund
Investment in real estate businesses focused on low-income housing

Growth Opportunities - Indication of ESG Inflows of Funds

The sustainable finance market has seen significant growth over the past few years, especially in the issuance of green bonds.

$1.6T
Sustainable debt instruments issued in 2021

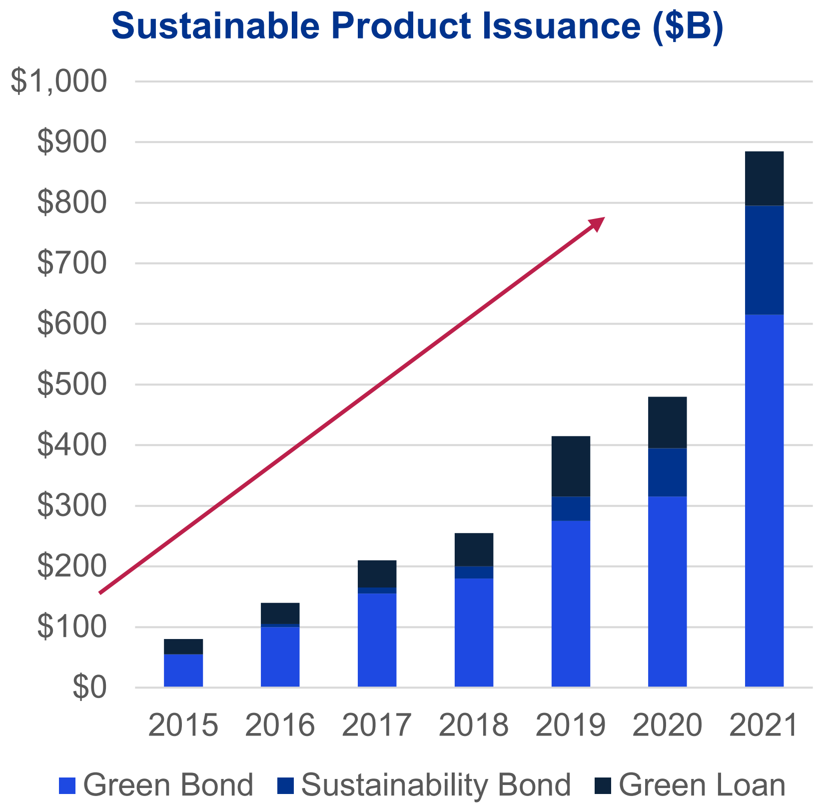
$621B
Issuance of green bonds in 2021, a 100+% increase from 2020

$4T
Total sustainable finance market in end of 2021

$53T
Global ESG assets expected by 2025

$190B
Global ESG ETFs value expected by end of 2022

$11T
Global ESG debt market expected by 2025



Source: Bloomberg 1H 2022 Sustainable Finance Market Outlook


QUESTIONS

ESG/Sustainability Reporting: Ensuring Compliance

Session 2

2025 Capital Markets Authority

Workshop

01 Disclosures

Major ESG Reporting Frameworks

As interest in ESG grows, the competition to define, standardize, and assess ESG activities and disclosures is intense. There are multiple standards that exist to provide reporting frameworks.

Voluntary Standards and frameworks

- GRI
- S&P Global
- ISSB Global Sustainability Standards
- CDP
- IFRS Sustainability
- wbcsd
- IFC International Finance Corporation World Bank Group

Principles

- PRI Principles for Responsible Investment
- UNEP Finance Initiative Principles for Responsible Banking
- PSI Principles for Sustainable Insurance
- The Green Bond Principles
- The Social Bond Principles

Targets and Metrics

- Science Based Targets
- FASB
- Sustainable Development Goals
- 2030 البحرين BAHRAIN
- Paris Climate Agreement
- World Economic Forum
- net-zero banking alliance

Research, ratings, data and benchmarks

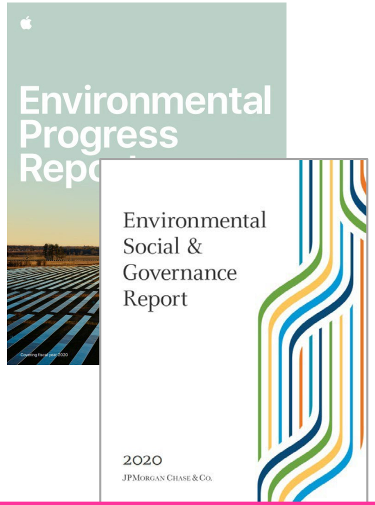
- Bloomberg
- ice
- Morningstar
- MSCI
- Refinitiv
- ISS
- Glass Lewis
- Corporate Knights
- CSRHUB®
- Sustainalytics
- RepRisk

How companies are disclosing ESG information

There are four primary methods of disclosing ESG data:

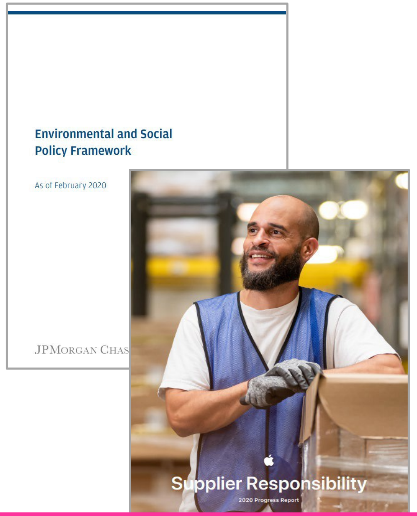
Sustainability Reports and in Annual Reports

A sustainability report in its basic form is a report about an organization's environmental and social performance. To make this reporting be as useful as possible for managers, executives, analysts, shareholders and stakeholders



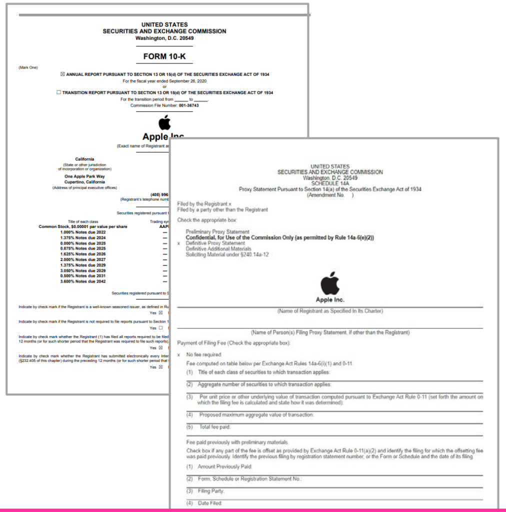
Policies & Frameworks

ESG and Corporate Governance Policies ensure that organizations are run in a transparent, ethical manner, promoting quality practices. The publication of policies assist stakeholders in understanding the ESG framework of a company



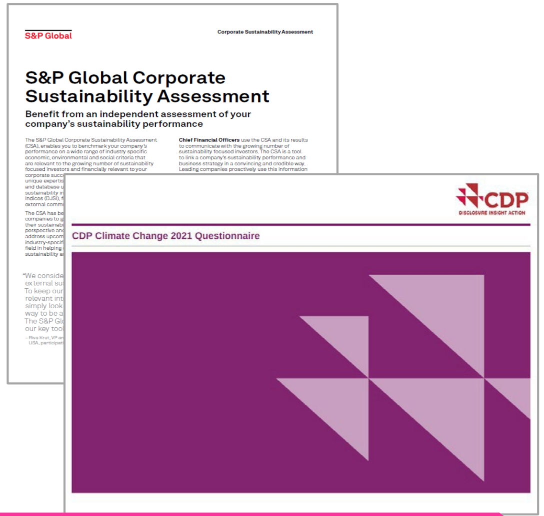
Regulatory Filings

A comprehensive report filed annually by a publicly-traded company about its financial performance



Agency Collection Questionnaires

Agency collection questionnaires like the S&P Global Corporate Sustainability Assessment and CDP Climate Change Questionnaire help companies report ESG measures (both quantitative and qualitative values) in a structured manner



Underpinned by leading ESG guidance and reporting frameworks/standards, such as:

Internal use only.

