2023

DFM'S GUIDE TO ESG REPORTING

DFM
سوق دبي المالي

TABLE OF CONTENTS

04 CHAIRMAN’S MESSAGE

06 OBJECTIVE OF THIS GUIDE

07 ALIGNMENT WITH THE UAE NATIONAL AGENDA

08 FROM SUSTAINABILITY TO ESG

10 THE RISE OF ESG IN GLOBAL MARKETS

14 IMPORTANCE OF ESG

22 PRINCIPLES OF ESG DATA AND DISCLOSURE

28 WHAT ARE “MATERIAL” ESG ISSUES?

32 ADOPTING GLOBAL RREPORTING FRAMEWORKS

36 GLOBAL REPORTING FORMATS

38 GLOBAL TRENDS IN SUSTAINABILITY REPORTING

42 HOW DFM SUPPORTS ESG REPORTING AND DISCLOSURES

44 DFM’S SUSTAINABILITY EFFORTS

49 APPENDICES

50 APPENDIX I: ESG METRIC RECOMMENDATIONS FOR REPORTING

58 APPENDIX II: LIST OF GLOBAL SECTOR AND CLIMATE SPECIFIC INITIATIVES

60 APPENDIX III: MATERIALITY MAPS FROM DIFFERENT ORGANIZATIONS

68 APPENDIX IV: GLOSSARY

70 APPENDIX V: SUSTAINABILITY REPORTING ROADMAP

71 ENDNOTES

CHAIRMAN'S MESSAGE

On behalf of the Board of Directors, it is my privilege to present Dubai Financial Market's (DFM) ESG Reporting Guide which aims to promote ESG reporting practices and support our listed companies on their sustainability reporting journey. This guide reaffirms our pledge to promote sustainability in capital markets in alignment with our commitment to the UAE vision, the Sustainable Development Goals (SDGs), the Sustainable Stock Exchanges (SSE) initiative, and DFM's Sustainability Strategy 2025.

The demand for investment-grade ESG reporting has grown substantially over the past decade, driven by global investors who are increasingly looking into Environmental, Social, and Governance (ESG) factors to inform their investment decisions by identifying risks and opportunities that may not be captured by mainstream financial analyses. In addition, investors are increasingly expecting listed companies to report on material ESG indicators that may impact their financial performance.

Aligned with global and regional drives for sustainable transformation, DFM aims to become the region's leading sustainable financial market. It closely collaborates with leading institutions and Dubai's broader finance sector to promote ESG and sustainability best practices and acts as a bridge between several important stakeholders, including brokers, market makers, investors, and issuers.

The DFM ESG Reporting Guide, which was first launched in 2019 and updated in 2023, promotes sustainability reporting best practices and provides support for listed companies to increase their disclosure of ESG information and adopt ESG reporting practices. This reinforces their ability to attract investments, access finance, and enter new markets through good governance practices. For the 2021 financial year, 83% of DFM-listed companies (including those listed on Nasdaq Dubai) developed sustainability reports in line with the Securities and Commodities Authority (SCA) mandate for ESG disclosure. As such, DFM continues to lead in listed companies' sustainability reporting among regional exchanges.

The 2023 update to our ESG Reporting Guide brings in recent global sustainability trends, introduces new global, sector and climate specific reporting frameworks and expands DFM ESG metrics to cover new indicators.

These include the introduction of double materiality concept from GRI, climate risk reporting by TCFD, principles of ESG data and disclosure, and sustainability reporting trends. Following the introduction of new trends, standards, and frameworks into the ESG Reporting Guide 2023, DFM intends to produce a separate "What and How to Report on ESG Guide" in the near future, further supporting listed companies on their ESG disclosure journey.

Importance of Sustainable Practices

The interest of investors in sustainable finance is increasing at an unprecedented rate, not only across Dubai's capital markets but also around the world.

DFM recognizes the importance of sustainable issuances in meeting this demand. Most notably, Nasdaq Dubai, DFM's subsidiary, has become the leading exchange in the region in ESG debt listings with a total value of more than US 19 billion at the end of 2022, a 57% increase compared to 2021. DFM's liquidity increased 25% in 2022 compared to last year, highlighting the increased interest from foreign investors seeking more responsible investments.

This will continue to encourage all issuers to introduce and strengthen compliance with ESG principles, in promoting beneficial practices and meeting the rapidly growing investor demand.

Promoting ESG and Sustainable Finance

DFM is a proud advocate for sustainability practices and has been involved in several initiatives and partnerships with global organizations, including the World Federation of Exchanges (WFE) Sustainability Working Group, with the aim of promoting best practices in ESG across global markets.

DFM has also been involved in several other successful collaborations which include partnering with the UN's SSE Advisory Group and contributing to the resulting report on the role of regulators in supporting the SDGs. As part of this collaboration, the advisory group explored mechanisms to improve the availability and quality of corporate ESG information. The group also studied sustainable finance mechanisms including green bonds and ESG-themed equity indices.

In 2021, DFM also continued to work with the Dubai International Financial Centre (DIFC) to implement the plans of the Dubai Sustainable Finance Working Group, launched in 2019. This initiative is in line with the UAE Sustainable Development Goals 2030 and Dubai's Strategic Plan 2021. In addition to continuing key collaborations, DFM actively hosted a workshop on ESG integration in collaboration with the CFA Institute and the UN Principles for Responsible Investment (PRI) which aimed to strengthen the integration of ESG in the Arabian Gulf region, taking into consideration regional investors' demands for ESG. These are just some of the examples of how DFM is actively engaging with regulators and policymakers to establish an appropriate ecosystem for sustainable financing in capital markets.

As the importance of ESG implementation and reporting continues to grow, I look forward to the upcoming years, confident that we will see an increase in the uptake of sustainability reporting, green products and listings, and growth of responsible investing among market participants. In doing so, we will help realize the aspirations of the United Arab Emirates and Dubai for sustainable success and economic growth.

Best regards,
Helal Al Marri
Chairman of Dubai Financial Market (PJSC)

OBJECTIVE OF THIS GUIDE

With the call for global action on sustainability gaining momentum, the use of ESG data is becoming more important each day. Now, transparent and publicly available ESG data is playing a direct role in affecting investment analysis and decision-making processes.

ESG information, previously considered "non-financial" and presented in separate reports by institutions and organizations, is now being integrated into mainstream corporate reporting and communication activities.

In line with its commitment to drive market growth and sustainability in financial markets, Dubai Financial Market (DFM) has introduced this Environmental, Social and Governance (ESG) Guide to introduce issuers to the general global ESG reporting frameworks and assist them in navigating the ESG reporting landscape with relevant information to investors.

Aiming to promote transparency among listed companies, this guide highlights the importance and key benefits of ESG reporting to meet the growing demand from institutional investors for quality disclosures. Since 2022, listed companies on the UAE capital markets are now mandated to report ESG data by SCA. Therefore, DFM strongly encourages companies to use this guide as a compass in their sustainability reporting journey.

This guide encourages listed companies to assess themselves and provide public transparency against a set of 10 environmental metrics (38 indicators), 7 social metrics (29 indicators), and 8 governance-related metrics (22 indicators) - in alignment with the recommendations of the Sustainable Stock Exchanges (SSE) initiative and the World Federation of Exchanges (WFE) and includes references to different global reporting frameworks.

All number links are listed in page 71

ALIGNMENT WITH THE UAE NATIONAL AGENDA

We understand that we play an instrumental role within the capital markets' ecosystem to foster economic development and mobilise the investment needed to achieve sustainable growth in the country.

While embedding ESG in its strategy, DFM[1] is a Partner Exchange member of the United Nation's Sustainable Stock Exchange (SSE) initiative, as part of the global effort to promote sustainable investment and support transparency in capital markets[2].

As an active member, DFM has formally committed to advance sustainability in capital markets and effectively contribute to achieving the overall objectives of the UAE vision. DFM aims to achieve this vision by creating an investment climate that is not only capable of attracting international investors but also encouraging sustainable investment, promoting transparency and disclosure in financial markets, which includes issuing this Guide.

DFM's sustainability efforts are aligned with the UAE's national ambitions to create a highly productive economy, driven by innovation and technology, while preserving the environment, and promoting social development.

During the last few years, the UAE has worked hard to deliver these public policy ambitions under government declarations and plans. These include (but are not limited to):

- The UAE Principles of the 2050[3]
- The UAE Green Agenda[6]
- The UAE's 2050 Net Zero Carbon Target[4]
- Green Economy for Sustainable Development[7]
- The Associated National Climate Change Plan of the UAE 2017-2050[5]

As well as the UAE's global commitments to:

- The United Nations Sustainable Development Goals
- The Paris Agreement on climate change and Dubai Clean Energy Strategy 2050

All number links are listed in page 71

FROM SUSTAINABILITY TO ESG

Corporate sustainability level has evolved from the notion of Corporate Social Responsibility (CSR) - an earlier area of focus more reflective of corporate engagement than changes to a core business model - to being a strategic priority for companies to seize opportunities, reduce costs and build a competitive edge.

Sustainability management is the integrated management of economic, social, and environmental performance for the purpose of maximizing benefits to all stakeholder groups. It helps companies identify social, environmental, economic, and governance risks and opportunities that significantly impact the success of companies through driving performance gains and increasing competitiveness.

The term ESG is mainly used by the investment community to assess the performance of companies on key environmental, social, and governance factors that may affect financial performance. Environmental factors include the company's environmental management system and its ability to mitigate various risks that could negatively impact the environment, including those that contribute to climate change. Investors may consider companies' energy consumption, water use, waste generation and management, level of pollution produced, and use of resources.

Social factors include the company's relationships with its employees, suppliers, and host communities. Investors would typically assess a company on its attitude towards diversity, human rights, customer protection, supply chain integrity, and anti-corruption controls. Social issues can also include employee well-being and supply chain management.

Governance factors include the company's internal corporate affairs, such as relationships with shareholders, board composition and independence, and internal control systems. Proper and transparent corporate governance is linked to the company's long-term success and reputation.

The table below provides examples of ESG criteria that are typically assessed by the investment community.

ENVIRONMENTAL	SOCIAL	CORPORATE GOVERNANCE
Environmental management	Employee training and development	Board and Committees
Direct and indirect GHG emissions*	Health and safety	Internal controls and audits
Energy consumption	Equal opportunity	Executive compensation
Water management	Human rights	Shareholders rights
Waste management	Data privacy	
Biodiversity	Anti-corruption	

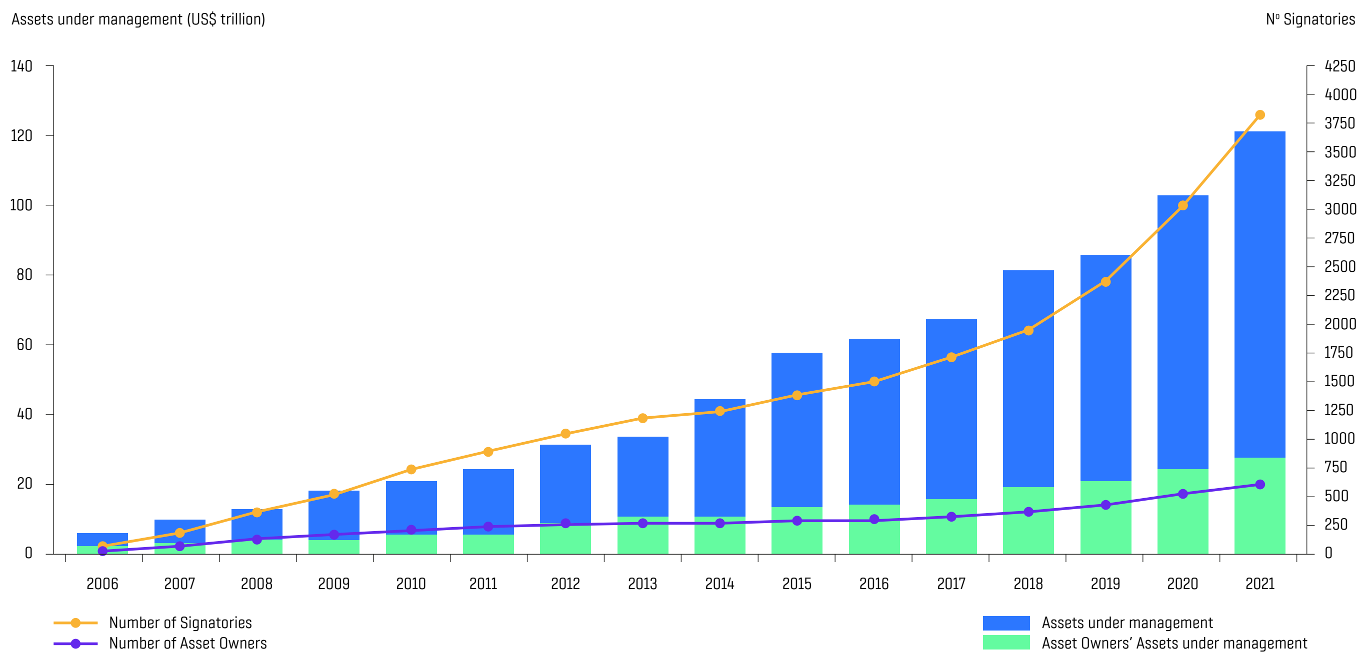
*GHG emissions are emissions released by human activities that cause greenhouse effect in the atmosphere.

