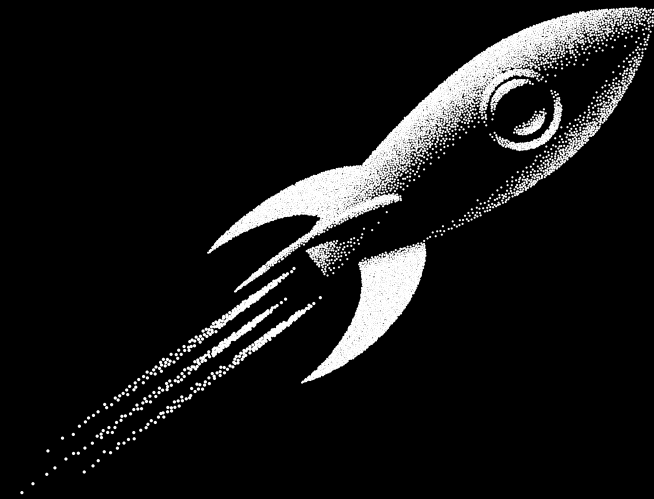




# The future of reporting is integrated

## Staying ahead of fast evolving regulations

Al Khobar Chapter Meeting  
27 October 2024





**Danielle Bistacchi**

Senior Sustainability Consultant

EMPEROR

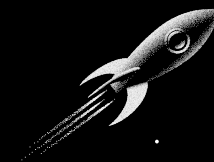


## Today's presentation looking at:

1. **What is** integrated reporting?
2. **How are** companies approaching integrated reporting?
3. **How can** the integrated reporting principles be applied?

# What is **integrated** reporting?

A look at the building blocks and key drivers that are accelerating integrated reporting across the Middle East



emperor



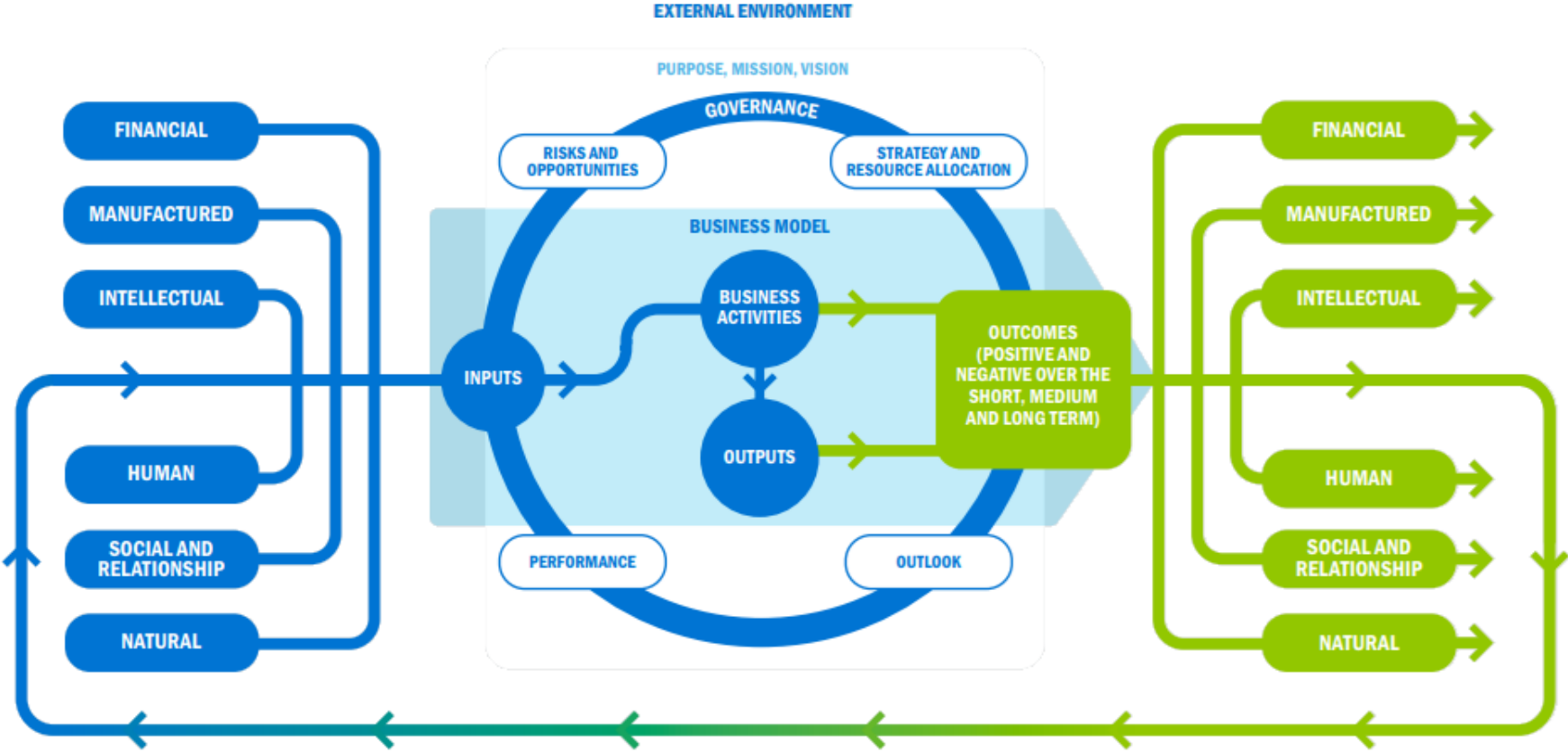
Integrated reporting is a process founded on *'integrated thinking'* that brings together material information about an organisation's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates.