UNGC Principles - CoP

Signing up to the UNGC requires companies to disclose their ESG initiatives through the Communication on Progress (CoP) questionnaire

Credibility

Build credibility and brand value by showing their commitment to corporate sustainability, the Ten Principles, and the SDGs.

Measure Progress

Measure and demonstrate progress in a consistent and harmonized way.

Receive insight

Receive insight, learn, and continuously improve performance;.

Enhanced Communication on Progress

The Communication on Progress is the primary mechanism for participating companies to demonstrate progress made against the Ten Principles of the UN Global Compact and the Sustainable Development Goals (SDGs).

Global Reporting Initiative (GRI)

The GRI offers both public and private companies public sustainable development reporting guidelines and identifies best practices in this area. The guidelines of these consider different degrees of economic, social and environmental performance.

The GRI standards represent one of the most widely used frameworks for environmental reporting by organizations..

Who Reports

A variety of organizations use GRI, but larger industry groups make up most users. More than 23,000 reports are now using the GRI worldwide, as well as most large companies.

38% of the FTSE 100, 100% of the IBEX 35 and 90% of the CAC 40 use GRI.

How to Report?

- Three universal standards relating to general disclosures and management approaches.
- Topic-specific disclosures on material issues specific to the organizations covering social, governance and economic sustainability factors.

Benefits

- Regarded as a very high standard of reporting.
- Methodology, category information and assessing are extremely clear.
- First agreed-upon global standards for sustainability reporting.
- The GRI Standard can be used to prepare a sustainability report.
- Selected GRI standards can be used to report specific information in accordance with a globally accepted standard.
- Reporting can be externally verified to demonstrate accuracy and veracity.

Report - Global Standard Setter for Sustainability Reporting [ISSB]

Convergence is happening on many fronts - ISSB

World Economic Forum (WEF)

WEF: a core set of common metrics and disclosures on non- financial factors

Task Force on Climate-related Financial Disclosure

The Financial Stability Board's TCFD contributes a framework to help public companies and other organizations disclose climate-related risks and opportunities

Value Reporting Foundation (VRF)

Formed by the merger of the SASB and IR

Sustainability Accounting Standards Board

SASB contributes a complete set of globally applicable industry standards

Integrated Reported Framework

IR aim is to 'improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital'

Climate Disclosure Standards Board (CDSB)

CDSB contributes 'climate change-related information of value to investors in mainstream financial reports'

IFRS Foundation

International Sustainability Standards Board (ISSB)

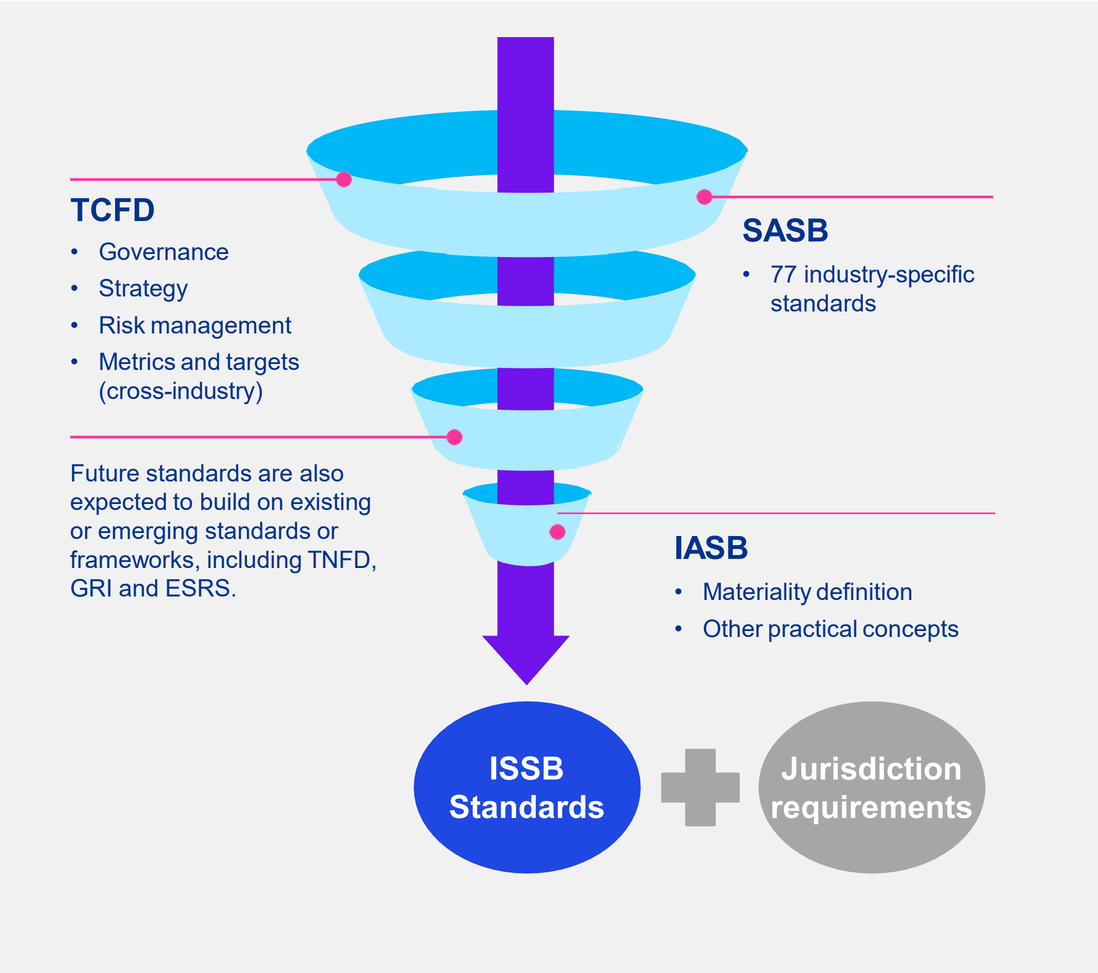
What are the standards based on?

Consolidating the latest thinking of existing frameworks and standards

- Follow the four pillars of the TCFD's recommended disclosures: governance, strategy, risk management, and metrics and targets.
- Enhanced by climate-related, industry-specific metrics derived from the SASB's 77 industry-specific standards.
- Incorporate concepts and principles used in IFRS Accounting Standards from the IASB.
- Additional input from other frameworks and stakeholders, including CDSB and Integrated Reporting.

Bringing financial reporting concepts to sustainability reporting

- Built using a similar approach to IFRS Accounting Standards.



What will need to be disclosed?

Material information

- Providing a complete and balanced explanation of sustainability-related risks and opportunities.
- Covering governance, strategy, risk management and metrics and targets.
- Focusing on the needs of investors and creditors.
- Reflecting consistent, comparable and connected disclosures.
- Presented across time horizons: short, medium and long term.
- Relevant to the sector and industry.