THE RISE OF ESG IN GLOBAL MARKETS

Demand from institutional investors has been the main driver behind the growth of ESG. As of 2021, more than 3,826 investment management firms representing USD 121 trillion in assets under management have pledged to incorporate ESG factors into their investment decisions by becoming signatories to the United Nations backed Principles for Responsible Investment (PRI).

This represents an astronomical growth of nearly 20 times in assets under management since 2006 when signatories represented USD 6.5 trillion in assets under management[8].

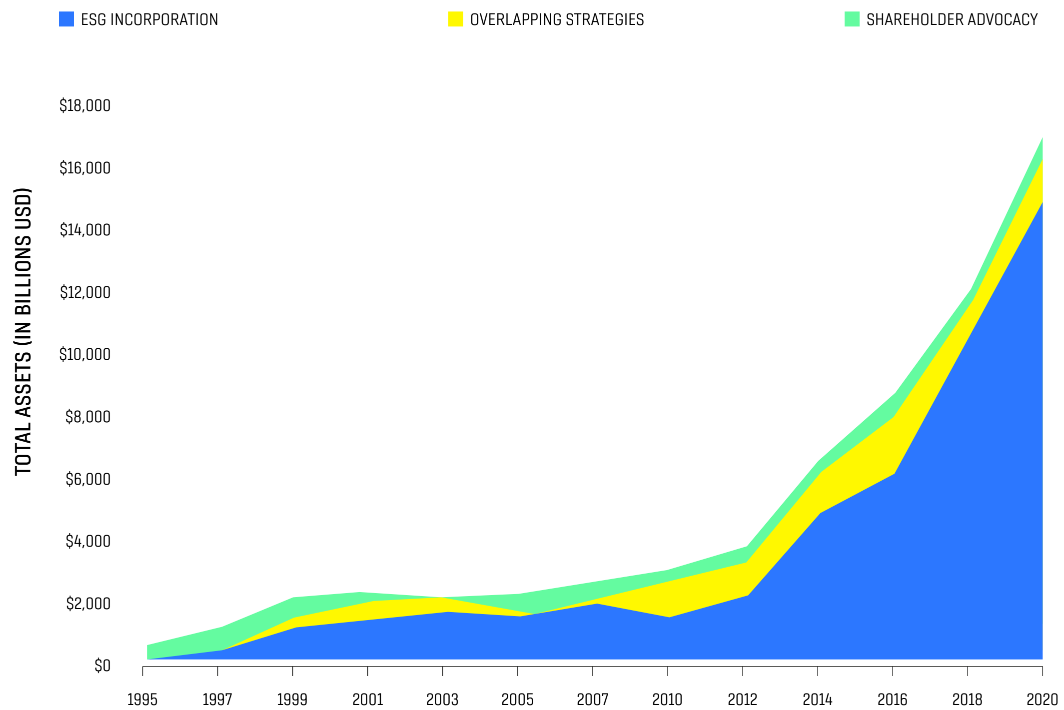
SIGNATORY GROWTH IN 2020-2021



In 2021, the Global Impact Investing Network (GIIN) reported that the size of the impact-investing market, or investments made with the aim to achieve positive social and/or environmental impacts alongside a financial return, stood at USD 715 billion, compared to just USD 502 billion in April 2019. The increase in the size of the market includes both asset growth and an increase in the number of organizations that GIIN includes in its annual estimate[9].

Further, the US SIF Foundation's 2020 Report on US Sustainable, Responsible and Impact Investing Trends, showed that for every USD 3 invested in the United States, USD 1 was invested under ESG investment strategies, totaling USD 17.1 trillion or more by the end of 2020. This is a sharp increase from 2010 when the amount was close to USD 3 trillion overall[10].

SUSTAINABLE INVESTING IN THE UNITED STATES 1995-2020



Most of the world's largest institutional investors - including Sovereign Wealth Funds (SWFs) - are increasingly allocating capital to companies that are well prepared to benefit from the transition to a green economy, as they wish to protect their portfolios against risks associated with ESG issues.

As a result of their influence and long-term investment horizons, SWFs are uniquely positioned to promote sustainable value creation, which includes optimizing financial, social, and environmental values. To this end, one of the outcomes of the Paris agreement in 2015 was the establishment of the One Planet Sovereign Wealth Fund (OPSWF) Group in December 2017. The aim of this group is to address the climate change related risks that could impact the management of large, diverse, long-term asset pools.

At the start, six of the world's largest sovereign wealth funds committed to increasing their investments in companies that incorporate climate risks into their strategies, aligning with the climate goals established as part of the Paris Agreement. The founding members of the OPSWF included the Abu Dhabi Investment Authority, Kuwait Investment Authority, New Zealand Superannuation Fund, Norges Bank Investment Management of Norway, Public Investment Fund of the Kingdom of Saudi Arabia, and the Qatar Investment Authority. It has since expanded to include 18 SWFs, 17 asset managers, and 8 private investment firms. The OPSWF framework has been implemented by all group members to aid them in incorporating climate change risks and investing in the smooth transition to a low-emission economy[11].

Today, one of the most significant, and perhaps least understood risks that organizations face is climate change. Regulatory authorities and leading investors are demanding enhanced transparency on how organizations are considering the specific risks posed by climate change. If not managed properly, climate change may risks pose risks in various areas, including physical, regulatory, market and reputational risks.

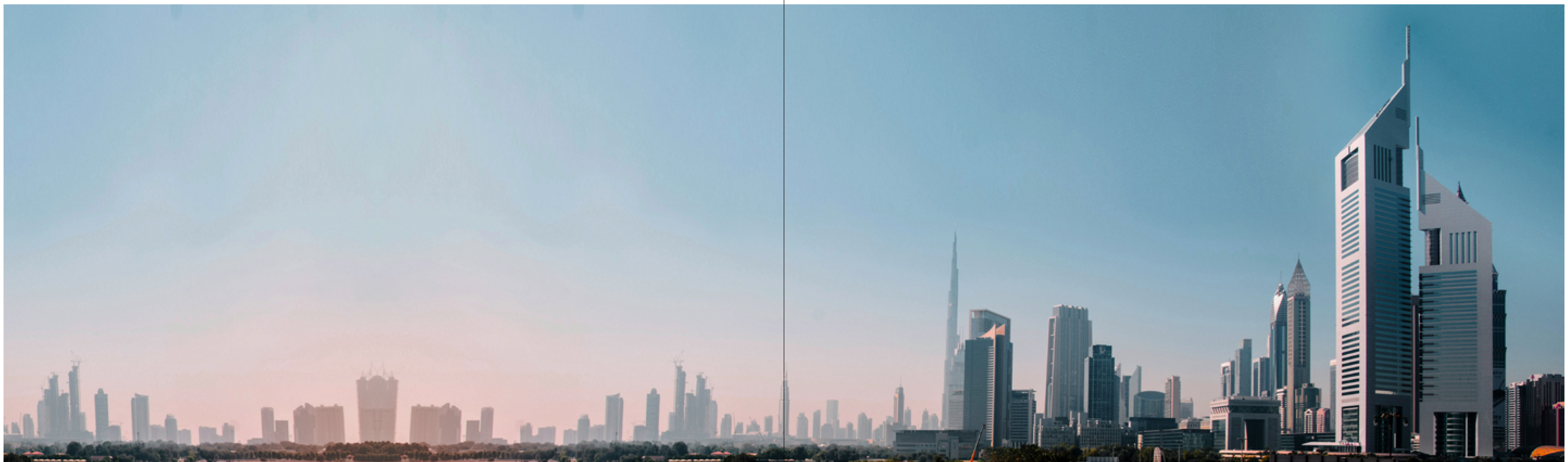
To respond to the demand for climate related disclosure, the Financial Stability Board (FSB) created The Task Force on Climate-Related Financial Disclosure (TCFD) to develop consistent climate-related financial risk disclosure framework for companies to better inform their stakeholders. Since the TCFD 2020 status report, support for the TCFD recommendations has increased by over a third, with more than 2,600 organizations now pledging their support, spanning almost all economic sectors and originating from 89 countries with a combined market capitalization of over USD 25 trillion, a 99% increase on the previous year. These include 1,069 financial institutions, responsible for USD 194 trillion in assets[12]. Many regulators are now mandating that climate-related information is incorporated into annual reports based on the systemic risk that climate change poses to financial systems around the world. As the number of governments that make these mandatory increases, companies will be under pressure to disclose this information to international investors as well.

The EU adopted the Corporate Sustainability Reporting Directive (CSRD)[13] in April 2021 to replace the Non-Financial Reporting Directive (NFRD). The proposed CSRD will expand the current report requirements, which only require large public-interest companies with more than 500 employees to disclose environmental, social, and employee-related matters (i.e., anti-bribery, corruption, and human rights performance), to all EU-listed companies (except listed micro-enterprises).

The CSRD requires a company's auditor or an independent assurance services provider to provide low-level assurance of sustainability information. Future options will include reasonable assurance to align with financial information assurance. Companies that fall within the scope of CSRD must comply by January 1, 2023. The EU is also developing a classification system and strategy for sustainable finance that will affect which economic activities can receive EU Green Deal funding.

In the United States, the US Securities and Exchange Commission (SEC) has made it mandatory for public companies to disclose certain ESG information. This includes a description of human capital resources as well as any measures or objectives that are material to an understanding of the business.

The SEC also issued guidance in 2010 which stated that the US securities laws and regulations may require disclosures of climate-related information, depending on a company's circumstances. While the SEC is actively considering new regulatory approaches, it is generally agreed that the current level of reporting under the existing regulatory framework is inferior to several other developed markets. As a result, The SEC has recently taken several steps to improve climate and ESG reporting, including reviewing climate-related disclosures and sending out a public request for information regarding potential new climate reporting initiatives[14].



All number links are listed in page 71

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IMPORTANCE OF ESG

Meeting the requirements of investors, ESG rating agencies, and sustainability indices

Responsible investors leverage ESG information to inform their investment decisions. They try to identify businesses that demonstrate operational robustness, reputational resilience, address and mitigate their impact on the environment and communities in which they operate. Investors often want to understand whether the companies they invest in are capable of achieving cost savings through efficiencies and identifying sustainable revenue opportunities. They also want to understand how companies are responding to long-term and macroeconomic trends such as climate change, demographic and technological change as well as political developments.

With responsible investment gaining momentum, there is a greater demand from companies for ESG information. Sound disclosure on these issues suggests that listed companies can gain exposure to a wider range of regional and international investors. Reporting transparently on ESG performance displays effective management and increases possibility of evaluation by agencies and indices. Receiving high ESG score from rating agencies and being listed in reputational indices enhances a company's ability to attract long-term capital and institutional investors, such as pension funds[15]. Considering that impact investing has now reached USD 175 billion in 2021, focusing on transparent ESG disclosures would provide access to this increasing capital.

With growing interest in ESG disclosure and ratings, there is a demand from global investors for an objective assessment of the ESG performance of a company. ESG rating agencies evaluate publicly disclosed qualitative and quantitative non-financial data and transpose this information into ESG scores, ratings, and insights that are used by investors to inform their investment decisions. Current ESG Rating Agencies such as MSCI, Standard and Poor's Global Corporate Sustainability Assessment, FTSE Russell ESG, Sustainalytics, Fitch Ratings, Refinitiv, Institutional Shareholder Services ESG, Moody's Vigeo Eiris, who assess companies on their performance and make this data available to their clients. These indices are widely sought by investors to identify better-governed, environmentally and socially responsible companies, thus enabling them to identify attractive investment opportunities.

ESG rating agencies, both equity and debt, substantially differ from one and other when scoring companies, in scoping, measuring, and weighting the collected data. The current consensus is heading towards a more transparent, centralized rating of the ESG performance[16]. Whilst recognizing the important and growing role of ESG rating agencies in the ecosystems of financial markets, IOSCO (International Organization of Securities Commissions) has issued recommendations to these agencies to overcome divergences. It also suggests that regulators focus greater attention on the use of ESG ratings and data products in their jurisdictions to help increase trust in ESG ratings and data going forward[17].

In addition to the ESG ratings from renowned agencies, ESG indices are also helping investors form a sustainable portfolio, by deciding where to allocate capital and understanding the level of risk when investing. Hawkamah in partnership with Standard and Poor's Financial Services LLC (S&P) and the International Financial Corporation (IFC), has developed the first ESG index for the MENA region. The S&P/Hawkamah ESG Pan Arab Index includes the top 50 Pan Arab companies based on their performance on nearly 200 ESG metrics and uses an ESG score-weighting scheme to identify the top performing companies in terms of ESG performance[18].