# Defining Integrated Reporting



Enhanced sustainability-related disclosures in financial reporting

# The six capitals to present how value is created, preserved or eroded

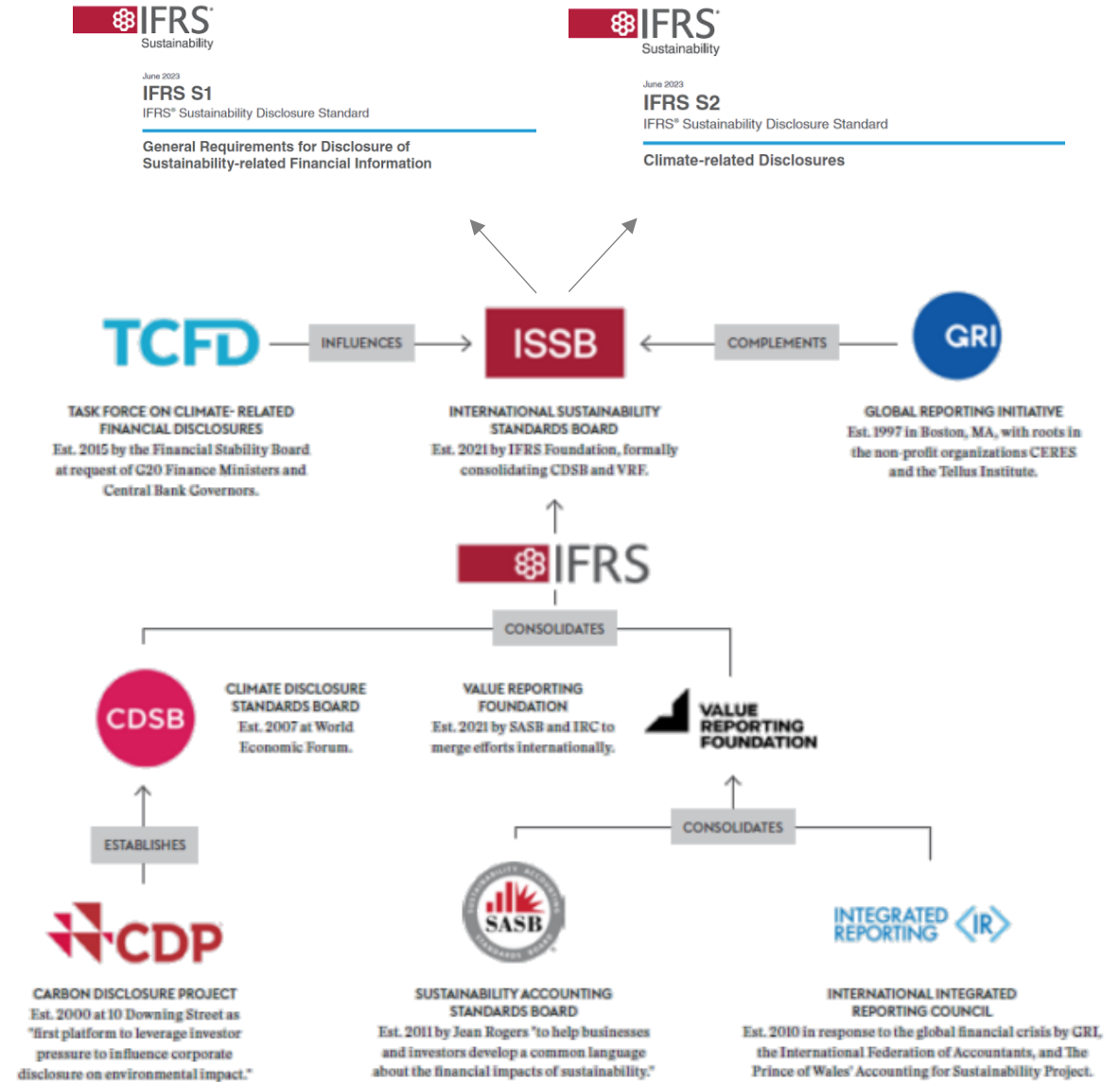


VALUE CREATION, PRESERVATION OR EROSION OVER TIME

# What's driving integrated reporting?

The International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the International Integrated Reporting Council (IIRC), in August 2022.