Material metrics

- Based on measurement requirements specified in the climate standard or future standards.
- Identified from other guidance – e.g. SASB
- Reflecting other metrics used by the company.

Transition reliefs

Companies are not required to:

- provide comparative information for any period before the date of initial application; or
- disclose Scope 3 emissions metrics or information on topics other than climate until the second period of reporting.

Disclosures focus on matters that are critical to the way a company operates

The general disclosure requirements standard sets out a framework

Governance
Processes, controls and procedures that a company uses to monitor sustainability-related risks and opportunities.

Strategy
Sustainability-related matters that could enhance the business model and strategy over the short, medium and long term.

Risk management
How sustainability-related risks are identified, assessed and managed.

Metrics and targets
Information to explain the company's performance on sustainability-related matters over time.

+

Additional standards that build on this framework and include industry-specific requirements

Climate-related disclosures

Future standards

What will need to be disclosed?

ESG Risk Type	Specific ESG Issue	Business Risk	Business Impact
Environmental	Water scarcity, waste disposal	Operational / Regulatory	Disrupted operations, fines, supply chain issues
Social	Workplace safety, employee welfare	Productivity / Human Capital	Low output, high attrition, reputational damage
Governance	Corruption, weak board oversight	Financial / Reputational	Fines, legal actions, loss of investor confidence

Where will the information be disclosed?

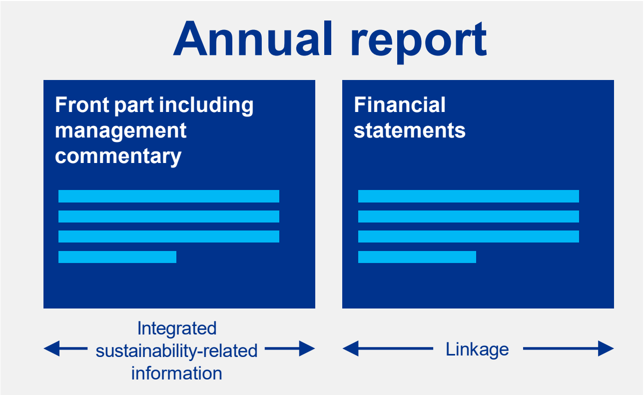
It depends

- The standards do not specify a single location.
- The standards allow for cross-referencing to information presented elsewhere, but only if it is released at the same time as the general-purpose financial report.
- Many countries already include broad requirements for the disclosure of investor-relevant information1 and therefore material sustainability-related information.

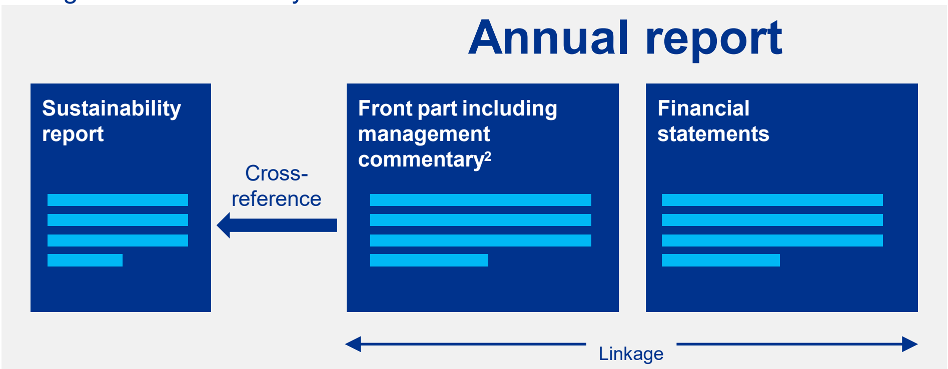
Will you need to get assurance?

- Assurance requirements are not within the ISSB's remit.
- Regulators may choose to require assurance.
- Regardless of local assurance requirements, companies will need to ensure they have the processes and controls in place to produce robust and timely information.

Example 1: Integration of information in management commentary.



Example 2: Separate report providing sustainability-related information, cross-referenced to and available at the same time and on the same terms as management commentary.



ESG Reporting Principles

Key Reporting Principles

Relevance: reported information should reflect your company's sustainability issues and meet the needs of your internal and external stakeholders.

Transparency: information should be reported in a clear, timely and balanced way and support independent review. This might include disclosure of any processes, assumptions and limitations affecting report preparation.

Consistency: Credibility is enhanced if you adopt a systematic use of processes and definitions. It will also help you conduct a meaningful review of your company's performance over time and compare performance both internally and against the wider industry.

Completeness: Choose information that is specific and consistent with the stated purpose, scope and boundaries of your report.

Accuracy: Information should be reliable, objective and verifiable. It should also give a realistic picture of the company's position, performance and progress.

Develop report narrative

01 Chart your progress

Using indicator information and data, your narrative can demonstrate progress against the company's plans to achieve its targets, together with explanations for variations in performance.

02 Getting the balance right

While detailed disclosure may not always be possible, a report should aim to present a balanced picture of the company's challenges and achievements.

03 Acknowledge Complex issues

Some material issues or company activities may have multiple social, environmental and other implications.

04 The power of case studies

Case studies are a powerful way to communicate how you engage with stakeholders and address sustainability in your daily operations..

05 Using financial data

Alongside a company's financial disclosures, a sustainability report gives you the opportunity to outline the potential financial impact of the most important nonfinancial issues facing your company

.