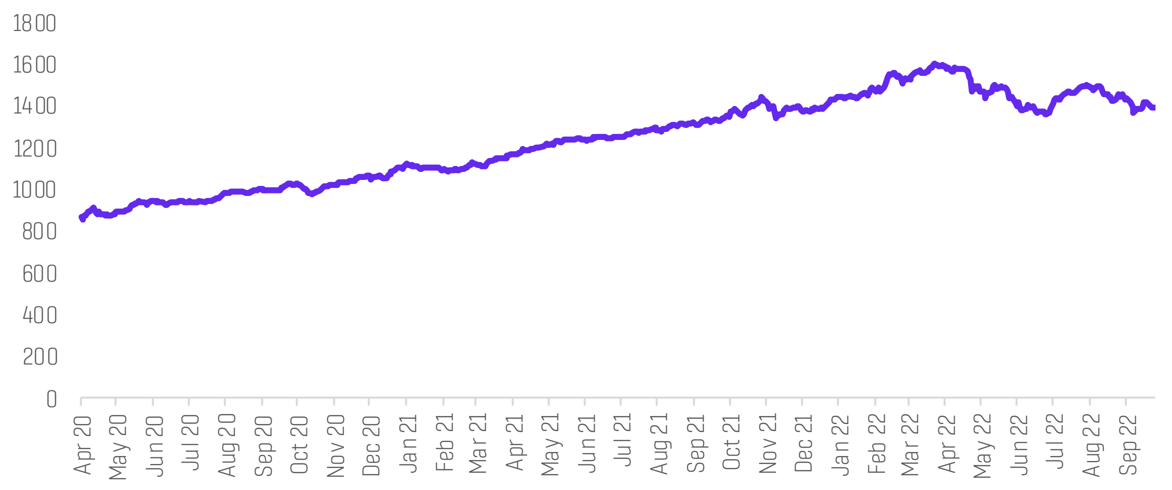
In 2020, DFM launched the first of its kind UAE ESG Index [19] in cooperation with S&P Dow Jones Indices and Hawkamah, aiming to strengthen the UAE markets' competitiveness and currently consists of 20 companies. DFM's initiative to launch the index has been approved by His Excellency Sultan Bin Saeed Almansoori, previous Minister of Economy and previous Chairman of the UAE Securities and Commodities Authority. As a result, the index has gained support from the SCA as both parties work to attain the leadership's vision of boosting the UAE financial markets' competitiveness while attracting further investments. In addition, the index aims to encourage all the listed companies to embrace ESG best practices as they expand.

S&P/Hawkamah ESG UAE Index

From its launch date, April 20th 2020, S&P/Hawkamah ESG UAE Index saw a 77% increase.

S&P/Hawkamah ESG Pan Arab Index

From 20th of April 2020 until 14th of October 2022, ESG Pan Arab Index saw a 60% increase in performance.



Inclusion of ESG indices increases the profile of a company for stakeholders and investors and provides public recognition for a company on its ESG practices. As the responsible investment movement continues to grow, one should only expect to see more sustainability-focused capital allocated to companies with better ESG disclosure.

All number links are listed in page 71

IMPORTANCE OF ESG

Supporting the Sustainable Development Goals (SDGs)

TARGET 12.6

Encourage companies to adopt sustainable practices and sustainability reporting

The 17 SDGs, adopted by 193 Members States at the United Nations in 2015, provide a shared framework to address the world's most urgent sustainability challenges.

Achieving the SDGs requires commitment not only from governments but also from investors and companies alike. It is estimated that by 2030, a total of USD 90 trillion is needed to achieve the SDGs. Deploying this capital will require companies to report on their measures to advance the SDGs in a way that not only helps investors make informed investment decisions but also identifies companies with a net positive impact on the environment and society as a whole[20].

Incorporating ESG factors into a company's reporting directly contributes to the fulfilment of the SDGs. Target 6 under SDG 12 which states, "Ensure sustainable consumption and production patterns," requires member states to encourage companies, especially large and transnational ones, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. Based on this specific target, one of the leading sustainability reporting initiatives, the Global Reporting Initiative (GRI), engages with national and regional governments to enable, monitor, and accelerate company progress on SDG reporting and fulfilment.

In this context, the UAE government has drawn up several short-term and long-term sustainability-related goals and has developed national frameworks and guidelines for public and private institutions. These are aimed at encouraging better performance in relation to sustainability. In January 2017, the UAE government formed a National Committee on SDGs aiming for national implementation of these goals.

The UAE government has also developed a local platform for businesses, academic institutions, and the public sector to enable the fulfilment of the SDGs. The UAE's UN Global Compact network aims to root the 10 principles of the Global Compact[21], as well as the SDGs, into the national context, thus creating a platform for development of sustainable corporate practices. The global SDGs Index Report for 2022[22] ranked the UAE's overall SDGs performance at 85th place out of 193 nations worldwide. According to the 2022 Arab Region SDG Index Report[23], the UAE, with a score of 67, ranks third place out of 21 Arab nations.

By adopting the SDGs as a framework, companies can develop strategies and implement quantitative measures and key performance indicators. This will enable companies to pave a way toward aligning their operations and production processes with the UAE agenda and the UN's 2030 agenda. Incorporating ESG performance indicators into a company's reporting framework provides a roadmap of measures and commitments that would facilitate alignment with and accomplishment of the SDGs.

Meeting potential regulatory requirements

Figure 1: UN Sustainable Development Goals

Disclosure of ESG information helps companies stay ahead of emerging voluntary and mandatory ESG and reporting requirements and can help mitigate compliance risks and costs related to financial reporting regulations. Currently, 67 signatories of the Sustainable Stock Exchanges initiative have published ESG Guidance for listed companies[24].

IMPORTANCE OF ESG

The UAE SCA has issued a Master Plan[25] for Sustainable Capital Markets to support and drive progress on the achievement of the UAE's sustainability agenda. The plan is part of the SCA's role in regulating national financial markets, introducing initiatives aimed at stimulating markets, and supporting the national sustainability agenda and the SDGs.

The key objectives of SCA's Sustainable Capital Markets Master Plan are:

01. To provide channels for funding of sustainable projects including those that support the environment, society, and economy; and reallocate available capital to more sustainable projects.

02. To encourage corporates and their management to shift towards more effective sustainable practices.

03. To provide investment opportunities and information to investors to invest in sustainable projects and allow them to make better decisions in this regard.

04. To create awareness with all market stakeholders on the importance of sustainability and their respective role in supporting it through their actions.

SCA has developed this master plan to guide our conversation with stakeholders and to help share our vision and perspectives with all relevant parties and the public. This plan will be executed in collaboration with key partners and stakeholders and is comprised of 7 key pillars:

01
Classification and standard setting

02
Legal and regulatory framework

03
Market platform and investment instruments

04
Corporate governance and stewardship

05
Transparency and disclosure

06
Awareness and education

07
Awards and incentives

IMPORTANCE OF ESG

Managing ESG risks

Sustainability trends such as climate and demographic changes, as well as increasing resource scarcity, can provide greater insights into the long-term risks that companies could face including those that may jeopardize future business success. Companies that aim to manage their long-term risk must measure their sustainability performance and mitigate ESG risks. The process of gathering ESG data, integrating it into management practices, and improving ESG performance leads to enhanced risk oversight and management. ESG integration enables companies to effectively navigate ESG information and take into account a more complete set of the risks and opportunities that may affect performance.

By disclosing material information, companies can reassure investors that ESG-related risks are effectively managed and mitigated. Companies with a good ESG performance experience a lower frequency of risk incidents such as major drawdowns and have shown lower systematic risk exposure and less systematic volatility[26].

Sustainable practices provide opportunities for risk management and provide useful information that can be incorporated into strategic planning. Overall, sustainability can pave a way for a company to build resilience and efficiency into its operations[27].

Driving profitability and growth

Consideration of sustainability issues can provide better insight into a company's ability to capitalize on opportunities and operate in a lower-risk environment than its peers, which should drive superior returns in the long term.

With the world's largest corporations increasingly engaging with environmental and social issues, many studies have examined the relationship between a firm's sustainability performance and its financial performance leading to the overall conclusion that firms with a strong sustainability performance tend to outperform their industry peers.

Recent data from MSCI's Emerging Markets ESG Leaders Index shows that companies with high ESG performance relative to their sector peers outperform their peers in Emerging Markets Index in gross returns[28].

Cumulative Index Performance – Gross Returns (USD) (Nov 2007 – Nov 2022)

Developing and adopting sustainability strategies can help companies identify cost savings and new revenue-generating opportunities. For example, companies can identify energy consumption levels across different business operations; determine the most effective ways to reduce energy use; and ultimately reduce costs. Sustainability can also improve business competitiveness through enhancing its ability to attract, retain, and motivate employees leading to greater employee productivity. It can also improve customer loyalty and increase the business's ability to enter new markets and generate new revenue streams.

PRINCIPLES OF ESG DATA AND DISCLOSURE

Sustainability drives stakeholder trust, which directly enhances a company's public image and reputation. By adopting sustainable business decisions and disclosing quality ESG data, business leaders and executives create positive value which consequently improves corporate reputation, maintains stakeholder trust and demonstrates corporate commitments to managing ESG issues responsibly.

Investors are a key stakeholder group demanding ESG information that is consistent, clear, and comparable. When reporting, listed companies should pay attention to the accuracy of data reported, comparability and consistency of the information. Companies can also leverage global reporting standards such as GRI, IIRC, or SASB (now Value Reporting Foundation). The boundaries of reported data, balance and external assurance are also important factors. If a company does not intend to integrate ESG information within its annual report, then aligning ESG disclosure with the annual reporting cycle would ensure timeliness.

Accuracy

As a company prepares to issue a sustainability report, its first step should be to establish data collection systems. ESG data collection systems should be integrated into existing collection systems, so that the data goes through an internal process which includes oversight by the audit committee. Detailed information should also be provided on any data collection procedures followed, and whether there are any assumptions, limitations and uncertainties associated with the data.

Other important aspects of accuracy according to GRI Reporting Principles are:

- Report qualitative information that is consistent with available evidence and other reported information
- Adequately describe data measurements and bases for calculations, and ensure it is possible to replicate measurements and calculations with similar results
- Ensure that the margin of error for data measurements does not inappropriately influence the conclusions or assessments of information users
- Indicate which data has been measured

Balance

Listed companies should provide the collected ESG data in an unbiased way and provide a fair representation of information, considering both positive and negative impact of operations in year-on-year trends. The issuer should also avoid omitting certain negative information that could inevitably lead to a loss of reputation and create mistrust.

Other important aspects of balance according to GRI Reporting Principles are:

- Distinguish clearly between facts and the organization's interpretation of the facts
- Not present information in a way that is likely to inappropriately influence the conclusions or assessments of information users
- Not overemphasize positive news or impacts

PRINCIPLES OF ESG DATA AND DISCLOSURE

Comparability and consistency

To achieve a level of comparability and consistency, using global reporting frameworks is essential. This not only enables companies to align reporting practices with sector wide indicators and metrics but also provides consistency of data collected and reported over consecutive years. In case there is a revision or change to ESG data published, companies should also disclose the reasoning behind such changes.

Other important aspects of comparability according to GRI Reporting Principles are:

- Provide contextual information (e.g., the organization's size, geographic location) to help information users
- Understand the factors that contribute to differences between the organization's impacts and the impacts of other organizations
- Present information for the current reporting period and at least two previous periods, as well as any goals and targets that have been set
- Use accepted international metrics (e.g., kilograms, liters), and standard conversion factors and protocols, where applicable, for compiling and reporting information
- Maintain consistency in the methods used to measure and calculate data and in explaining the methods and assumptions used
- Maintain consistency in the manner of presenting the information
- Report total numbers or absolute data (e.g., metric tons of CO2 equivalent) as well as ratios or normalized data

Boundaries and scoping

It is advised that ESG data provided in sustainability reports should cover all operations, subsidiaries, portfolio companies, if any, and share the same principles as financial data shared in annual reports. In case there is a difference in the scoping mentioned before, the issuing companies should clearly indicate the percentage of operations covered, and the subsidiaries/portfolio companies included, preferably in the "About the Report" section in the sustainability report.

External assurance

Listed companies are also encouraged to assure their ESG data using external third-party verifiers. External assurance or verification can provide investors and ESG rating agencies with a higher level of confidence in the quality of sustainability performance data, making it more likely that the data will be relied on and used for decision making.

Other important aspects of assurance according to GRI Reporting Principles are:

- Be able to provide representation from the original sources of the reported information attesting to the accuracy of the information within acceptable margins of error
- Be able to identify the original sources of the reported information and provide reliable evidence to support assumptions or calculations

IOSCO, International Organization of Securities Commissions[29], held a roundtable in February 2022 to bring stakeholders around to globe for a greater standardization in reporting, which they consider to be key to a robust assurance framework. The organization aims to enhance issuers' sustainability-related corporate reporting to respond to the needs of investors much further.

All number links are listed in page 71

PRINCIPLES OF ESG DATA AND DISCLOSURE

Timeliness

The usefulness of ESG data is closely tied to whether it is available in time for information users to integrate it into their decision-making. Therefore, it is recommended that companies report on a regular schedule, possibly aligning their reporting cycle to annual reporting. In the UAE, according to the Federal Decree No. 26 of 2020 and SCA Board of Directors' Decision No. (3 /R.M) of 2020 concerning the annual general meetings, it is required that companies disclose their sustainability report as part of the integrated annual report and prior to assigning the annual general meeting date.

Other important aspects of timeliness according to GRI Reporting Principles are:

Find a balance between the need to make information available in a timely manner and ensuring that the information is of high quality and meets the requirements under the other reporting principles

Ensure consistency in the length of reporting periods

Indicate the time period covered by the reported information

WHAT ARE "MATERIAL" ESG ISSUES?

Material issues are defined as any factor which might have a present or future impact on a company's value drivers, competitive position, and thus on long-term shareholder value creation. Material issues are those that reflect the company's significant economic, environmental, and social impacts on the economy, environment and people for the benefit of multiple stakeholders, such as investors, employees, customers, suppliers and local communities.

Factors that have a significant impact on a company's core business value drivers such as growth, profitability, capital efficiency, reputation, and risk exposure are financially material to investors. The merging of impact and financial materiality now is defined as double materiality[30].

All number links are listed in page 71

WHAT ARE "MATERIAL" ESG ISSUES?

How to identify material issues?

By identifying what is material, companies assess the vulnerability of the stakeholders against the impact of business operations which directly or indirectly impact them.

Companies can utilize tools such as the MSCI or SASB Materiality Map to identify the most critical environmental, social and governance issues that are relevant to their industry and business.