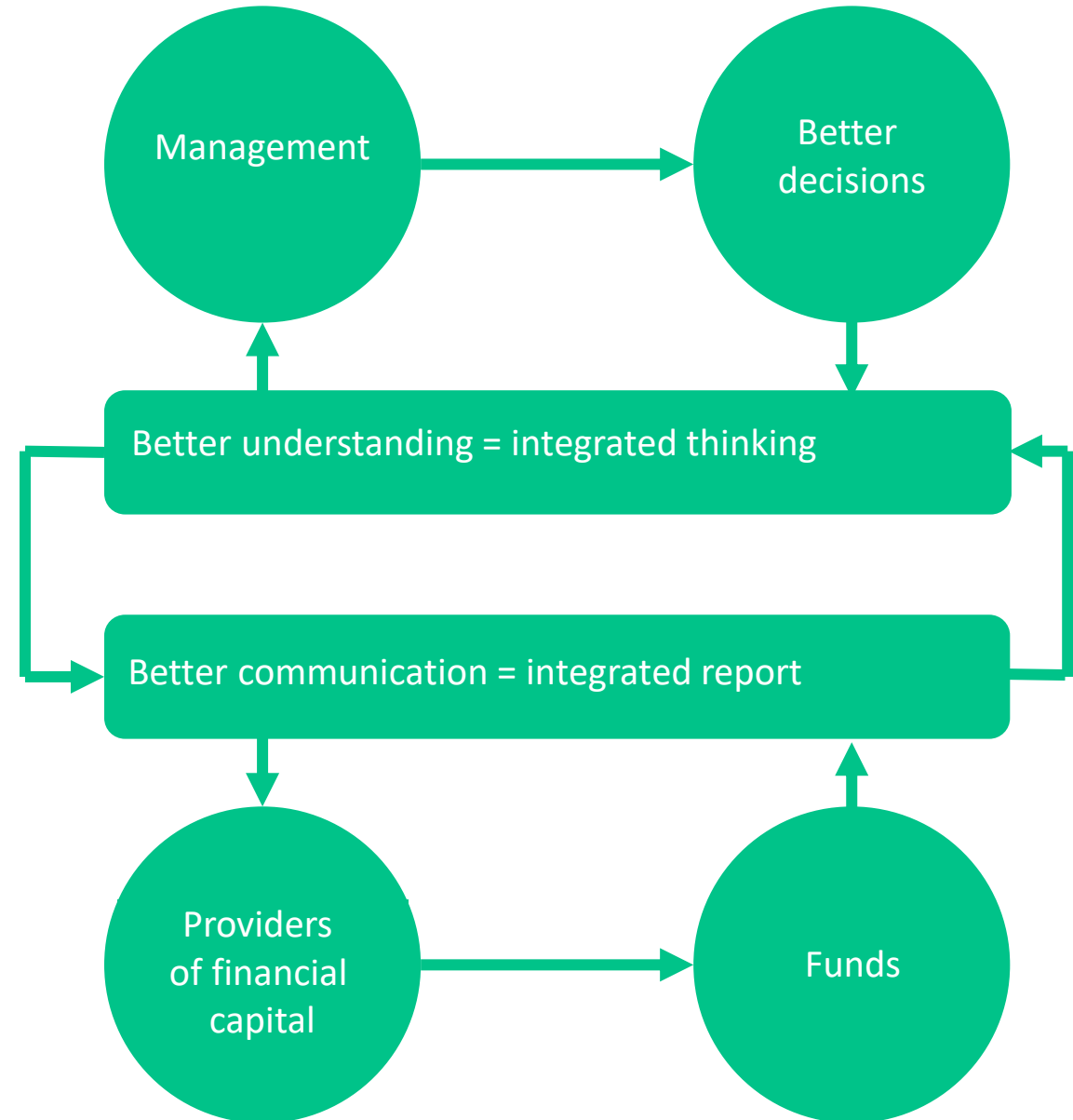
Preparers of integrated reports now need to consider how to include disclosures in accordance with IFRS S1 and IFRS S2 (the two ISSB standards released to date).