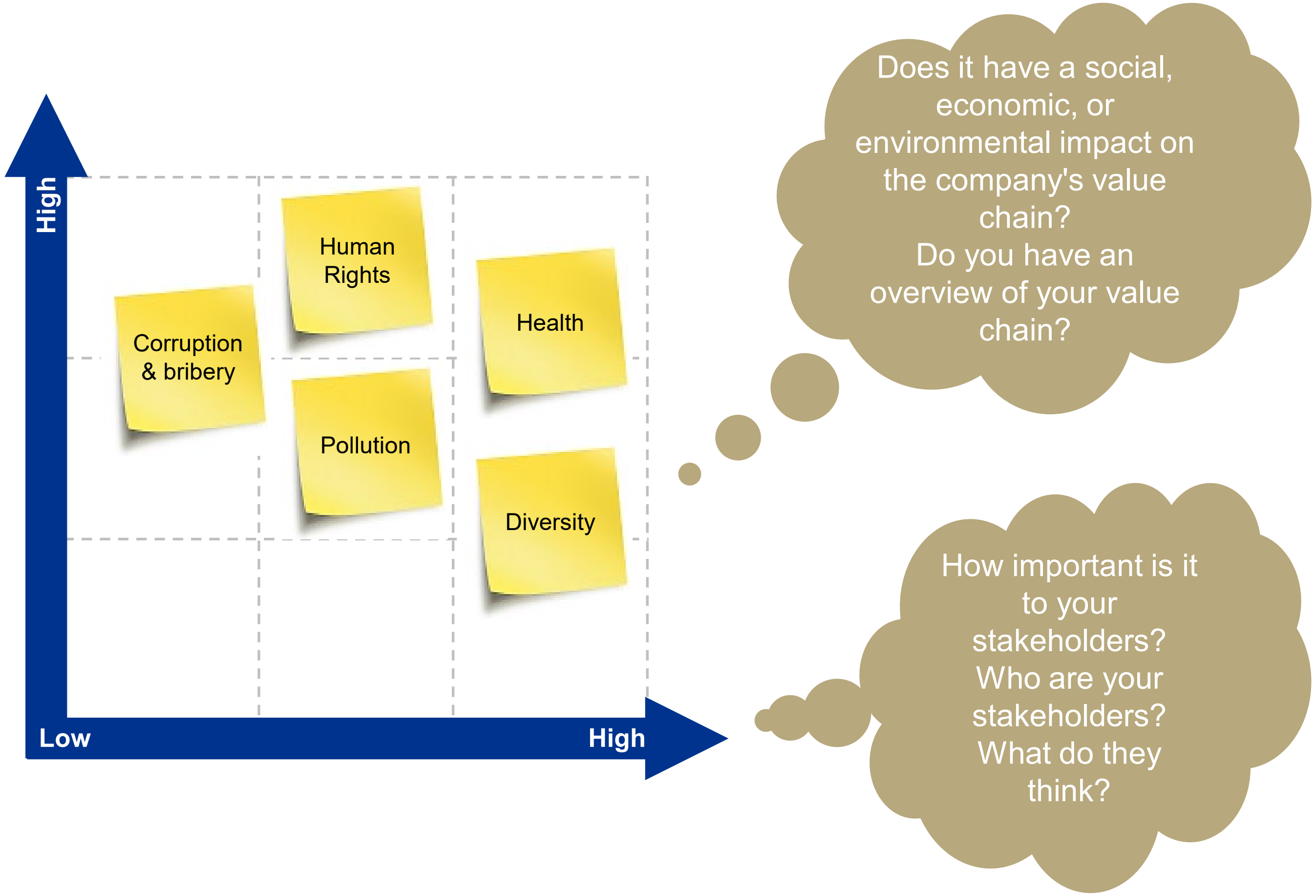
A well drafted report can demonstrate

- how the results drive long-term value and are relevant to the company's operations and targets
- its significance in relation to historic or recent trends and / or prior expectations of performance
- the nature of positive and negative impacts on relevant stakeholders
- the opinions of stakeholders or other credible third parties on those impacts
- how the results may compare to relevant industry benchmarks or averages
- lessons learned or under-performance against strategic targets

02 Materiality Assessment

Purpose of a Materiality Assessment

A materiality assessment allows an organization to identify those issues which are most important to key stakeholders. Materiality is the first step in determining what matters most, what you should measure, and ultimately what you should report.



Materiality assessment

Materiality is the principle of defining the ESG topics that matter most to your business and your stakeholders. Given limited resources and time, companies should focus on the most important ESG issues with the greatest impact on their business and stakeholders. Materiality assessment should be used as a strategic business tool, with implications beyond ESG reporting. The steps to conduct a materiality assessment are typically as follows:

Phase 1
Identify and categorize potential topics

Phase 2
Prioritize material topics

Phase 3
Identify stakeholder groups

Phase 4
Prioritize stakeholder groups

Phase 5
Engage and seek feedback

Phase 6
Finalize (rank) material topics

03 What Next?

The Journey to Compliance

01 Assess impact

Capture all impacts, risks & opportunities in one place.

02 Collect Data

Digitalise the manual data collection process

Automatically integrate and manage vast quantities of data

03 Establish Controls

Establish internal controls and workflow processes

04 Calculate KPIs

Customise KPI calculations to meet local and international standards

05 Prepare Report

Integrate with disclosure management tool

06 Write Report

Merge text, charts & KPIs while collaborating with authors

07 Share with external auditor

Auditor can access, review, comment and approve report

08 Generate Disclosure

Generate report and tag automatically in required formats.

Report Ready

A Call to Action – Is Your Organization Sustainable by Design

Govern

ESG factors need to be embedded in Company's internal governance. Determining who will own various ESG-related activities and processes, how the reporting and communication will flow, and how the culture will be driven is one of the first steps to be taken to achieve a solid governance foundation.

01

Engage

Identify stakeholder groups based on peer benchmarking and discussions with management. Create a long-list of potential topics based on industry trends, peer benchmarking and discussions with management that need to be assessed to shortlist the most material topics.

02

Report

Development of ESG reporting program and target operating model, including processes, controls, technology, and organizational structure based on results of the assessment and gap analysis

03

Assure

Provision of formal opinions over reported ESG metrics and disclosures. The opinions are delivered in accordance with ISAE 3000 to either a limited or reasonable level of assurance (depending on stakeholder needs).

04


QUESTIONS

Coffee Break

What Does Good Look Like: Best Practices, Data and Analytics

Session 3

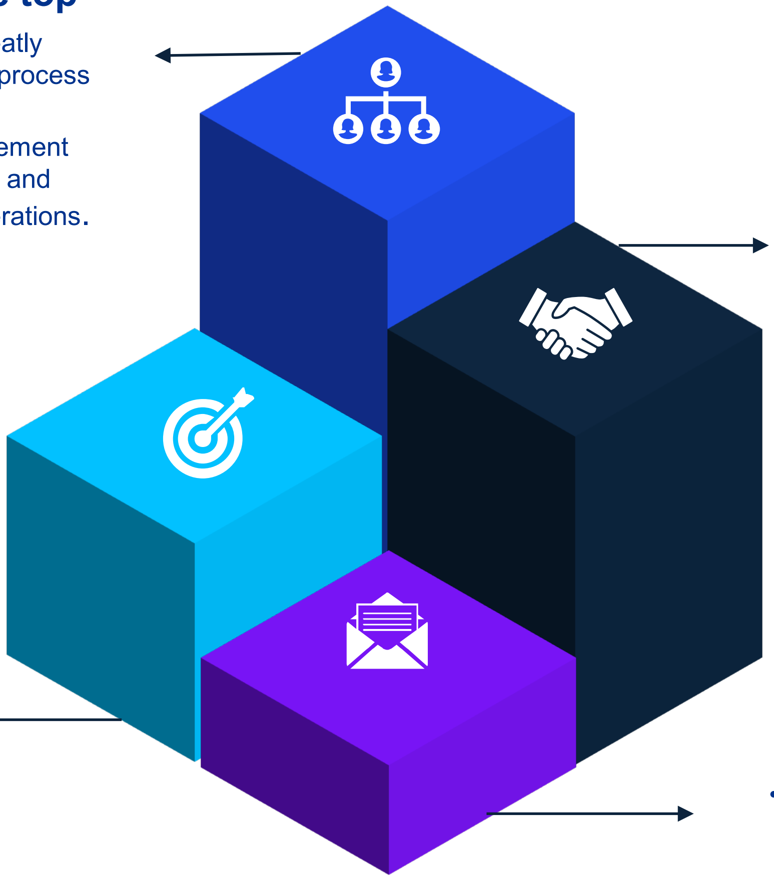
2025 Capital Markets Authority

Workshop

01 Level Setting
What does this all mean?

Level Setting

The first step in integrating ESG into business is to set a common ground where the company and its key stakeholders can agree on the definition of ESG and its importance to the company. This common ground is essentially composed of different elements which provide the environment to nurture a company's ESG development.



Setting the tone at the top

- A top-down approach can greatly facilitate the ESG integration process of the Organization.
- The board and senior management should understand the values and relevance of ESG to their operations.

Creating a sense of purpose

- The Organization needs to create a sense of social purpose by integrating the purpose into the organization's decision-making process, strategy and risk management.