One of the world's leading sustainability reporting standards, The Global Reporting Initiative (GRI), describes a four-step process in which a company can determine and report on material issues.[31]

Step 1
The company creates an initial high-level overview of its activities and business relationships, the sustainability context in which these occur, and an overview of its stakeholders. this provides critical information for identifying its actual and potential impacts. The company should consider the activities, business relationships, stakeholders, and sustainability context of all the entities it controls or has an interest in (e.g., subsidiaries, joint ventures, affiliates), including minority interests.

Step 2
The company identifies its actual and potential impacts on the economy, environment, and people, including impacts on their human rights, across its activities and business relationships. Actual impacts are those that have already occurred, and potential impacts are those that could occur but have not yet occurred. These impacts include negative and positive impacts, short-term and long-term impacts, intended and unintended impacts, and reversible and irreversible impacts.

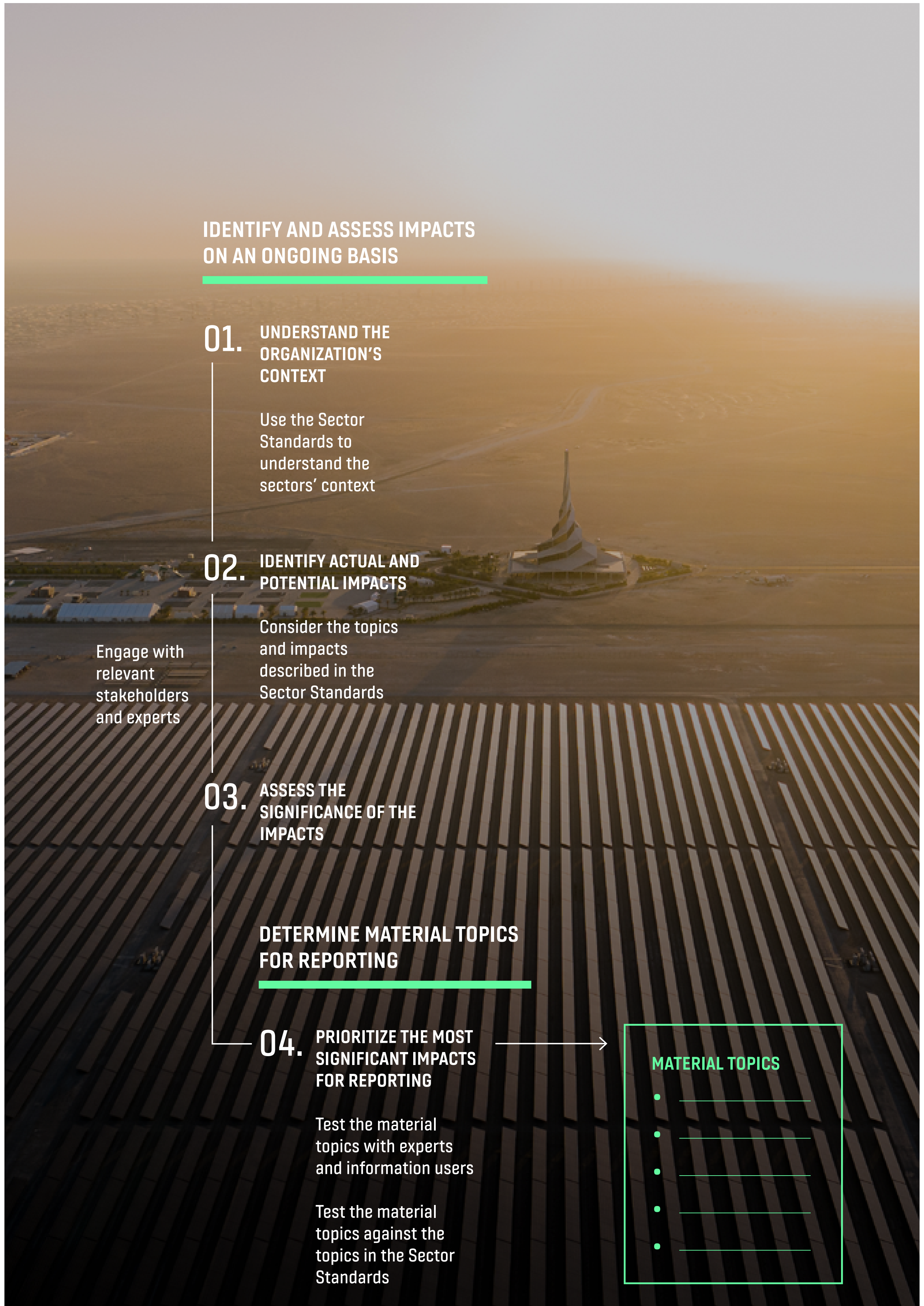
To identify its impacts, the company can use information from diverse sources. It can use information from its own or third-party assessments of impacts on the economy, environment, and people, including impacts on their human rights. It can also use information from legal reviews, anti-corruption compliance management systems, financial audits, occupational health and safety inspections, and shareholder filings. It can also use information from any other relevant assessments of business relationships carried out by the organization or by industry or multi-stakeholder initiatives.

Step 3
The company assesses the significance of its identified impacts in order to determine a prioritization. Prioritization enables the company to take action in addressing the impacts and to determine its material topics for reporting.

Assessing the significance of the impacts involves quantitative and qualitative analysis. How significant an impact is will be specific to the company and will be influenced by the sectors in which it operates, and its business relationships, among other factors. In some instances, this may need a subjective decision. The organization should consult with relevant stakeholders and business relationships to assess the significance of its impacts or can consult relevant internal or external experts.

Step 4
In this step, to determine its material topics for reporting, the organization prioritizes its impacts based on their significance. The company should arrange its impacts from most to least significant and define a cut-off point or threshold to determine which of the impacts it will focus its reporting on while also testing them against GRI Standards and peers to avoid overlooking any topics. To finalize the topics, the highest governance body should review and approve the list of material topics. If such a body does not exist, the list should be approved by a senior executive or group of senior executives in the organization.

All number links are listed in page 71



Please refer to Appendix II for ESG Materiality Maps prepared by MSCI and SASB.

ADOPTING GLOBAL REPORTING FRAMEWORKS

DFM encourages the adoption of internationally accepted reporting frameworks.

Frameworks are not one size fits all. Issuers operating in different industries may be subject to more sensitive environmental and social issues. These companies are encouraged to adopt industry-specific reporting frameworks. Issuers may engage an independent third party for assurance and validation.

The Global Reporting Initiative (GRI)[32] is an international, not-for-profit, independent standards organization that is working towards a sustainable global economy by helping companies and organizations to understand and report their economic, environmental, social, and governance performance and impacts responsibly. The GRI Universal Standards provide a standardized, comparable method for conducting sustainability reporting which increases transparency on a company's contribution to sustainable development. The Universal Standards were recently updated in 2021 with the aim of improving sustainability management and reporting practices and will be effective for reports published from January 1, 2023.

Moving forward, GRI plans to develop approximately 40 Sector Standards which will be used to promote consistent reporting on sector-specific standards. A Sector Standard for oil and gas was published along with the new Universal Standards and standards for other sectors including coal, mining, agriculture, aquaculture, and fishing are currently being developed. Following this, the GRI will prioritize developing standards for the following sectors: food and beverage, textiles and apparel, banking, insurance, asset management, utilities, renewable energy, forestry, and metal processing.

The International Integrated Reporting Council (IIRC)[33] is a group of international leaders with a mission to create the "Integrated Reporting Framework". The Framework provides material information about an organization's strategy, governance, performance, and prospects in a concise and comparable format, representing a fundamental shift in corporate reporting.

The Sustainability Accounting Standards Board (SASB)[34] is a UN nonprofit U.S.-based organization on a mission to create and disseminate accounting standards that reporting issuers can use to disclose material sustainability factors in filings with the Securities and Exchange Commission. SASB identifies sustainability issues that are likely to affect the financial condition or operating performance of companies within an industry through a materiality map which details 26 sustainability issues across 10 sectors.

As reporting requirements continue to evolve, many global businesses and investors have been calling for simplification and clarity. In response to these calls, the IIRC and SASB announced in 2020 that they would be merging to form the **Value Reporting Foundation**[35]. The merger of these two bodies, which focus on enterprise value creation, signifies significant progress in steps towards simplifying this complex landscape. The foundation was officially formed in 2021.

CDP (formerly the Carbon Disclosure Project)[36] is a global not-for-profit organization, founded in 2000 and headquartered in London. CDP requests standardized climate change, water and forest information from some of the world's largest listed companies through annual questionnaires sent on behalf of institutional investors that endorse them as "CDP signatories".

Financial Stability Board – Task Force on Climate-related Financial Disclosures (FSB TCFD)[37] is a voluntary, consistent climate-related financial risk disclosure approach for use by companies in providing information to investors, lenders, insurers, and other stakeholders. The Task Force considers the physical, liability and transition risks associated with climate change and what constitutes effective financial disclosures across industries. The Task Force aims to develop climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, would enable stakeholders to better understand the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

The United Nations Global Compact (UNGC)[38] is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption. It comprises more than 13,000 organizations in 80 local networks worldwide. Business participants are expected to publicly report on their progress in an annual Communication on Progress. There is an increasing demand by international investors for companies to produce high-quality, transparent, and comparable reports on their impacts on climate change and other ESG matters. To help meet this demand, the IFRS Foundation Trustees announced the creation of the **International Sustainability Standards Board (ISSB)**[39] on November 3, 2021. This new standard-setting board is an independent, private-sector body that is overseen by the IFRS Foundation. The ISSB develops and approves **IFRS Sustainability Disclosure Standards (IFRS SDS)**[40] and was formed following two consultations on the demand for global sustainability standards. These consultations examined what role the Foundation would play in the development of these standards and what amendments would be needed to the IFRS Foundation Constitution to enable the new board to be under the governance of the Foundation. The guidance produced by ISSB will be similar to that of SASB and will include industry-specific guidelines. The IFRS SDS is also expected to introduce a different approach to assess material issues for companies, putting more focus on "factors that could reasonably be expected to influence primary users' assessments of an entity's enterprise value". However, deliberations are currently continued with a rapid pace.

All number links are listed in page 71

All number links are listed in page 71

GLOBAL REPORTING FRAMEWORKS

The Stakeholder Capitalism Metrics[41] is a universal set of metrics and disclosures identified by the World Economic Forum with Partners including Deloitte, EY, KPMG and PwC. These metrics aim to promote alignment among existing ESG Frameworks by creating a set of data points that can be compared between companies, regardless of their industry or region of operation. The metrics are centered around four pillars: people, planet, prosperity, and principles of governance and include measurements on non-financial disclosures such as greenhouse gas emissions, pay equality, and board diversity. During their Annual Meeting in May 2022, the Forum announced that 70 companies have already integrated the Stakeholder Capitalism Metrics into their mainstream reporting materials which include annual reports and sustainability reports.

New EU legislation, the **Corporate Sustainability Reporting Directive (CSRD)**[42], requires all large companies to regularly publish reports on their environmental and social impact. This new legislation facilitates the evaluation of the non-financial performance of a company, which not only provides valuable information to investors, consumers, policymakers, and other stakeholders but also encourages companies to develop a more responsible approach to their business. Under the CSRD, the European Commission defines a **common reporting framework** for non-financial data, which has significantly altered the type and scope of sustainability reporting from what it was previously.

Equally significant is that, in addition, the CSRD will be applied to non-EU companies that have a branch or subsidiary within the EU and generate more than EUR 150m in revenue in Europe. This could impact several UAE-based companies which would then be required to make detailed ESG disclosures. The CRSD still needs approval from the Council of the EU and the European Parliament.

In addition to the global reporting frameworks, there are now numerous sector and climate-specific initiatives, aiming to accelerate the sustainable transition by identifying key risks and opportunities. To read more about these initiatives, please refer to Appendix III.

GLOBAL SECTOR-SPECIFIC INITIATIVES

Principles for Responsible Investment (PRI)[43]

The One Planet Sovereign Framework[44]

The Equator Principles (EP)[45]

United Nations Environment Programme – Finance Initiative (UNEP FI) [46]

Green Bond Principles (GBP)[47]

The Glasgow Financial Alliance for Net Zero (GFANZ)[48]

CLIMATE-SPECIFIC INITIATIVES

Climate Bonds Initiative[49]

Climate 100+[50]

The Science Based Target Initiative (SBTi)[51]

Regional reporting frameworks

The UAE Corporate Governance Code[52] applies to public joint stock companies (PJSCs) that are listed on DFM. The government code provides best practices for PJSCs with the aim of protecting shareholders, promoting corporate social responsibility, and enhancing the corporate governance landscape in the UAE. The updated rules include revisions to the listed company's general assembly requirements, notice periods, statutorily mandated registers, related-party transaction restrictions and board meeting communications, among others.

In accordance with Article (76) of the Chairman of SCA Board Decision No. (03 R.M.) of 2020 concerning adopting the Corporate Governance Guide for PJSCs, PJSCs listed on any of the UAE capital markets must publish a sustainability report. On January 10, 2021, SCA issued a general clarification to Article (76) of the Governance Code, proving more detail on the required contents of the sustainability report along with confirmation that such a report must be published annually.