# What are the benefits?

Integrated Reporting encourages a company to reflect introspectively, posing crucial questions such as:

- What does the future hold?
- How is our business strategy aligned with future opportunities and challenges?
- How can we generate substantial long-term value for all stakeholders?



# How are companies approaching **integrated** reporting?

Insights from our MENA research

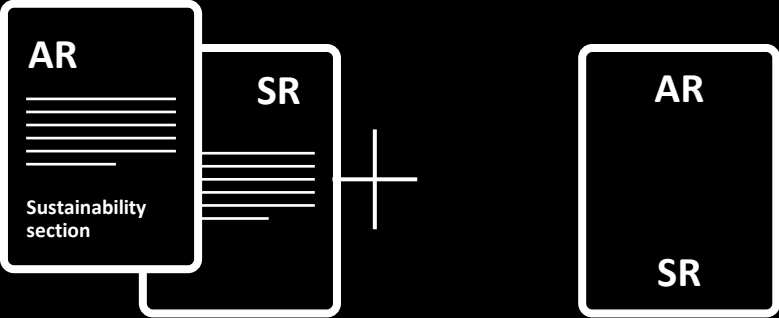


emperor



# Integrated reporting pathway

Our pathway below shows how integrated reporting is evolving. Predominantly driven by changing requirements such as the ISSB standards, integrated reporting looks to bring together strategic, financial, sustainability, and governance reporting in a compelling way for difference audiences.



Separate reports:  
limited inclusion

One report:  
consolidated

One report:  
integrated

Integrated set  
of reports



# Integrated reporting pathway

Multiple communications  
A fully integrated story, where different channels meet different stakeholder needs



# What are the core components of an **integrated** report?

## Seven guiding principles

1

Strategic focus

2

Connectivity  
information

3

Stakeholder  
relationships

4

Materiality

5

Conciseness

6

Reliability

7

Comparability

## Eight content elements

1

Business model

2

Risks &  
opportunity

3

Strategy

4

Performance

5

Reliability

6

Governance

7

Overview

8

Alignment

# Seven guiding principles

We look at how the seven guiding principles can shape your disclosures for maximum impact.

# 1. Strategic focus

Demonstrates how a company creates value across all aspects of its operations over the short, medium and long-term

Consider creating a model which demonstrates how your inputs create impactful outputs across the six capitals.

Where corporate and sustainability strategies remain separate, consider how best to make connections between them.

**ABOUT THE REPORT**

The Integrated Annual Report 2023 provides a comprehensive view of our strategic, financial, and operational performance, along with an overview of our Environmental, Social, and Governance (ESG) performance.

**Reporting Period**  
 01 January 2023 → 31 December 2023

**How to Read this Report**

- Jump marks are linked to content within the document
- The number inside the icons represents the relevant material topics in order of priority.

**Scope of the Report**

**Scope and Boundary**  
 This Report extends beyond financial reporting and includes non-financial performance, opportunities, risks, and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value.

**Financial** All reported financial and operational numbers in the strategic report section are on a consolidated basis, unless specified otherwise.

**Non-Financial** All reported non-financial numbers in the strategic report section are on a consolidated basis, unless specified otherwise.

**Reporting Framework and Standards**  
 This Report has been prepared in accordance with the GRI Framework published by the International Financial Reporting Standards (IFRS) Foundation.

This Report has also been made with reference to the following standards and frameworks:

- GRI 2021 Standards
- United Nations Sustainable Development Goals (UN SDGs)
- Dubai Financial Market's (DFM) Guide to ESG Reporting

**Restatements of Information**  
 This Report contains restatements of some non-financial information that was disclosed in the previous year's report. Please refer to the GRI content index for more information on the same.

**Materiality** Page 25  
 In 2023, we conducted a comprehensive materiality assessment at the Group level, reflecting our key material topics in alignment with current stakeholder expectations and the evolving business and sustainability landscape. This process allowed us to identify and prioritize key topics that significantly impact our business and are of utmost importance to our stakeholders.

**Forward-looking Statement**  
 The Report includes forward-looking information, such as "forward-looking financial information" and "financial outlook," which are subject to various risks and uncertainties. These statements are based on assumptions and estimates that may change over time. The Company undertakes no obligation to update forward-looking statements unless required by applicable laws. Readers are cautioned not to place undue reliance on such statements.