Agreeing on common language/ terms

- Make sure that all key stakeholders have the same understanding of ESG..

Communicating with key stakeholders

- Stakeholder support and engagement is important in the integrating process of the ESG.

Setting the tone at the top

The need for an ESG strategy must be cascaded from the top accompanied by clear communications, lines of accountability, and the necessary resources.

Leaders must know that planned changes have the support of their managers, and/or board of directors

Drivers to Establish Senior Management and Board Buy-In

Market relations:

Institutions, now expect to see ESG policies and practices including good governance (e.g., succession planning, independence of auditors), compliance tracking, and industry leadership.

Effective risk management

Risk management becomes more effective with good ESG practice, e.g., less exposure to operational disruptions and controversies; reduced regulatory burden; improved brand value; and goodwill.

Enhanced value

ESG programs have the potential to reduce operational costs through optimization and effective risk management. There is a growing body of research showing that ESG practices can lead to better performance and financial management.

Access to new markets

Evidence suggests that companies with strong ESG track records gain access to new markets, e.g., environmentally or socially conscious companies wanting to list outside their own jurisdiction.

Communicating the ESG approach both internally & externally

A Change Management Methodology places key stakeholders at the center of the change. Leveraging this method will help to ensure successful ESG Transformations by motivating employees, suppliers and other stakeholders to participate in small- and large-scale changes, while helping the organization sustain the Change!

Socialize your ESG Strategy | **Operationalize your ESG Strategy** | **Sustain Progress**

Make it Clear

Align leaders around the strategic aims, ambition and scale of the change

Objectives:
- Understand the scale of change
- **Confirm the vision** and case for change and engage key leaders
- Develop plan for measuring the strategy's success

Make it Known

Communicate the change and the case for change, begin to create ownership of the solution

Objectives:
- **Engage stakeholders**
- Identify risks and impacts
- Identify new behaviours & ways of working

Make it Real

Translate change in strategy into reality for people and define what it means

Objectives:
- Identify the Strategy's impact
- **Develop systems and processes**

Make it Happen

Move the organization towards the end state and equip people to work in new ways

Objectives:
- **Guide the people** and the organization through transition
- Identify company roadmap
- Facilitate the change

Make it Stick

Ensure there is capability in the organization to sustain the change

Objectives:
- Ensure the change vision has been achieved
- Ensure the change is sustainable
- **Measure and celebrate change success**

02 Strengthening Governance Whose job is it anyway?

Strengthening governance

While "tone at the top" plays an important role in incorporating a sense of social purpose into the organization, having sound ESG governance offers a solid foundation for functional board oversight, proactive management and ongoing dialogue on ESG topics.

Board/Management composition and capabilities

- Ensure the board comprises directors with relevant ESG expertise and experiences.
- ESG to be one of the criteria in choosing future candidates.
- Engage third party consultant in order to enhance board capabilities

Board/ Management oversight

- Ensure that management focus on all the ESG material topics identified by key stakeholders.
- Ensure the board focus on two or three strategically important ESG topics.

Reporting and monitoring

- Senior management are to decide what type of information is to be presented to the board
- Ensure the board closely monitors the companies ESG performance.

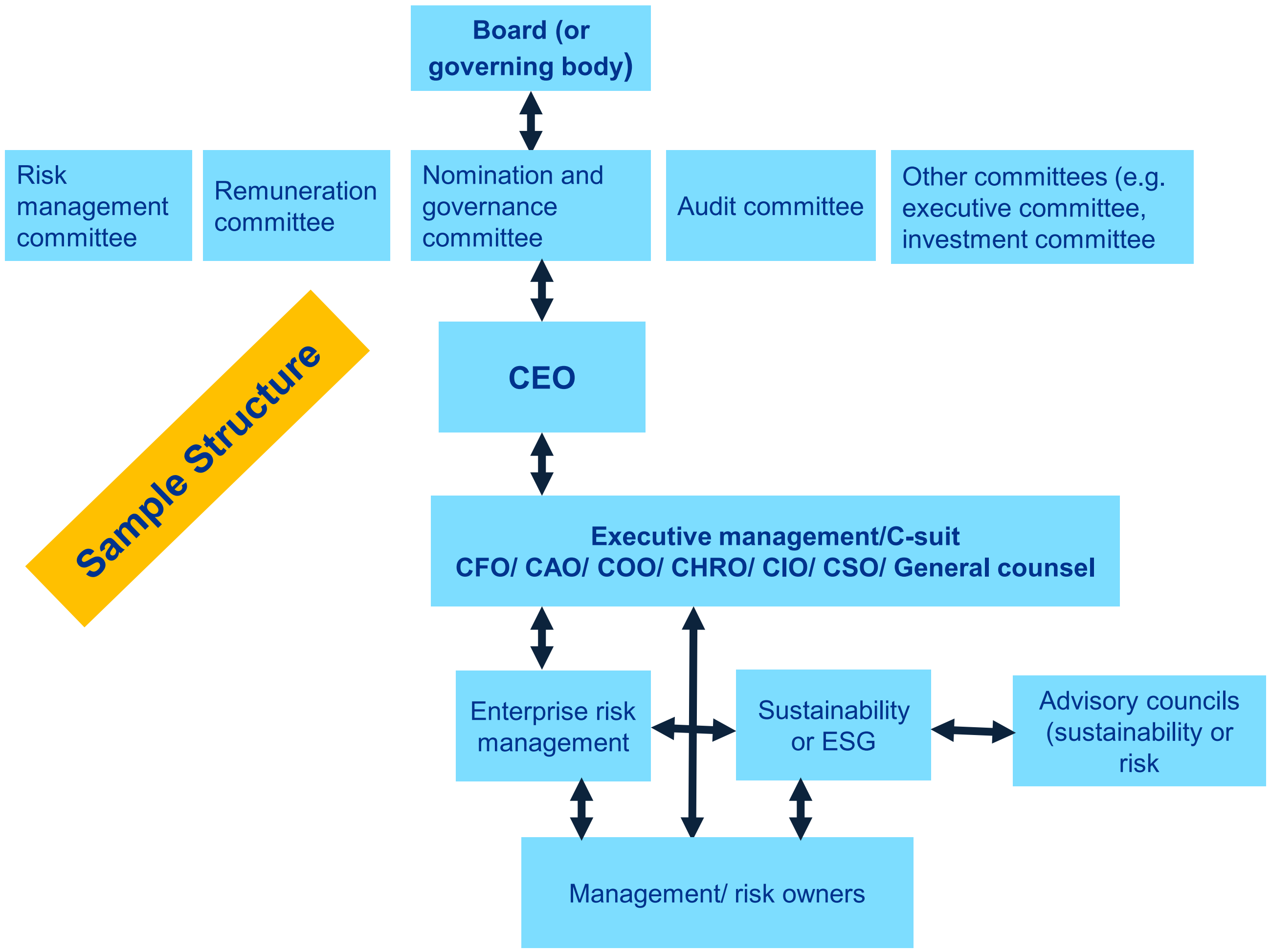
Roles and accountabilities

- Endure the board has a full understanding of the mandatory or voluntary ESG – related requirements.
- Determine which board members are to be involved in which activities.
- Set clear roles and responsibilities of the board members & management regarding ESG development.

Policy and other fundamentals

- Establish and execute the relevant ESG – related policies.