The Dubai Declaration on Sustainable Finance[53] was launched in 2016 with a major commitment from local financial institutions. Eleven UAE-based financial institutions have committed to the Declaration confirming their support for the UAE Vision 2021, and to transform to a green economy by recognizing the important role that the finance sector can play in enabling a climate-resilient, inclusive green economy and promoting sustainable development. The declaration commits to accelerating sustainable finance practices in partnership with the UAE government. As a result, these financial institutions commit to lending to, investing in and facilitating financing projects and businesses with sustainable purposes.[54]

Several public and private initiatives have been implemented since the State of Green Finance in UAE report, including the Dubai Declaration on Sustainable Finance, which aims to promote a successful transition to a green economy. Building on this, the main goal of the UAE Sustainable Finance Framework is to deepen the cooperation between the public and private sectors and create an improved enabling environment to mainstream sustainable finance practices, resulting in greater volumes of climate and green investments within the UAE.[55]

Across the Gulf Cooperation Council (GCC) sustainable development policies are notably expanding with the adoption of voluntary corporate sustainability reporting standards. These standards include the Saudi National Sustainability Standards, Dubai Financial Market's ESG Reporting Guide, Qatar Stock Exchange's Guidance on ESG Reporting, Boursa Kuwait's ESG Reporting Guide, and Bahrain Bourse's ESG Reporting Guide. The voluntary adoption of these corporate sustainability reporting standards is a positive development, paving the way for a mandatory reporting framework to follow.

REPORTING FORMATS

Annual Report

Annual reports are intended to give shareholders and other stakeholder groups information about the company's activities and financial performance. However, some companies integrate ESG performance-related subsections into their annual reports, aiming to provide investors with ESG disclosure at the same time as wider information about the company. However, due to concerns about length and complexity, companies tend to discuss ESG issues briefly in annual reports focusing only on key ESG issues that investors care about.

Sustainability Report

Introducing standalone Sustainability Report is an approach favored by most companies. Sustainability reports provide a company's consolidated ESG content at a single location and address the relevant ESG information needs of investors and other stakeholders, such as consumers and civil society.

Integrated Report

An Integrated Report is a concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation of value. ESG information and data are presented in an integrated manner within the annual report.

An Integrated Report provides insights about the financial, manufactured, intellectual, human, social and relationship, and natural capital used and affected by a company, and the interplay between these different capitals, to present the full picture of the value created by the company. This approach has been championed by the Value Reporting Foundation - a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. The Foundation, with the Integrated Reporting framework <IR>, aims to offer investors a rounded, concise, and holistic insight into business performance and impact. The IR framework also encourages each company to define the challenges and opportunities revealed by a thorough understanding of the context in which it operates and to better align with national strategies, such as the UAE Vision 2021.

GLOBAL TRENDS IN SUSTAINABILITY REPORTING

Corporate reporting is a valuable tool used to communicate the contribution of business, proving companies with a platform to explain their activities and how they fit into the operating context as well as enabling them to put forward their vision, strategies, and targets for the future.

These reports provide critical information about businesses and their operations, their impacts and how they are supporting a sustainable transformation. The reporting ecosystem is also evolving, in parallel with the changing global trends and regulations, to include more information, as demand for transparency increases.

Reporting Matters 2021

The new edition of **Reporting Matters**[56] , launched by the World Business Council for Sustainable Development (WBCSD), states that reporting and accountability have never been more important as businesses look to increase their commitments to sustainability through WBCSD's updated membership conditions. This year's research, which examines 168 leading global companies, has shown continued progress in sustainability reporting. In addition, this year's Reporting Matters provides a more in-depth look at the role that corporate reporting plays in shaping and communicating how businesses are responding to the new challenges posed by biodiversity loss, climate change, and inequality. The report also puts a light to how corporate reporting is evolving with newly introduced frameworks and regulations over the years.

Key Findings from Reporting Matters 2021

Figure: Reference to reporting frameworks and standards (% of reports)

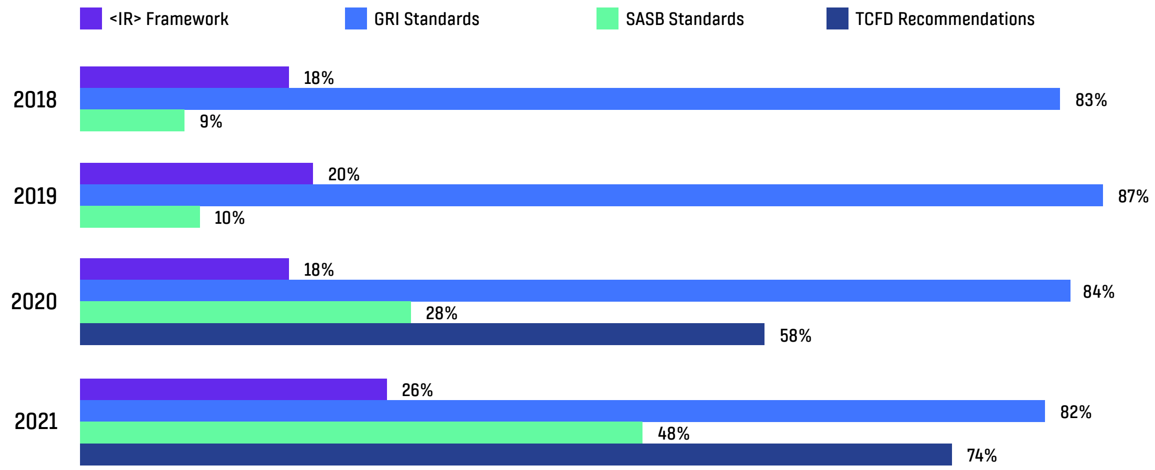
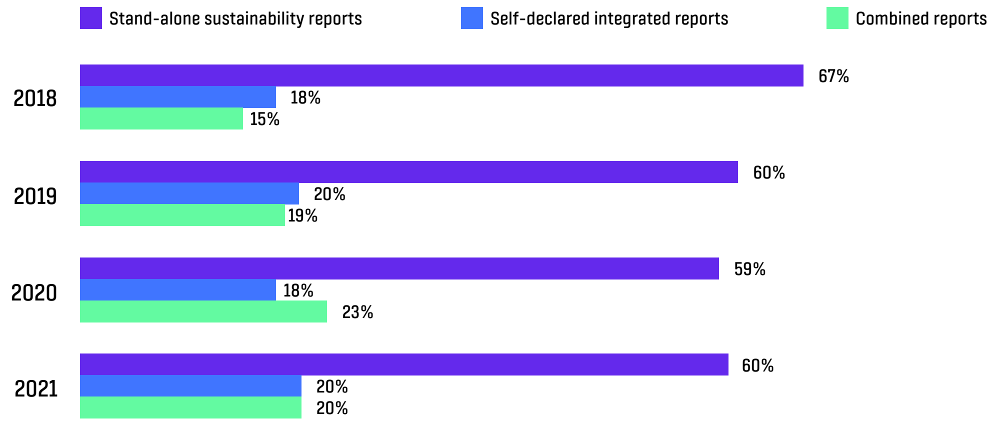


Figure: Reference to the state of integrated reporting (% of reports)



* Some percentage data points may total 99 or 101 due to rounding.

All number links are listed in page 71

GLOBAL TRENDS IN SUSTAINABILITY REPORTING

World Federation of Exchanges 2021 Sustainability Survey

One key issue concerning the exchanges' sustainability disclosure effort is the lack of amalgamation in reporting standards. As a result, one of the biggest challenges faced by the exchanges is finding a way to ensure that reporting is consistent, of high quality, and contains comparable ESG information which meets the needs of all stakeholders involved.

To help track the development in recommended reporting approaches, the World Federation of Exchanges (WFE) collated information on global exchanges from its 2021 Sustainability Survey[57] on reporting standards and formats.

87% of respondent exchanges now encourage or require listed companies to use a reporting standard for ESG disclosure. Only eight exchanges have specific requirements on ESG reporting standards.

In terms of initiatives encouraged by the exchanges, there is a preference for the Global Reporting Initiative (GRI), with 61.9% of the exchanges that encourage specific standards promoting the GRI this year.

All number links are listed in page 71

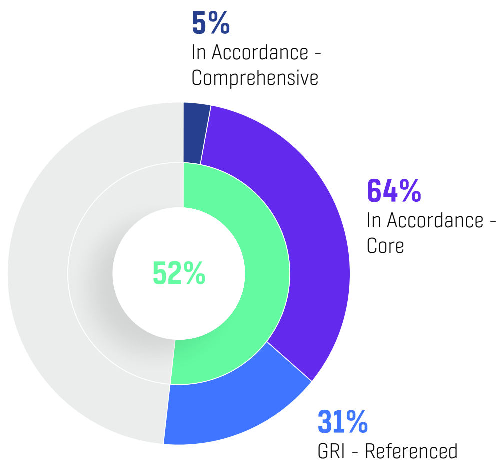
Governance and Accountability Institute Sustainability Reporting in Focus 2021

The Governance and Accountability Institute (G&A), a consulting and research organization providing services to publicly traded and privately-owned companies, has recently published their annual research, tracking reporting trends of S&P 500 and Russell 1000 companies.

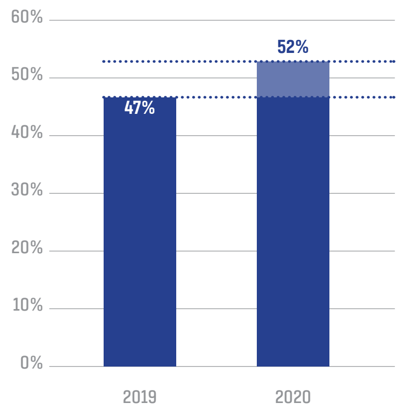
According to the research, over the past decade, sustainability disclosure increased every year. 2020 results shows that sustainability reporting has clearly become a best practice among the largest U.S. public companies, with 92% of S&P 500 companies and 70% of the full Russell 1000 disclosing a report.

Other highlights from the research include:

RUSSELL 1000 GRI REPORTING IN 2020

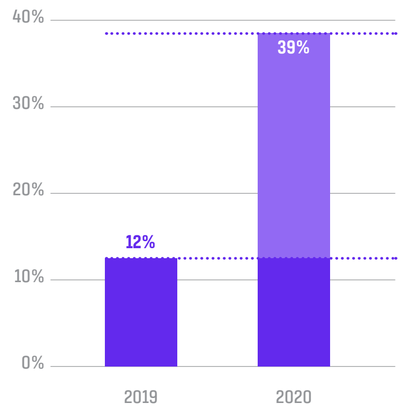


GRI ALIGNMENTS



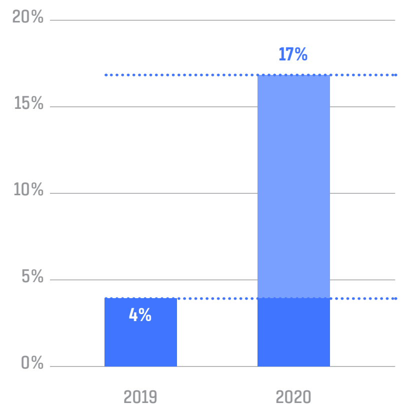
An additional 5% of Russell 1000 reporters have utilized GRI since 2019

SASB ALIGNMENTS



An additional 27% of Russell 1000 reporters have utilized SASB since 2019

TFCD ALIGNMENTS



An additional 13% of Russell 1000 reporters have utilized TFCD since 2019

HOW DFM SUPPORTS ESG REPORTING AND DISCLOSURES

In line with the World Federation of Exchanges' (WFE) Sustainability Principles and the UN Sustainable Stock Exchanges (SSE) initiative guidelines, DFM aims to support the adoption of sustainability practices internally and among our listed issuers through deploying several actions in the following key areas:

MARKET EDUCATION

DFM will deploy group ESG engagement sessions with listed companies to promote the business case of sustainability. DFM aims to deploy 1-on-1 engagement sessions individually with each listed company to promote specific customized recommendations on ESG disclosure.

DISCLOSURE AND RESEARCH

DFM has launched this voluntary ESG disclosure guidance document for listed companies and will issue further guidance as needed. DFM also aims to publish ESG research studies on the state of ESG for DFM-listed companies.

DIGITAL INNOVATION

DFM aims to promote digital disclosure of ESG data through the dissemination of key ESG information to investors.