**Integrated Thinking**

**We are driven by**

<b>Purpose</b> Our purpose is to be the most admired real estate group that transforms the lives of its occupiers by delivering spaces that engage, excite, and enrich, and thus deliver sustainable long-term income and wealth creation.	<b>Value</b> To redefine engineering excellence
<b>Mission</b> To create futuristic residential, retail, entertainment & leisure assets transforming the lifestyles of people	

**Enabled by our development strategy** Page 24  
 Consolidate and prepare for the next growth phase

**Delivering value through our ESG Strategy** Page 10  
 Sustainability Purpose: Our purpose is to create and sustain spaces and landmarks with a commitment to sustainability at the forefront, enhancing community wellbeing, safeguarding the environment and creating long-term value for all our stakeholders.

**With a consistent eye on**

<b>Opportunities</b> Navigating challenges, embracing change, and cultivating business resilience.	<b>Risks</b> Proactively mitigating threats, adapting our strategies, and implementing safeguards.	<span>Page 72</span>
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**Supported by governance** Page 64  
 A foundation of expertise, prudence and cooperation and creating a legacy of success and unity.

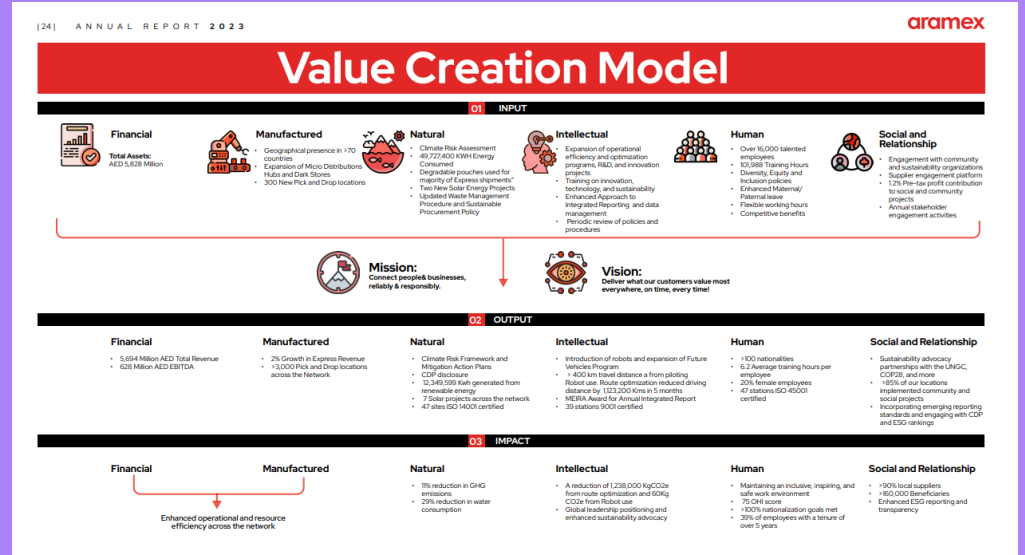
**Creating positive impact**

<b>Environment</b> <span>Page 34</span> Focusing on responsible practices, conservation, and mitigating our environmental impact.	<b>Social</b> <span>Page 48</span> Cultivating empathy, fostering connection, and building a shared ecosystem of progress.
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**For our stakeholders** Page 26

Investors and Shareholders	Suppliers and Contractors
Financial Institutions	Industry Associates
Customers	Government and Regulators
People	NGO, Advocacy Groups, and Communities

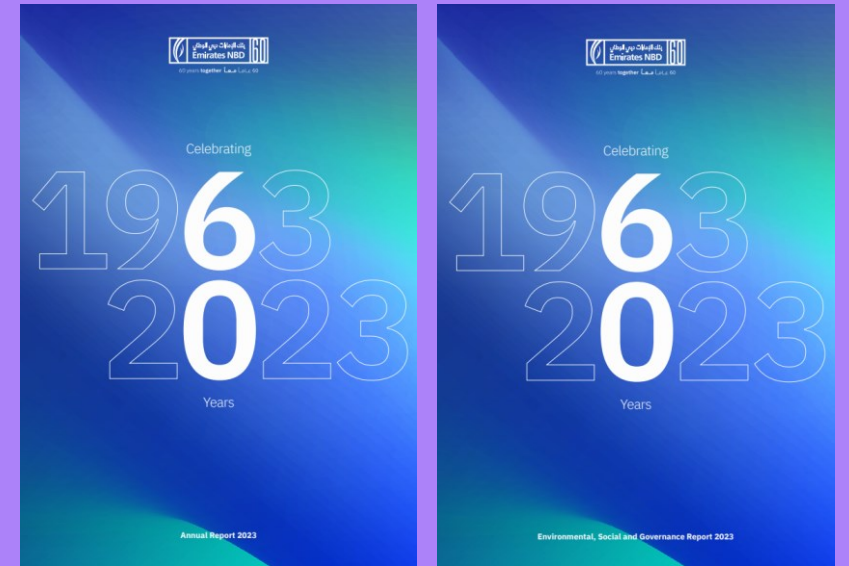
INTEGRATED ANNUAL REPORT 2023 | EMAAR DEVELOPMENT PSC | 3



## 2. Connectivity of information

Allows a company to tell a holistic and complete story across different communication channels

Use different communication channels to allow the content in the Integrated Report to be kept concise, whilst still being able to tell a story in a compelling way across other reports and online.