Strengthening governance



Board
The board is responsible for overseeing and, where appropriate, challenging management's approach to ESG-related risk

Risk management Committee
The risk committee establishes the direct oversight of enterprise risk management

Audit Committee
The audit committee assists the board of directors in fulfilling its corporate governance and overseeing financial reporting responsibilities.

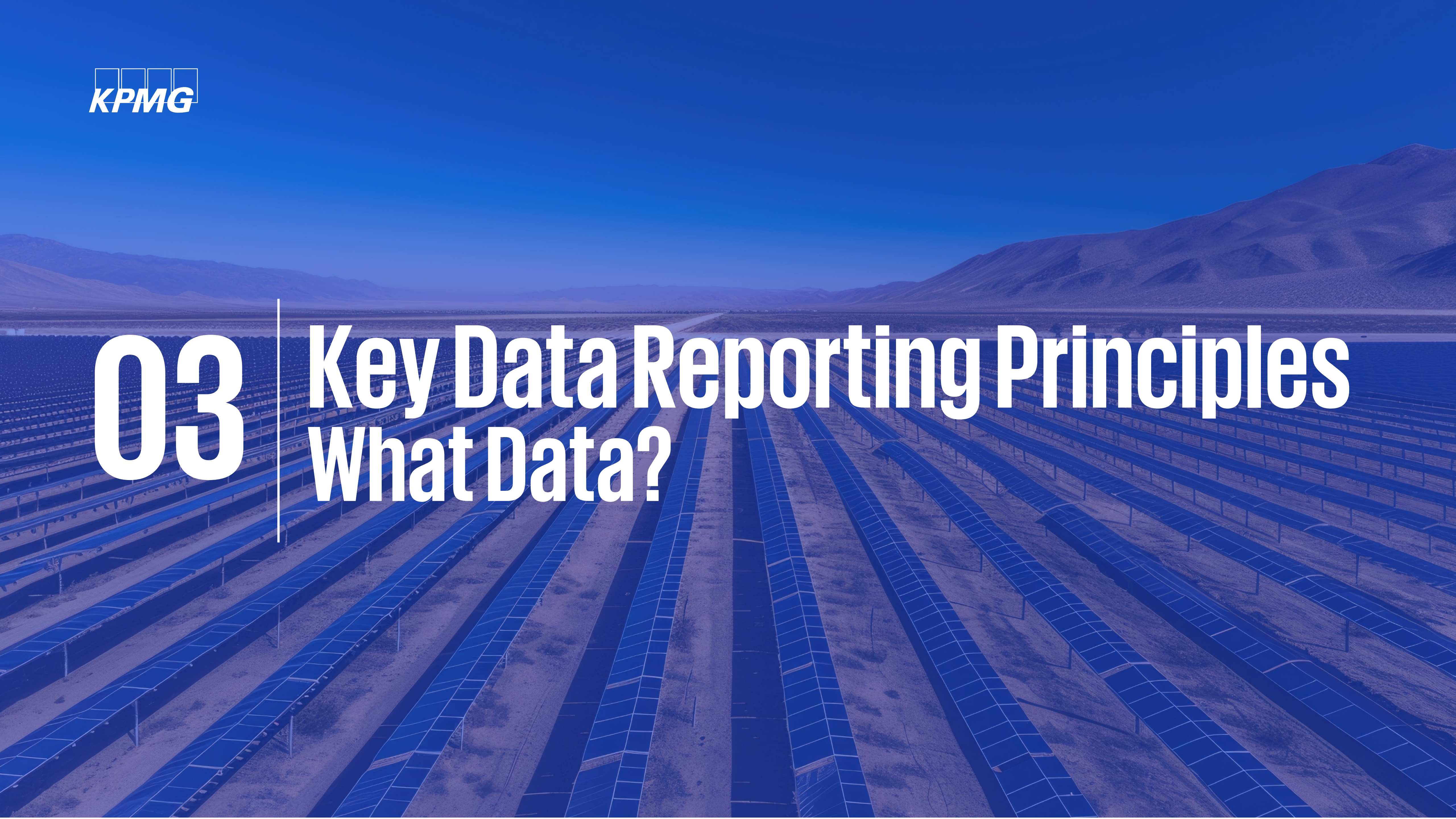
Other committees
Some companies have additional board committees, such as a sustainability committee, separate from the risk committee and the audit committee

Executive Management
Connections to strategic planning and operations personnel are also critical to linking sustainability to new strategies and risk responses.

Enterprise Risk Management
The ERM function or director is responsible for coordinating and consolidating ERM activities and will typically report into the CRO or other C-suite

Sustainability Director/ Chief Officer
The sustainability director may report to the CFO, CSO or COO and provides support in coordinating ESG-related activities.

Management/ Risk owners
A 'risk owner' is frequently designated as the point person with accountability. for ensuring specific risks are appropriately managed.



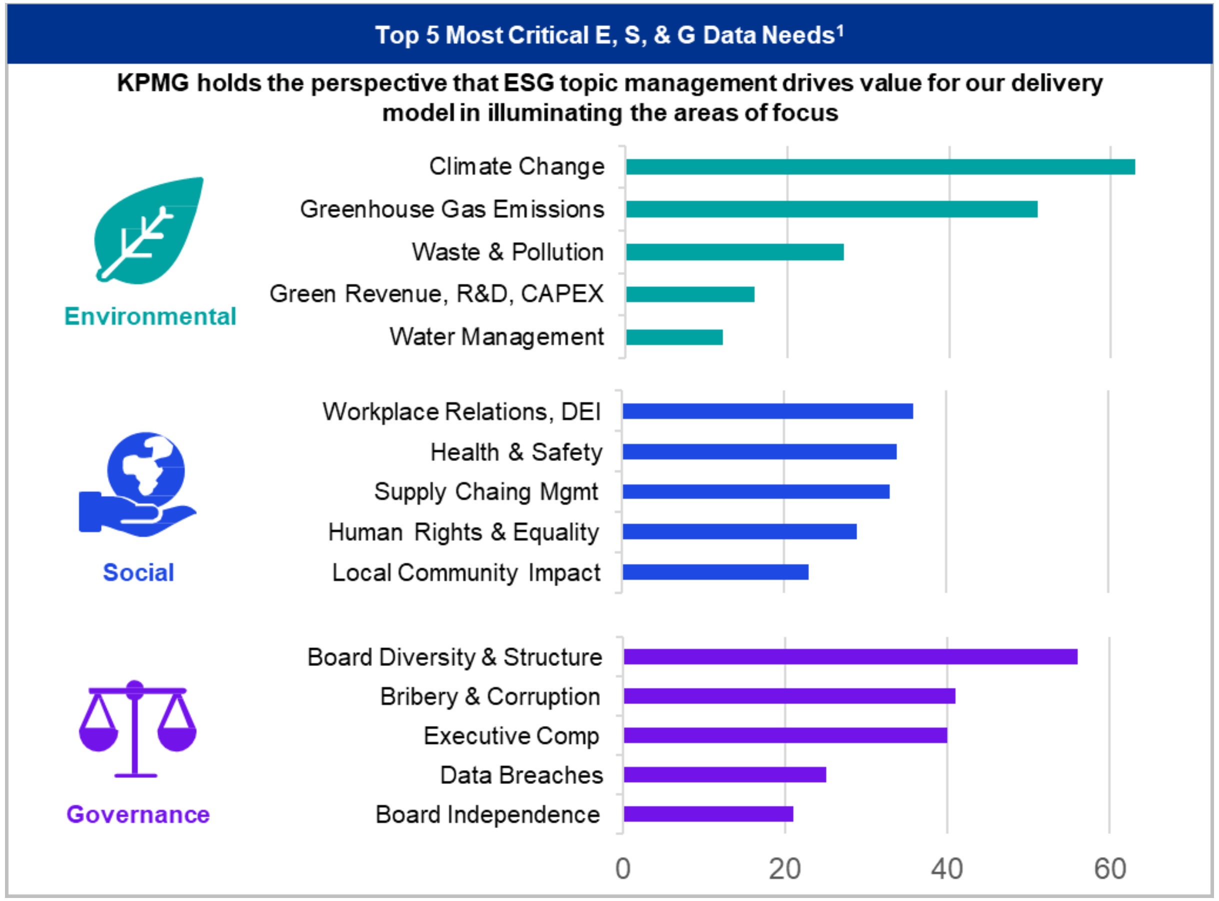
03 Key Data Reporting Principles
What Data?