INTERNAL CAPACITY

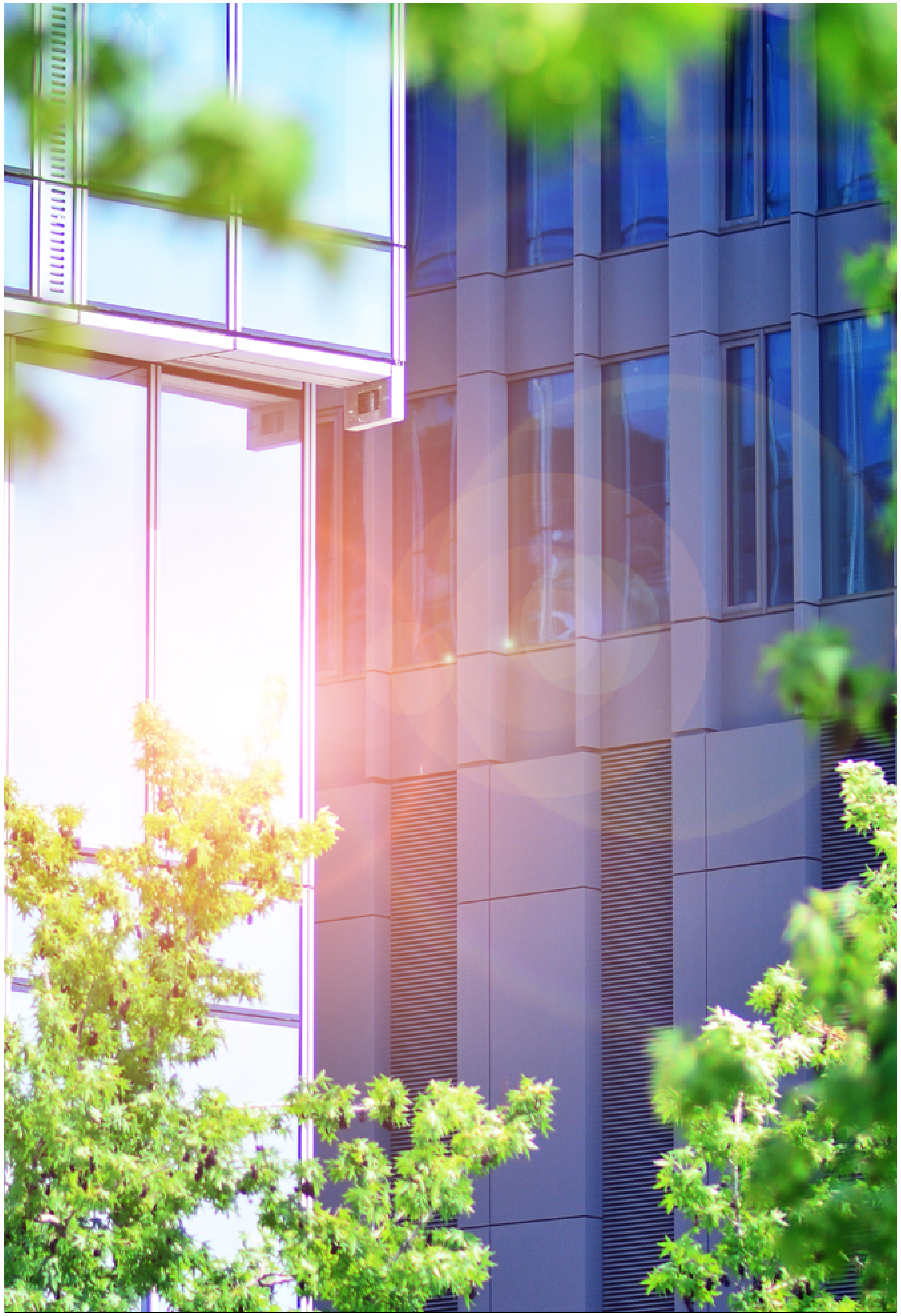
DFM aims to lead by example by publishing a sustainability report on the exchange's own performance on an annual basis. DFM also aims to promote sustainability internally by deploying training sessions to DFM management and staff.

SUSTAINABLE FINANCIAL PRODUCTS

DFM aims to promote the development of sustainable financial products such as ESG indices and Green/Social/Sustainable Bonds listing frameworks and guidelines.

COLLABORATION

DFM aims to promote the adoption of responsible investing practices and promote dialogue between investors and companies on ESG practices.

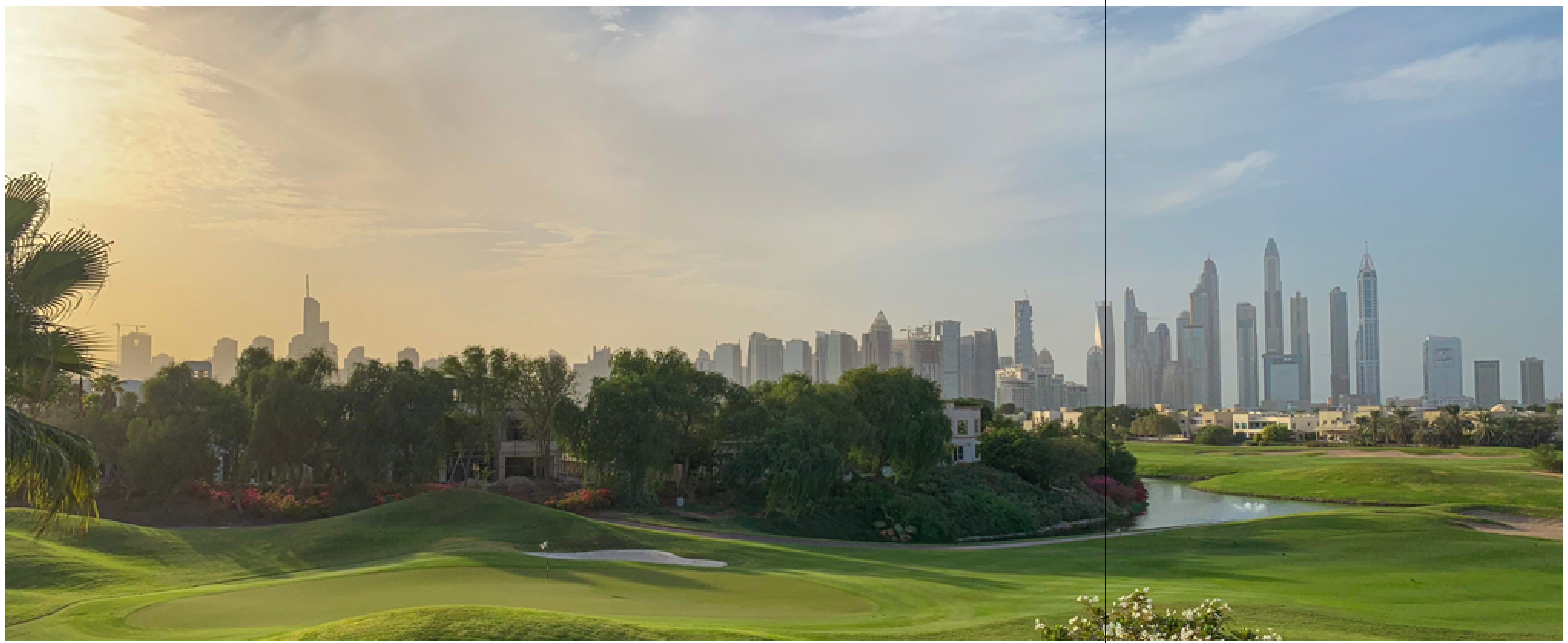


DFM'S SUSTAINABILITY EFFORTS

At DFM, we know that we owe our continued success to our diverse group of stakeholders. As a result, we strive to consult and listen to these groups so that we continue to meet their evolving needs and incorporate their perspectives into our future planning. This is paramount to ensuring that we remain relevant and responsive while creating long-term value for our stakeholders.

To ensure that we are meeting these commitments we conduct annual surveys among our stakeholders to ensure that they are satisfied with our products and services. This has also enabled us to identify the ESG factors that are most material to the DFM, helping to guide our approach to sustainability with the DFM PJSC Sustainability Framework and ensuring we incorporate EGS into our strategy, operations, and risk management frameworks.

The exchange is also currently developing its first standalone Sustainability Report.



Since 2016, DFM has integrated sustainability into its strategy and has been involved in advocacy work through the following memberships:

WFE – UN SSE Advisory Working Group - DFM contributed to the UN SSE and WFE Report on Embedding sustainability into Exchange's Operations (2019).

UN SSE Advisory Groups 2018 – DFM contributed to the UN SSE Report on How regulators can support the SDGs.[58]

Dubai Islamic Economy Development Centre Green Sukuk Working Group

UAE Sustainable Investment Group

WFE Sustainability Working Group

Sustainability Majlis

The PRI – DFM contributed to the global ESG report on regional trends and hosted the global roundtable in January 2018 for the region.

Part of the Dubai Sustainable Finance Working Group

DFM issued a resolution that requires companies to enroll both their board members and board secretaries in governance programs. Board secretaries must also be DFM certified which they can obtain through a Board Secretary Accreditation Program which is offered in collaboration with Hawkamah Institute for Corporate Governance.

This is mandatory for all DFM-listed companies and is strongly recommended for non-listed companies.

DFM'S SUSTAINABILITY EFFORTS

Dubai Sustainable Finance Working Group

DFM and the Dubai International Financial Centre (DIFC) continued to implement the plans of the Dubai Sustainable Finance Working Group which were launched in 2019. This initiative is in line with the UAE Sustainable Development Goals 2030 and Dubai's Strategic Plan 2021 and highlights our commitment to collaborating with key stakeholders, reinforcing Dubai's position as a leading financial center and the global capital of the Islamic economy.

To this end, the group are coordinating efforts to incorporate ESG into the financial services sector and has gained strong support from leading banks, financial institutions, and public and private companies in Dubai. The group encompasses 20 members; DFM, DIFC, Nasdaq Dubai, Hawkamah Institute of Corporate Governance, Dubai Electricity and Water Authority (DEWA), The Executive Council, Aramex, DP World, Majid Al Futtaim, Emirates National Oil Company (ENOC), HSBC, Emirates NBD, Dubai Islamic Bank, LLOYD'S, Candriam, Dubai Economy and Tourism, Intesa Sanpaolo, Natixis Wealth Management, Standard Chartered and Zurich Insurance.

In order to help meet these EGS-related targets, the group members published two practical guides. The first is a "Sustainable Issuance Guide" which was developed by group members Standard Chartered, DFM and Nasdaq Dubai.

This guide delivers the detailed steps involved in issuing ESG bonds, Sukuk, equities, and other financial products as well as outlining the need for companies to develop an approach to sustainability. The second guide, titled "Sustainable Investing Guide" demonstrates the ESG opportunities available to investors as both companies and the financial markets move to incorporate sustainable practices into their mainstream activities. This report was prepared by Emirates NBD and HSBC.

Events and panels hosted by DFM

DFM continued to play an active role in advocacy by participating in several virtual ESG industry events and panel sessions over the years, bringing awareness to the importance of developing sustainable capital markets, expanding sustainable finance, and promoting sustainability reporting.

In its efforts to increase market understanding and awareness of ESG and reporting, DFM organized several workshops and roundtables. In 2017, DFM hosted a masterclass on ESG best practices for companies. A second workshop was hosted in collaboration with the PRI and CFA Institute in 2018, which was part of a global roundtable initiative to receive feedback from investors and analysts. DFM held a Corporate Governance Workshop for listed companies with Hawkamah, in 2016.
In 2022, in cooperation with the UN SSE, the IFC and the CPD, the DFM hosted a TCFD training session where 42 listed companies participated with 72 representatives. The session provided participants with global and regional context on the financial risks and opportunities associatred with climate change and the importance of climate-related financial disclosures and steps to adopt recommendations of the TCFD.

DFM participated in the launch of two ESG guides that were introduced at the Dubai Sustainable Finance Webinar titled "the Dubai Sustainable Finance webinar on ESG Acceleration".

In addition, DFM hosted an online forum in 2021 on the role of technologies in empowering the ESG transformation which was carried out in collaboration with the Industrial and Commercial Bank of China.

All number links are listed in page 71

ESG related publications by DFM

DFM has also contributed to three global White Papers including: How securities regulators can support the Sustainable Development Goal[59] and ESG integration in Europe, the Middle East, and Africa[60]. In addition, DFM hosted the regional global roundtable with the UN PRI and the CFA for fund managers and investors in the Middle East, which investigated regional trends across the EMEA prior to the issuance of the report. DFM also hosted a subsequent third ESG workshop to highlight the findings of the report on Middle East ESG integration practices for brokers and investors.

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APPENDICES

APPENDIX I:
ESG METRIC RECOMMENDATIONS FOR REPORTING

CATEGORY	METRIC	INDICATOR	UNIT	CORRESPONDING GRI STANDARDS	CORRESPONDING SDGS AND OTHER FRAMEWORKS/STANDARDS
ENVIRONMENTAL	E1. GHG Emissions	E1.1) Total amount of Scope 1 emissions	tonCO2eq	GRI: 1-305	13 CLIMATE ACTION; WORLD ECONOMIC FORUM; GREENHOUSE GAS PROTOCOL; VALUE REPORTING FOUNDATION SASB STANDARDS
		E1.2) Total amount of Scope 2 emissions	tonCO2eq	GRI: 305 -2	
		E1.3) Total amount of Scope 3 emissions	tonCO2eq	GRI: 3- 305	
		E1.4) Please describe investments, initiatives and projects to reduce CO2 emissions	Text		
	E2. Emissions Intensity	E2.1) GHG emissions intensity	tonCO2eq/per output scaling factor	GRI: 4- 305	
		E2.2) Non-GHG emissions intensity	tonCO2eq/per output scaling factor	GRI: 7-305	
	E3. Energy Usage	E3.1) Total amount of direct energy consumed	GJ or MWh	GRI: 1,2-302	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; VALUE REPORTING FOUNDATION SASB STANDARDS
		E3.2) Total amount of indirect energy consumed	GJ or MWh	GRI: 1,2-302	
	E4. Energy Intensity	E4.1) Direct energy use intensity	GJ or MWh/per output scaling factor	GRI: 1-302	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 7 AFFORDABLE AND CLEAN ENERGY; VALUE REPORTING FOUNDATION SASB STANDARDS
		E4.2) Total indirect energy usage per output scaling factor	GJ or MWh/per output scaling factor	GRI: 2-302	
		E4.3) Please describe investments, initiatives and projects to reduce energy consumption and to increase energy efficiency	Text		
	E5. Energy Mix	E5.1) Renewable energy used	GJ, MWh or %	GRI: 1-302	7 AFFORDABLE AND CLEAN ENERGY
		E5.2) Non-renewable energy used	GJ, MWh or %	GRI: 2-302	

(continued on next page)