Emirates NBD

2024 2023 2022 2021 2020 2019 2018 2017 See all historical data

The UAE economy and its banking sector demonstrated strength and resilience in 2023, delivering robust growth despite a challenging global economic backdrop.

- ESG Momentum Report >
- Annual Report >
- Strategic Report and ESG Summary >
- Director's Report >
- Financial Statements >
- Corporate Governance Report >
- Annual Shari'ah Report >

Emirates NBD TCFD report:

- TCFD Report 2023 >
- Assurance Report >
- GHG Reporting Methodology >

Emirates NBD ESG Report 2023:

- ESG Report 2023 >
- ESG Data Pack 2023 >

# 3. Stakeholder relationships

Gives insight into nature and quality of a company's relationships with its key stakeholder and the value this creates

Implement stakeholder-led reporting to showcase how stakeholder outcomes are considered and to illustrate the value created for each stakeholder group




Integrated Annual Report 2023

## Stakeholder Engagement

e& believes that the long-term success and sustainability of our business depends on strong, transparent and supportive partnerships with our key stakeholders. As such, we proactively engage with them through a wide range of channels and activities, listening to their feedback and implementing their suggestions in order to continue to improve and create more value for them all.

Overview | Strategic Report | Operating Review | Sustainability | Governance | Financial Statements

## Workforce



<b>How we engage</b>	<ul style="list-style-type: none"><li>We ensure a strong connection with employees through regular communication. An Employee Voice Survey aids in evaluating policies to optimise the working environment.</li><li>Professional development flourishes through programmes like "License to Lead", GOLD leadership curated with top business schools, AI Graduate Programme, and e&amp; coaching hub.</li><li>Work-life balance is valued, offering flexible remote work, extra days for new mothers, parental leave, and "Green Fridays" focusing on sustainability.</li><li>Inclusivity and diversity are priorities, evident in collaborations with Nokia and UN Women, inclusive events and awareness weeks.</li><li>Wellness programs including fitness challenges and mental health support are foundational.</li></ul>
<b>Key issues/ items discussed</b>	<ul style="list-style-type: none"><li>Our Townhall meetings serve as crucial forums where we delve into significant topics fostering an environment of transparency and collaboration. These sessions are instrumental in aligning our collective vision, discussing key milestones and charting the course for our continued success.</li></ul>
<b>Any actions from these discussions that have/will be implemented</b>	<ul style="list-style-type: none"><li>Our pulse surveys serve as a catalyst for actionable change within our leadership. Insights gleaned from these surveys are diligently acted upon, fostering continuous improvement and accountability within our organisation's leadership.</li></ul>
<b>How we create value for this stakeholder group</b>	<ul style="list-style-type: none"><li>Attracting and retaining top talent globally is our priority, nurturing our critical talent pool.</li><li>We prioritise a people-first experience, focusing on inclusivity, purpose, and wellness, which drives engagement in our diverse workplace.</li><li>Career development programmes to nurture competitive talent for the digital era through rotation and secondment opportunities.</li></ul>

11

# 4. Materiality

Supports robust sustainability reporting and creates deeper understanding

Conduct an in-depth materiality assessment and use materiality findings to develop an intuitive structure for reporting.