Why is ESG data important?

ESG data demands are coming from a range of stakeholders…..

- Shareholders/ Investors
- Regulators
- Customers and partners
- Ratings agencies

Leading to increased demand for specific ESG data types



What are ESG data challenges?

Organizations are faced with a number of ESG data challenges, extending from the boardroom through to data architecture and the everyday management of organizational data.

Availability

01 Coverage

02 Accessibility

03 Sourcing

Reliability

04 Transparency

05 Auditability

06 Consistency

Comparability

07 Classification

08 Quality

09 Granularity

Key questions for your data team

There are a number of key areas to be considered. The first step towards becoming an ESG market leader is understanding the gap between the current and the target states.

ESG requirements

Does your ESG capability have prioritised and quantified Regulatory and Business ESG **use cases**, along with a **roadmap**?

Trusted sources

Are there **authoritative sources** held in an accessible **data repository** for ESG which can be used across all business divisions?

Data Methodology

Have you got **an auditable data lineage** with clear rationale for **sourcing, selection and validation methodologies**?

ESG Data Strategy

Is there a ESG Data Strategy derived from the overall Data and Analytics Strategies and aligned with the Business Strategy?

Data quality controls

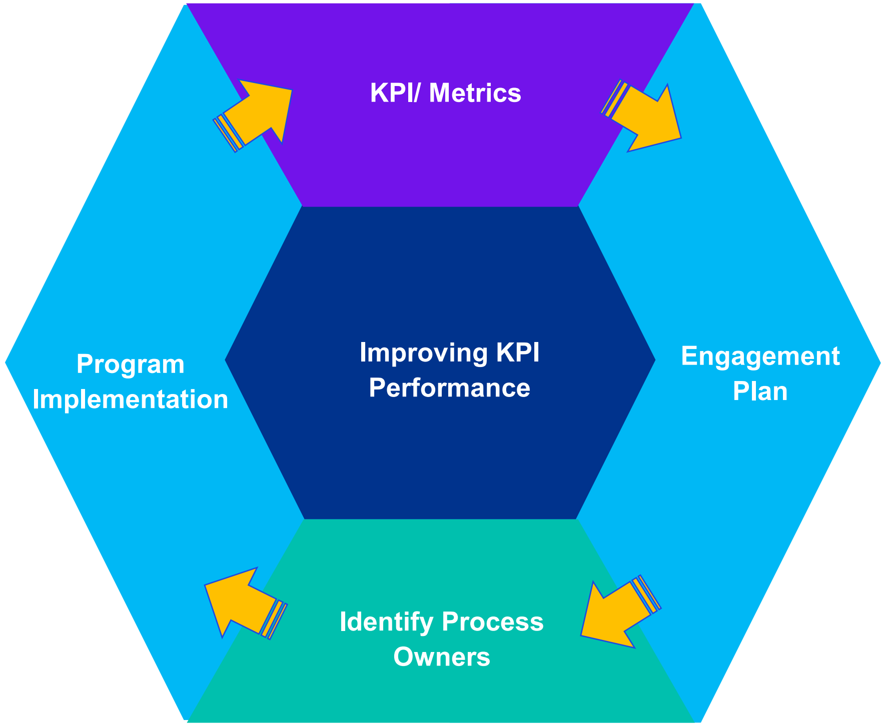
Are there **data control and management frameworks** and **operational monitoring** in place to ensure that your ESG data is trustworthy and accurate?

Tools & Accelerators

Does the existing technology landscape allow for a **ESG Data Repository;** are there ESG Data Accelerators and relevant tools available to use?

Improving Performance

While not specifically considered in the reporting standards, reporting criteria should be pulled together to serve as the 'accounting policies' to inform the users on the methods and assumptions used. Without it, it is close to impossible to ensure the disclosures are consistent over time or reliable.



What actions can a Company take to improve the KPI(s)?

KPI/ Metrics: Align metrics and targets to the implementation strategy. Clear synergies should be highlighted between short term targets.

Workforce	2023	2024
Total Employees	500	550
By Gender		
Male	250	400
Female	250	150

Engagement Plan: Develop the plan: For e.g.,

Develop a **formal DEI policy** with measurable gender-related goals.

Partner with **universities and professional networks** to create pathways for female finance graduates

Establish **mentorship and sponsorship programs**, pairing women with senior leaders

Process Owners: Identify the process owner(s) to develop and drive the plan and engagement forward.

Program Implementation: Set timelines and milestones to track progress. Identify risks and mitigation strategies to ensure success in implementation.

KPMG

04 Net Zero - Target Setting & Decarbonization Plan What does good look like?

Transition plans will be crucial in driving decarbonization

Transition plans will form a key part of the net-zero journey, as the underpinning of an organization's internal strategy to meet their climate obligations.

What is a transition plan?

A transition plan is a **time-bound action plan** that clearly outlines how an organisation will pivot its existing assets, operations, and entire business model towards a trajectory that aligns with the latest and most ambitious climate science recommendations.

What should you include in a transition plan?

- Clear commitments (e.g. GHG reduction targets)
- Impacts of the transition on the company's **strategy and business model**
- **Actionable** steps to meet the commitments
- Performance measures and **governance** mechanisms

What makes a good transition plan?

- Underpinned by **effective governance** processes
- Aligned with **strategic response** to climate-related risks & opportunities (e.g. decarbonisation plans, implementation plans and stakeholder engagement)
- **Long-term and interim** targets which consider non-climate factors such as **environmental and social** considerations, and the **financial value** of future actions

Who is driving the push for transition plans?

Kuwait's Foreign Minister announced on 7 November the Emirate's intention to work towards net zero greenhouse gas emissions - aiming to reach net zero in 2060.

The **NZFSPA** & **GFANZ** are currently developing guidance to support organisations develop transition plans.