CATEGORY	METRIC	INDICATOR	UNIT	CORRESPONDING GRI STANDARDS	CORRESPONDING SDGS AND OTHER FRAMEWORKS/STANDARDS
ENVIRONMENTAL	E6. Water and Effluents	E6.1) Total amount of water withdrawn	m3	GRI: 3-303	6 Clean Water and Sanitation; World Economic Forum; 12 Responsible Consumption and Production; Value Reporting Foundation SASB Standards
		E6.2) Total amount of water discharged	m3	GRI: 4-303	
		E6.1) Total amount of water consumed (If possible, a breakdown by source: surface water, groundwater, seawater, etc.)	m3	GRI: 303-5	
		E6.4) Water intensity	m3/per output scaling factor		
		E6.5) Water recycled (If applicable)	%		
		E6.7) Please describe investments, initiatives and projects to reduce water consumption and to increase water recycling	Text		
	E7. Waste	E7.1) Total amount of waste generated (if possible, broken down by Hazardous and Non-hazardous)	Tonnes	GRI: 3-306	12 Responsible Consumption and Production; 14 Life Below Water; 15 Life on Land
		E7.2) Total amount of waste diverted from disposal (if possible, broken down by Hazardous and Non-hazardous)	Tonnes	GRI: 4-306	
		E7.3) Total amount of waste directed to disposal (if possible, broken down by Hazardous and Non-hazardous)	Tonnes	GRI: 306-5	
		E7.4) Total number and volume of oil spills (if applicable)	# and tonnes	GRI: 11 Oil and Gas Sector	
		E7.5) Please describe investments, initiatives and projects to reduce waste generation consumption and to increase waste recycling	Text		
	E8. Environmental Management	E8,.1) Does your company follow a formal Environmental Policy?	Yes/No	GRI: 23-2	13 Climate Action; Value Reporting Foundation SASB Standards
		E8.2) Does your company follow specific waste, water, energy, and/or recycling polices?	Yes/No	GRI: 24-2	
		E8.3) Does your company adopt a recognized environment and energy management systems such as ISO14001 and ISO50001?	Yes/No		
		E8.4) Does you company have targets in place with regards to environment, energy, water and waste?	Yes/No		
		E8.5) Please indicate if any fines received (> USD 10000) for non-compliance with laws and regulations regarding environmental management during the last reporting period	USD	GRI 27-2 :2	
	E9. Climate Risk Management and Oversight	E9.1) Does your Board/Management Team oversee and/or manage climate-related risks and opportunities? If yes, describe.	Yes/No	GRI 12 :2	13 Climate Action; Value Reporting Foundation SASB Standards; TCFD Task Force on Climate-Related Financial Disclosures; Science Based Targets
		E9.2) Please describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Text		
		E9.3) Please describe the organisation´s processes for identifying and assessing climate-related risks	Text		
		E9.4) Please describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Text		
		E9.5) Total amount invested, periodically, in climate-related infrastructure, resilience and product development	Monetary value. Reporting currency, preferably in USD		
		E9.6) Please describe the greenhouse gas emission targets (Scope1, Scope 2 and Scope3) and the related risks	Text		
		E9.7) Please share your actions to align with UAE's Net Zero Commitment by 2050. Do you have a net zero emissions target in place?	Text		
	E10. Biodiversity	E10.1) Please share number of operational sites owned, managed and/or leased in or adjacent to protected areas and areas of high biodiverstiy value.	Number	GRI: 1-304	15 Life on Land; World Economic Forum
		E10.2) Please describe significant impacts of activities, products and services on biodiversity	Text	GRI: 2-304	

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CATEGORY	METRIC	INDICATOR	UNIT	CORRESPONDING GRI STANDARDS	CORRESPONDING SDGS AND OTHER FRAMEWORKS/STANDARDS
SOCIAL	S1. CEO Pay Ratio	S1.1) Please share the ratio of CEO total compensation to median full-time employee (FTE) total compensation	Number	GRI 2: 21	
		S1.2) Does your company report this metric (above) in any regulatory filings?	Yes/No		
	S3. Breakdown with Staff	S2.1) Please share the total enterprise headcount held by full-time employees (broken down by: gender, age and seniority level)	Number and %	GRI 2:7	
		S3.2) Please share the total enterprise headcount held by part-time employees (broken down by, gender, age and seniority level)	Number and %	GRI 2: 7	
		S3.3) Please share the total enterprise headcount held by contractors and/or consultants	Number and %	GRI 2: 8	
		S3.4) Please share the total of national employees (broken down by, gender, age and seniority level)	Number and %	GRI: 202-2	
	S4. Employee Turnover and New Hires	S4.1) Year-over-year change for full-time employees (broken down by gender, age, and seniority level)	Number and %	GRI: 401-1	
		S4.2) Year-over-year change for part-time employees	Number and %	GRI: 401-1	
		S4.3) Year-over-year change for contractors and/or consultants	Number and %	GRI 2: 8	
		S4.4) Year-over-year of new hires (broken down by age, gender and seniority level)	Number and %	GRI: 401-1	
	S5. Gender Diversity and Equality	S5.1) Total enterprise headcount held by men and women	Number and %	GRI 2: 9 / GRI: 405-1	
		S5.2) Total entry and mid-level positions held by men and women	Number and %	GRI 2: 9 / GRI: 405-1	
		S5.3) Total senior and executive-level positions held by men and women	Number and %	GRI 2: 9 / GRI: 405-1	
		S5.4) The ratio of median male employee compensation to median female employee compensation	Number	GRI: 405-1	
		S5.5) Please describe your company's initiatives or programs to support the recruitment and retention of female employees, and to support female employees to advance to management positions.	Text	GRI: 2-19	
	S6. Human Rights	S6.1) Does your company follow a harassment and/or non-discrimination policy?	Yes/No	GRI 2: 23	
		S6.2) Does your company have a formal grievance mechanism in place?	Yes/No	GRI 2: 23	
		S6.3) Does your company follow a child and/or forced labor policy?	Yes/No	GRI 2: 23	
		S6.4) Does your company follow a human rights policy?	Yes/No	GRI 2: 23	
		S6.5) Does your company provide training on human rights and related internal policies for your employees?	Yes/No	GRI: 404-1	
	S7. Health and Safety	S7.1) Does your company follow an occupational health and safety policy?	Yes/No	GRI 2: 23	
		E7.2) Does your company adopt a recognized health and safety management systems such as ISO45001?	Yes/No		
		S7.3) Please share the total employee and total contractors (if available) manhours	Hours	GRI: 403-9	
		S7.4) Please share the total employee fatalities	Number	GRI: 403-9	
		S7.5) Please share the employee lost time injury (LTI)	Number	GRI: 403-9	
		S7.6) Please share the lost time injury frequency (LTIF)	Number	GRI: 403-9	
		S7.7) Please share the total health and safety training provided to employees	Hours	GRI: 403-5	
	S8. Community Engagement	S8.1) Please share the total amount invested in the community, including philanthropy, donations and sponsorships	Amount invested/Yearly revenue in reporting currency		
		S8.2) Please share the total employee volunteering completed during the reporting period	Hours		

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CATEGORY	METRIC	INDICATOR	UNIT	CORRESPONDING GRI STANDARDS	CORRESPONDING SDGS AND OTHER FRAMEWORKS/STANDARDS
GOVERNANCE	G1. Board Diversity	G1.1) Total board seats occupied by men and women	Number and %	GRI 405-1	10 Reduced Inequalities; Value Reporting Foundation SASB Standards
		G1.2) Total committee chairs occupied by men and women	Number and %	GRI 405-1	
	G2. Board Independence	G2.1) Does company prohibit CEO from serving as board chair?	Yes/No	GRI 405-1	Value Reporting Foundation SASB Standards
		G2.2) Please share the total board seats occupied by independents	%	GRI 405-1	
	G3. Collective Bargaining	"G3.1) Please share the total enterprise headcount covered by collective bargaining agreement(s) *Applicable to companies operating in countries in which collective bargaining is applicable by law "	%	GRI 2: 30	Value Reporting Foundation SASB Standards
	G4. Supply Chain Management	G4.1) Are your vendors or suppliers required to follow a Code of Conduct?	%		12 Responsible Consumption and Production; Value Reporting Foundation SASB Standards
		G4.2) If yes, what percentage of your suppliers are formally certified and compliant with the Code?	Number or %	GRI: 308-1	
		G4.3) Please share the suppliers that underwent a supplier's environmental audit during the reporting period	Number or %	GRI: 414-1	12 Responsible Consumption and Production
		G5.4) Please share the suppliers that underwent a supplier's social audit during the reporting period	Number	GRI: 308-1, 414-1	
		G5.5) Please share the new suppliers receiving warning due to the environmental/social screening	Text	GRI: 2-19	
	G5. Ethics and Anti-Corruption	G5.1) Does your company follow an Ethics and/or Anti- Corruption policy?	Yes/No	GRI 2: 23	16 Peace, Justice and Strong Institutions
		G5.2) Please share the workforce formally compliant with the Anti-Corruption Policy	%	GRI: 205-2	
		G5.3) Please share the confirmed incidents of corruption during the reporting period	Number	GRI: 205-3	
		G5.4) Please share the corrective measures taken corresponding to the confirmed incidents of corruption (in case of any)	Text	GRI: 205-4	
	G6. Data Security	G6.1) Does your company follow a Data Privacy policy?	Yes/No	GRI: 418-1	Value Reporting Foundation SASB Standards
		G6.2) Has your company taken steps to comply with GDPR rules or similar standards?	Yes/No		
		G6.3) Data security breaches during the reporting period (if any)	Number	GRI: 418-1	
	G7. Sustainability Practices	G8.1) Does your company publish a sustainability report?	Yes/No		
		G8.2) Does your company publish a GRI, WEF SCM, SASB, IIRC, UNGC or CDP based reporting?	Text		
		G8.3) Does your company provide training to its employees regarding topics related to sustainability (environment, human rights, ethics etc.)?	Yes/No	GRI: 404-1	
		G8.4) Please share the total sustainability related training provided to employees	Hours	GRI: 404-2	
	G9. External Assurance	G9.1) Are your sustainability disclosures assured or validated by a third party?	Yes/No	GRI 2: 5	

APPENDIX II:
LIST OF GLOBAL SECTOR AND CLIMATE SPECIFIC INITIATIVES

The materiality tables provided are intended for reference purposes only. Issuers should conduct their own assessment to determine the materiality of each topic, taking into consideration their industry, sector and business operations.

Principles for Responsible Investment (PRI) is an international network of investors working together to put the six principles into practice. Its goal is to understand the implications of sustainability for investors and support signatories to incorporate these issues into their investment decision-making and ownership practices. In implementing the Principles, signatories contribute to the development of a more sustainable global financial system.

The One Planet Sovereign Framework[44] was published by the OPSWF founding members on July 6, 2018. This document provides a framework for sovereign wealth funds to incorporate climate change into their decision-making processes. In addition, this framework outlines how, together, they can provide support to the ambitious global programs that aim to address the climate crisis and its impacts. The One Planet Sovereign Framework was established following the One Plant Summit on December 12, 2017. This event was followed by the Climate Finance Day which recognized the important role that this key sector plays.

The Equator Principles (EP) is a risk management framework adopted by financial institutions to determine, assess, and manage environmental and social risk in project finance. The IFC developed a set of standards and principles on social and environmental sustainability, intending to provide a minimum standard for due diligence to support responsible risk decision-making. The development of such principles has increased the attention and focus on social and environmental responsibility and has consequently promoted the integration of ESG risks into investment decisions.

United Nations Environment Programme – Finance Initiative (UNEP FI) is a partnership between the United Nations Environment Programme and the global financial sector created in the wake of the 1992 Earth Summit with a mission to promote sustainable finance. More than 230 financial institutions, including banks, insurers, and investors, work with the UN Environment to understand today's environmental, social, and governance challenges, why they matter to finance, and how to actively participate in addressing them.

Green Bond Principles (GBP) are voluntary process guidelines that recommend transparency and disclosure and promote integrity in the development of the Green Bond market by clarifying the approach for issuance of a Green Bond. The GBP are intended for broad use by the market: they provide issuers with guidance on the key components involved in launching a credible Green Bond; they aid investors by promoting the availability of information necessary to evaluate the environmental impact of their Green Bond investments, and they assist underwriters by moving the market towards expected disclosures that will facilitate transactions.

As representatives from across the financial services sector returned home from the United Nations Climate Change Conference in Glasgow in 2021 (COP26), many felt they had witnessed a significant milestone. Finance Day put the industry at the top of a COP agenda for the first time. The message at the conference was clear: the ambition is there, the money is available, and the plumbing is being built at pace to enable the growth of net-zero carbon dioxide investments. This includes all public and private sector investments to achieve the objectives of the 2015 Paris Agreement.

The Glasgow Financial Alliance for Net Zero (GFANZ), which represents a global coalition of leading financial institutions, announced that more than 450 firms in the financial services sector across 45 countries have committed to aligning their activities to the transition to net-zero carbon dioxide emissions. The alliance announced that they will collaborate to deliver the USD 100 trillion investment needed to achieve net zero over the next 30 years. This significant commitment from these firms, which represent 40 per cent of global banking assets, will involve setting concrete, net zero-aligned goals that are backed by science for investment portfolio emissions, with plans to regularly report on progress.