## Sustainability Summary continued

Sustainability Strategic Pillars	Sustainability Goals and Commitments	Material Topics	UN SDGs	Key Strategic Commitments
 <b>Business Sustainability</b>	<ul style="list-style-type: none"> <li>Strengthen collaboration with our stakeholders</li> <li>Advance leadership programs</li> </ul>	<ul style="list-style-type: none"> <li>Transparency, Accounting, and Reporting</li> <li>Board Oversight</li> <li>Sustainability Governance</li> <li>Business Ethics and Integrity</li> <li>Anti-Corruption and Anti-Competitive Behavior</li> <li>Digitization – Cyber Risks and Data Protection</li> </ul>		<ul style="list-style-type: none"> <li>Transparency, accounting, and reporting is a new material topic of high importance</li> <li>Reporting against ISSB and IADC for the first time, indicating a focused approach and industry-specific expertise in sustainability</li> <li>Customer Satisfaction Survey Result 92.9%</li> </ul>
 <b>Health, Safety, and Security</b>	<ul style="list-style-type: none"> <li>Achieve zero-harm every day</li> <li>Implement HSE and performance safety culture at 100%</li> <li>Improve security practices</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Health and Safety</li> <li>Business Continuity and Emergency Response Management</li> <li>Asset Integrity and Process Safety Management</li> </ul>		<ul style="list-style-type: none"> <li>97% in the e-Work Management System (WMS), among the highest of all Group companies</li> <li>TRIR achieved and LTIF achieved initiated the Supply Chain Management Resilience Survey</li> </ul>
 <b>Climate, Emissions, and Energy</b>	<ul style="list-style-type: none"> <li>Reduce GHG emission intensity</li> <li>Reduce energy intensity gradually every year</li> <li>Reduce non-GHG emissions</li> <li>Enhance use of alternative clean energies</li> </ul>	<ul style="list-style-type: none"> <li>Climate Change Impact</li> <li>Greenhouse Gases and Air Emissions</li> <li>New Energy and Transition Opportunities</li> </ul>		<ul style="list-style-type: none"> <li>Robust decarbonization projects for meeting the target of reducing GHG emissions intensity by 25% by 2030</li> <li>Electricity consumption reduced because of these decarbonization projects</li> </ul>
 <b>Environment</b>	<ul style="list-style-type: none"> <li>Minimize impacts through best-in-class EMS</li> <li>Achieve zero spill incidents</li> <li>Conduct 360-degree review of our water recycling and waste management practices</li> </ul>	<ul style="list-style-type: none"> <li>Marine Land and Environment</li> <li>Water and Effluents Management</li> <li>Waste – Recycling and Circular Economy</li> </ul>		<ul style="list-style-type: none"> <li>Environment Day celebration awareness sessions on waste management</li> </ul>
 <b>Workforce Diversity and Development</b>	<ul style="list-style-type: none"> <li>Empower women employees in leadership and technical roles</li> <li>Enhance the capabilities of our people</li> <li>Improve Emiratisation rate</li> </ul>	<ul style="list-style-type: none"> <li>Employment Practices</li> <li>Diversity, Equity, and Inclusion</li> <li>Nationalization</li> <li>Learning and Development</li> </ul>		<ul style="list-style-type: none"> <li>Gender Diversity Standard                             <ul style="list-style-type: none"> <li>84 number of nationalities</li> <li>187 female employees</li> <li>5 people with determination</li> </ul> </li> </ul>
 <b>Economic and Social Contribution</b>	<ul style="list-style-type: none"> <li>Improve In-Country Value (ICV) score across our entire value chain</li> <li>Engage more with local community</li> <li>Improve economic value generated and distributed</li> </ul>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Procurement Practices</li> <li>Community Engagement</li> </ul>		<ul style="list-style-type: none"> <li>100% of our suppliers formally certified their compliance with the Code of Conduct</li> <li>ICV 90.63%</li> </ul>