Decarbonization - From Plan to Implementation

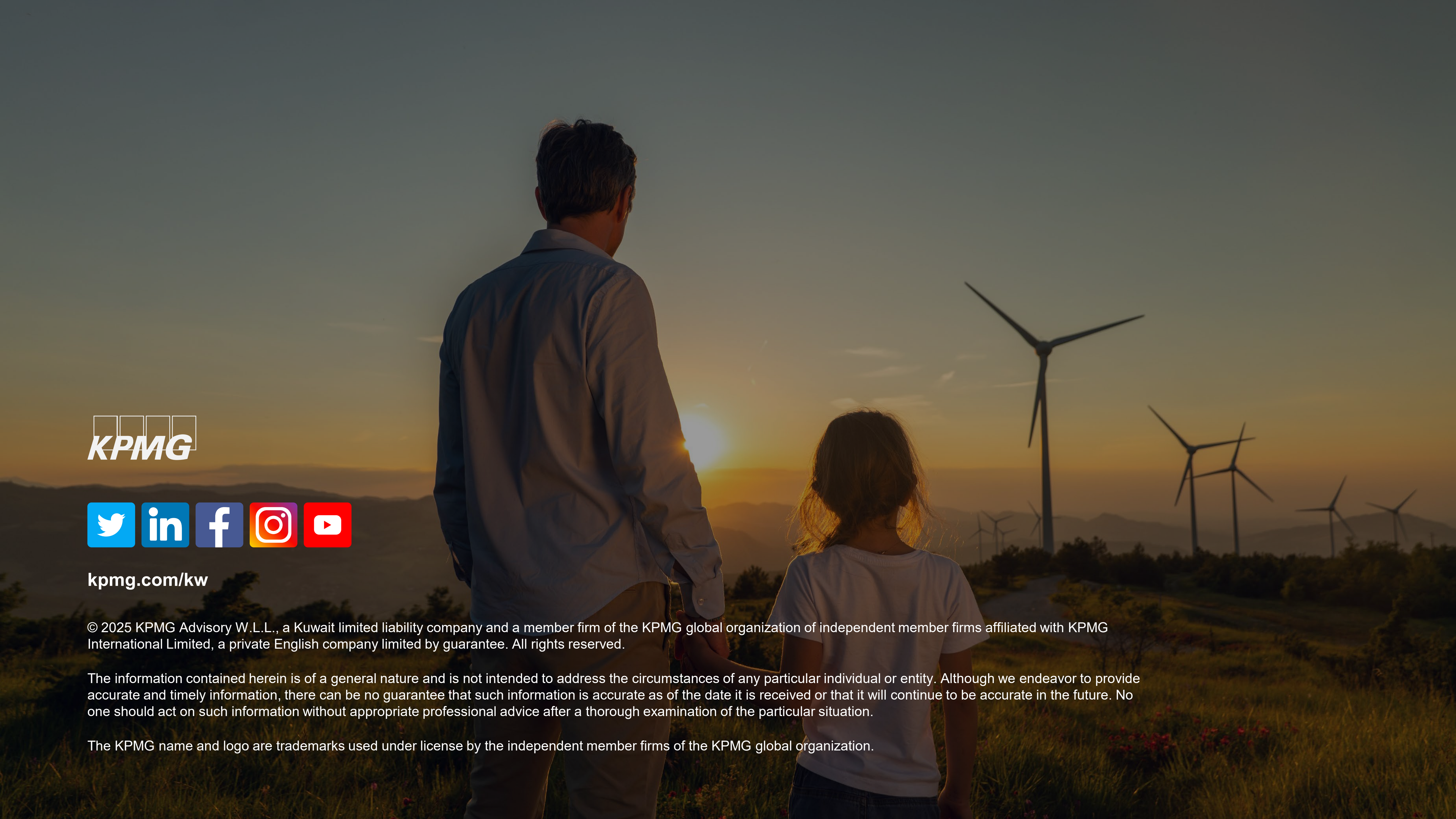
Decarbonization Journey

Feedback loop

	Phase 1: Understand current state	Phase 2: Decarb Strategy	Phase 3: Capital Allocation	Phase 4: Implementation and disclosure
Key Steps	Gap assessment Strategic ambition setting GHG accounting	Target setting (at Business Unit, fund or asset level) Climate & decarb strategy (incl. value creation) Transition plan development	Investment Framework	Operating model transformation Ongoing monitoring and disclosure
Outputs	Climate maturity assessment of the Organization against regulations, and market expectations Carbon foot printing of operations	Clear long-term and interim targets, decarbonization roadmaps, including targeted decarbonization activities, and organizational transition plan in line with market frameworks	Climate embedded in investment strategies; clear policies encompassing codified targets and investment approach, including exclusions and engagement principles	Defined target operating model for ongoing implementation, monitoring and disclosure

THANK YOU

How KPMG can help?



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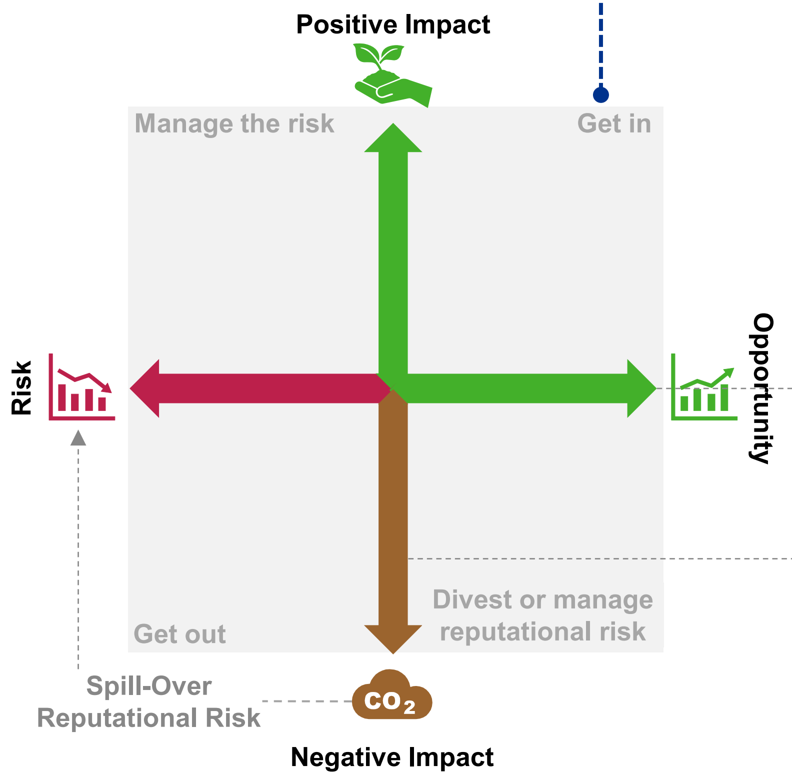
Dimensions of ESG risks



Financial dimension of ESG risks: Management of ESG risk exposure

vs.

- ESG risks impact the stability of financial assets.
- Physical risks influence risk exposure especially through operational risks.
- Transitional risks influence the business models of assets.

What ESG risks and opportunities does the business model of our customers and investments hold and what does this mean for our business model?

Extra-financial dimension: Improvement of own impact

vs.

CO_2

- Financial products are enablers for positive developments in society and environment.
- For companies in the financial sector, sustainable financial products can be an opportunity to develop new business areas.

What opportunities will arise from sustainable products and sustainable trading, and how can reputational risks be avoided?

Risks, opportunities, and financial implications

The fundamental changes stemming from the emergence of climate risk will inevitably impact the balance sheets and the operations of financial services, leading to both risks and opportunities.

	Definitions
Physical risks	• Physical risks can be categorized into two types: (i) event- driven (acute) and (ii) longer-term shifts (chronic) in climate patterns. • Physical risks may have financial implications for the organization, such as direct damage to assets and indirect impact from supply chain disruption.
Transition risks	• Transition risks may arise as consequence of the extensive changes in policy, legal, technology, and market during the transition to a lower-carbon economy. • Transition risks may pose different levels of financial and reputational risk to organizations, depending on the nature, speed, and focus of these changes.