Climate Bonds Initiative is an international organization working solely to mobilize the largest capital market of all, the $100 trillion bond market, for climate change solutions. The organization promotes investment in projects and assets necessary for a rapid transition to a low carbon and climate resilient economy. The strategy is to develop a large and liquid Green and Climate Bonds Market that will help drive down the cost of capital for climate projects in developed and emerging markets; grow aggregation mechanisms for fragmented sectors, and support governments seeking to tap debt capital markets. Climate Bonds Initiative is an investor-focused not-for-profit. In 2019, the DFM, Dubai Islamic Economy Development Centre, and the Dubai International Financial Centre signed a Memorandum of Understanding with Climate Bonds Initiative to collaborate on growing the green sukuk sector.

Climate Action 100+ was launched in December 2017 and gained immediate worldwide attention. It was designed by investors for investors and aims to solicit the support of the world's largest corporate greenhouse gas emitters to reduce emissions and help combat climate change. This initiative was formed following the 2015 Paris agreement which is global commitment to keeping the increase in the global average temperatures well below the threshold of two degrees Celsius above pre-industrial levels. This accord is signed by nearly 200 countries and ratified by 170. By working with the companies in which they invest, the signatories of Climate Action 100+ believe that they can achieve greater transparency in climate-related risk reporting and create robust emission reduction strategies that are essential for achieving the goals outlined in the 2015 Paris Agreement.

Climate Action 100+ has become the largest ever global investor engagement initiative on climate change, with growing influence and impact. Since its launch Climate Action 100+ has experienced 170+ per cent growth in investor participation. Investors working through the initiative are now engaged across 33 markets and represent over 50 per cent of all global assets under management.

The Science Based Target Initiative (SBTi) is a part of WRI's Center for Sustainable Business and is a collaboration between the WRI, CDP, WWF, and the UN Global Compact, which;

- Defines and promotes strategies for reducing emissions and meeting net-zero targets that are backed by climate science.
- Outlines target-setting methods and guidance to help companies set science-based targets.
- Provides a team of experts that offer an independent assessment and validation of a company's climate-related targets
- Is the lead partner of the Business Ambition for 1.5°C campaign which is an urgent call to action by a global alliance of UN agencies, business, and industry leaders that promotes the setting of net-zero targets backed by the latest science to keep warming below 1.5°C.

Over 1,200 companies worldwide are leading the transition to a net-zero economy by setting emissions reduction targets grounded in climate science through the SBTi. As of February 2020, over 590 companies have had science-based targets approved with the SBTi. As of 2019, companies who signed up to the SBTi had operational emissions totaling over 750 million tons of carbon dioxide which is more than the annual emissions of France and Spain put together. Their combined market capitalization was over USD10.8 trillion. Given the scale of their emissions and capital, emissions reduction and climate action in these companies can lead to significant changes in global emissions.

All number links are listed in page 71

APPENDIX III:
MATERIALITY MAPS FROM DIFFERENT ORGANIZATIONS

MSCI Materiality Map

	SECTORS										
MATERIAL TOPICS	ENERGY	MATERIALS	INDUSTRIALS	CONSUMER DISCRETIONARY	CONSUMER STAPLES	HEALTH CARE	FINANCIALS	IT	COMMUNICATION SERVICES	UTILITIES	REAL ESTATE
Carbon Emissions	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	
Biodiversity and Land Use	✔	✔	✔		✔					✔	
Toxic Emissions and Waste	✔	✔	✔	✔	✔	✔		✔		✔	
Opportunities in Clean Tech	✔	✔	✔	✔				✔	✔		
Water Stress	✔	✔		✔	✔	✔		✔		✔	✔
Product Carbon Footprint				✔	✔						
Climate Change Vulnerability							✔				
Financing Environmental Impact							✔				
Raw Material Sourcing		✔	✔	✔	✔				✔		
Packaging Material and Waste		✔		✔	✔						
Electronic Waste				✔	✔			✔			
Opportunities in Green Building			✔	✔							✔
Opportunities in Renewable Energy										✔	

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APPENDIX III:
MATERIALITY MAPS FROM DIFFERENT ORGANIZATIONS

MSCI Materiality Map (continued)

	SECTORS										
MATERIAL TOPICS	ENERGY	MATERIALS	INDUSTRIALS	CONSUMER DISCRETIONARY	CONSUMER STAPLES	HEALTH CARE	FINANCIALS	IT	COMMUNICATION SERVICES	UTILITIES	REAL ESTATE
Health and Safety	✔	✔	✔	✔	✔					✔	✔
Community Relations	✔	✔	✔		✔					✔	
Labor Management	✔	✔	✔	✔	✔	✔		✔	✔	✔	
Human Capital Development	✔			✔	✔	✔	✔	✔	✔	✔	✔
Privacy and Data Security	✔		✔	✔	✔	✔	✔	✔	✔	✔	✔
Supply Chain Labor Standards				✔	✔			✔	✔		
Product Safety and Quality		✔	✔	✔	✔	✔		✔	✔	✔	✔
Chemical Safety		✔	✔	✔	✔			✔			
Consumer Financial Protection			✔	✔			✔				
Insuring Health and Demographic Risk						✔	✔				
Responsible Investment			✔				✔				
Controversial Sourcing				✔				✔			
Access to Communications									✔		
Access to Finance							✔	✔			
Access to Health Care						✔					
Opportunities in Nutrition and Health				✔	✔						

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APPENDIX III:
MATERIALITY MAPS FROM DIFFERENT ORGANIZATIONS

MSCI Materiality Map (continued)

	SECTORS										
MATERIAL TOPICS	ENERGY	MATERIALS	INDUSTRIALS	CONSUMER DISCRETIONARY	CONSUMER STAPLES	HEALTH CARE	FINANCIALS	IT	COMMUNICATION SERVICES	UTILITIES	REAL ESTATE
Governance	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔	✔
Ownership and Control											
Board											
Pay											
Accounting											
Business Ethics											
Tax Transparency											

APPENDIX III:
MATERIALITY MAPS FROM DIFFERENT ORGANIZATIONS

SASB Materiality Map

		CONSUMER GOODS	EXTRACTIVES & MINERALS PROCESSING								FINANCIALS	FOOD & BEVERAGE	HEALTH CARE	INFRASTRUCTURE
DIMENSION	GENERAL ISSUE CATEGORY		COAL OPERATIONS	CONSTRUCTION MATERIALS	IRON & STEEL PRODUCERS	METALS & MINING	OIL & GAS EXPLOARATION & PRODUCTION	OIL & GAS MIDSTREAM	OIL & GAS REFINING & MARKETING	OIL & GAS SERVICES				
ENVIRONMENT	GHG Emissions		✔	✔	✔	✔	✔	✔	✔	✔		✔	✓	✓
	Air Quality			✔	✔	✔	✔	✔	✔					✓
	Energy Management	✓		✔	✔	✔						✔	✓	✓
	Water & Wastewater Management	✓	✔	✔	✔	✔	✔		✔	✔		✔		✓
	Waste & Hazardous Materials Management		✔	✔	✔	✔			✔	✔		✓	✓	✓
	Ecological Impacts		✔	✔		✔	✔	✔		✔		✓		✓
SOCIAL CAPITAL	Human Rights & Community Relations		✔			✔	✔						✓	
	Customer Privacy	✓									✓			
	Data Security	✓									✓	✓	✔	
	Access & Affordability										✓		✔	✓
	Product Quality & Safety	✔										✔	✔	✓
	Customer Welfare											✔	✔	
	Selling Practices & Product Labeling										✔	✔	✔	
HUMAN CAPITAL	Labor Practices	✓	✔			✔						✓		✓
	Employee Health & Safety		✔	✔	✔	✔	✔		✔	✔		✓	✓	✔
	Employee Engagement, Diversity & Inclusion	✓									✓		✓	
BUISNESS MODEL & INNOVATION	Product Design & Lifecycle Management	✔		✔					✔		✔	✔	✓	✔
	Business Model Resilience		✔				✔							✔
	Supply Chain Management	✔			✔							✔	✓	
	Materials Sourcing & Efficiency	✓										✔		✓
	Physical impacts of Climate Change										✓		✓	✓
LEADERSHIP & GOVERNANCE	Business Ethics					✔	✔			✔	✔		✔	✓
	Competitive Behavior			✔				✔	✔					
	Management of the Legal & Regulatory Environment						✔		✔	✔				
	Critical incident Risk Management						✔	✔	✔	✔				✓
	Systemic Risk Management										✔			✓

APPENDIX IV:
GLOSSARY

Chartered Financial Analyst Institute (CFA)	The CFA Institute is an international organization that provides investment professionals with education, a code of ethics to follow, and several certification programs.
Climate Risks	Climate risks refers to the negative impacts of climate change on an organization.
Corporate Governance	Corporate governance refers to the methods used to govern businesses and their goals. It ensures that organizations have the proper controls and decision-making processes to protect the interests of all stakeholders.
ESG	E = environmental, S = social, G = governance – ESG refers to the three key factors when measuring the sustainability and impact of an investment in a business or company.
ESG Bonds	ESG bonds are bonds with environmental, social or governance (ESG) objectives. These bonds cover green bonds, sustainable development bonds, and social bonds.
ESG Factors	Environmental, social and governance factors that affects the issuer's performance and prospects. Also referred to as sustainability issues, or sustainability risks and opportunities.
ESG Risks	ESG risks are related to climate change impacts, environmental management practices, working and safety condition, respect for human rights, anti-bribery and corruption practices, and compliance to relevant laws and regulations.
Impact Investing	Impact investments are investments made in businesses, organizations, and funds with the goal of producing both a financial return and a social and environmental impact.
Integration of ESG issues	Consideration of ESG possibilities and risks in financial analysis and investment decisions.
International Finance Corporation (IFC)	The International Finance Corporation (IFC) provides financing of private-enterprise investment in developing countries through loans and direct investments.
Materiality	A material sustainability issue is an economic, environmental, or social issue on which an organization has an impact, or may be impacted by in short, medium and long term.
Responsible Investment	Responsible Investment is the process of incorporating environmental, social and governance factors in investment decisions to generate sustainable returns.
Sector Standard	Sector standards highlight the sustainability context for specific sectors, outline organizations' likely material topics based on the sector's most significant impacts, and list disclosures that are relevant for the sector to report on.
Sovereign Wealth Fund (SWF)	A sovereign wealth fund is a state-owned investment fund comprised of money generated by the government.
Sukuk	A sukuk is a Shari'a-compliant bond-like instruments used in Islamic finance.
Sustainability	Sustainability refers to environmental, social and economic demands. A business interpretation of the sustainability concept is the ability to create and maintain growth in the long term by considering environmental and social factors alongside economic ones.
Sustainability Management	The integrated management of economic, social, and environmental performance for the purpose of maximizing benefits to all stakeholder groups.
Sustainability Reporting	The publication of information on material ESG factors in a comprehensive and strategic manner including targets, commitments.
Third Party Assurance	Third-party assurance is a signal to the organization (and potential partners) that the company is operating in a way that protects their reputational value, ensure the data and systems are maintained in a secure and compliant manner.
UN Sustainable Stock Exchanges (SSEI)	The SSEI provides a global platform for exploring how exchanges, investors, companies, regulators, policymakers and international organizations enhance ESG (environmental, social and governance) issues and encourage sustainable investment, including the financing of the UN Sustainable Development Goals.
World Business Council for Sustainable Development (WBCSD)	The WBCSD is the premier global, CEO-led community of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a net zero, nature positive, and more equitable future.
Word Federation of Exchanges (WFE)	The Word Federation of Stock Exchanges is an international trade group that supports the interests of regulated securities exchanges around the world.

APPENDIX V:
SUSTAINABILITY REPORTING ROADMAP

MATERIALITY ASSESSMENT

Identify material issues

Assess importance of each issue according to stakeholders

Start preparing for data collection, minding high importance material issues

COLLECT ESG DATA

Adopt a reporting framework

Collect qualitative and quantitative data within the organization that highlights last reporting cycles

Assure the data via third-party

SELECT A REPORTING FORMAT

Publish all qualitative and quantitative information in a public report, in the annual report or as a standalone sustainability/ESG report

ENDNOTES

1. DFM Strategy
2. DFM commitment to the SSE Initiative, 2016
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4. The UAE's 2050 Net Zero Carbon Target
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6. The UAE Green Agenda
7. Green Economy for Sustainable Development
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12. 2021 Status Report: Task Force on Climate-related Financial Disclosures
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14. U.S. SEC, Press Release
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16. Berg et al, 2022
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21. The Ten Principles of the UN Global Compact
22. UN Sustainable Development Report 2022
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26. MSCI – Introducing ESG Investing
27. Christopher P. Skroupa – Risk Management and Sustainability: Two Sides of the Same Coin, 2017
28. MSCI Emerging Markets ESG Leaders Index (USD)
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31. GRI material topics
32. New GRI standards
33. IIRC
34. SASB
35. Value Reporting Foundation
36. CDP
37. Recommendations of the Task Force on Climate-related Financial Disclosures
38. UNGC
39. ISSB
40. IFRS
41. WEF Stakeholder Capitalism Metrics
42. CSRD
43. Principles for Responsible Investment
44. The One Planet Sovereign Framework
45. The Equator Principles (EP)
46. United Nations Environment Programme – Finance Initiative (UNEP FI)
47. Green Bond Principles (GBP)
48. The Glasgow Financial Alliance for Net Zero
49. Climate Bonds Initiative
50. Climate 100+
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52. The UAE Corporate Governance Code
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55. UAE Sustainable Finance Framework
56. WBCSD, Reporting Matters 2021
57. WFE 7th Sustainability Survey
58. WFE Sustainability Principles, 2018
59. SSEI, How securities regulators can support the Sustainable Development Goals, 2018
60. UN PRI, CFA Institute, ESG integration in Europe, the Middle East, and Africa, 2019

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