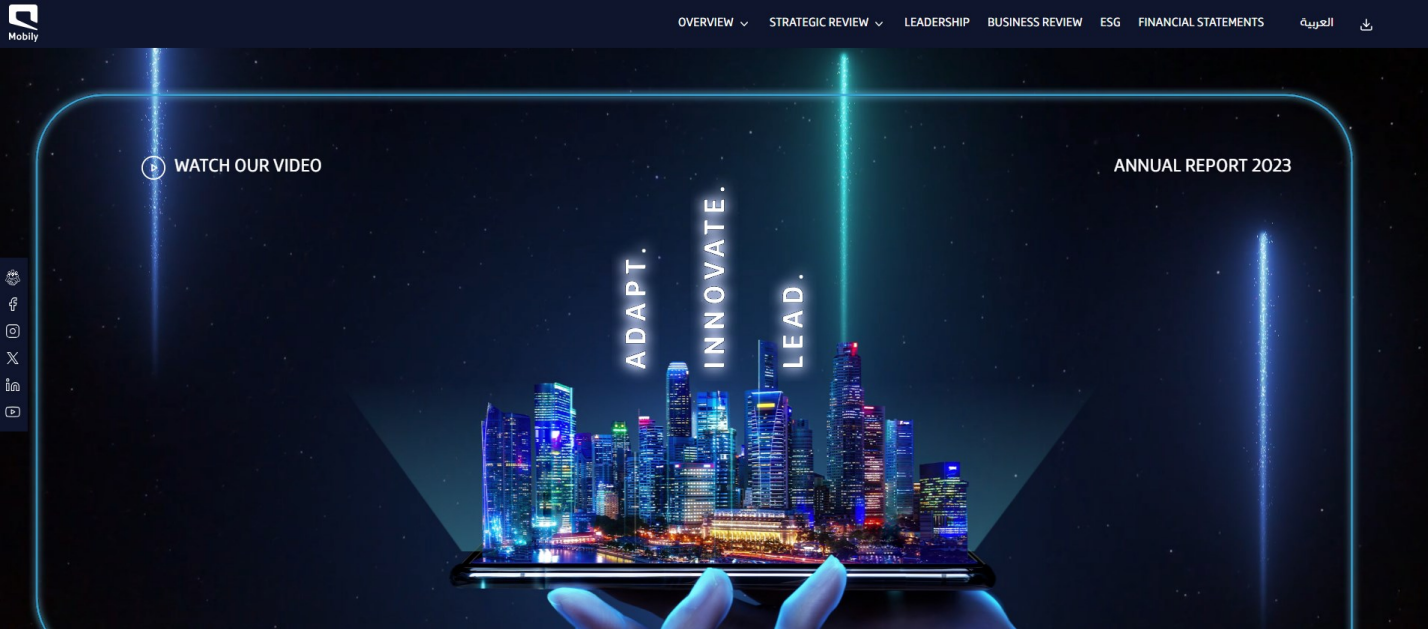




# 5. Conciseness

Using other media can support more effective storytelling.

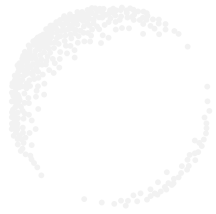
Infographics and video are an effective way of making complex information more digestible for different readers.



# 6. Reliability

All material matters, whether positive or negative should be disclosed in a balanced way

Non-financial KPIs should be reported alongside financial KPIs as part of the strategic report.



stc Annual Report 2022

## At a Glance

### Financial highlights

#### Revenue

SAR 72.34 billion  
7.27% YoY ↑

#### Gross profit

SAR 37.80 billion  
110% YoY ↑

#### EBITDA

SAR 24.68 billion  
1.58% YoY ↓

#### Net profit

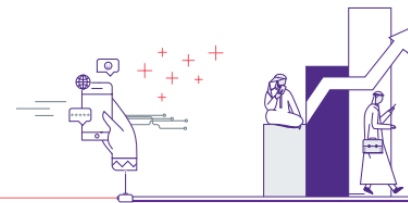
SAR 13.30 billion  
9.24% YoY ↑

#### Comprehensive income

SAR 13.14 billion  
2.33% YoY ↑

#### EPS

SAR 2.67



6

### Operational highlights

**#1** in Mobile, Fixed, and IT - The most preferred ICT operator in KSA

**5.57 million** Fixed subscribers in KSA

**3.6 million** stc tv subscribers (authorized\*)

**16 cables** Submarine

**47.5%** 5G coverage of residential and populated areas

**One** of largest tower operators in the region

**22,751 employees** (on group level)

**SAR 52.1 billion** in brand value

**42.9%** Local content score (up by 5.3% vs. 2021 and 9.2% vs. 2021)

**26.47 million** Mobile subscribers in KSA

**3 million** stc play subscribers (registered)

**73%** Market share in terms of revenue

**25 data centers** (operational and under construction)

**15.7 million users** Loyalty program (Qitaf)

**21,000 towers** under management in 5 countries

**+90%** Saudization (for stc KSA and its local subsidiaries)

**The most valuable telecom brand** in the Middle East

\* Authorized subscribers: Customers who have generated their login credentials and logged into stc tv or Jawwy TV at least once in their lifetime.

### ESG highlights

MSCI: BB - S&P  
CSA DJSI: 44  
stc ESG score

**50%** reduction 2030 target for scope 1 and 2 (from 2019 baseline)

**46.2%** reduction 2030 target for scope 3 (from 2019 baseline)

**1 million trees** 2030 planting target

**Net zero 2050** Carbon emission target



7



# 7. Comparability

Ensures consistency, transparency, and informed decision-making

The use of data tables that disclose year-on-year data are a simple way to demonstrate progress against targets over time

- Overview
- Emirates
- dnata
- Group
- Financial information
- Additional information

The performance indicators below cover Emirates' airline business operations from its hub in Dubai, including Emirates Flight Catering operations and the management of Dubai Desert Conservation Reserve. All other businesses of Emirates are excluded in the below metrics. References to Scope 1 and 2 emissions below are based on definitions from the Greenhouse Gas Protocol – revised edition (A Corporate Accounting and Reporting Standard – Revised Edition, 2004).

## ENVIRONMENTAL SUSTAINABILITY PERFORMANCE - EMIRATES

Priority	Performance indicator	Unit	2022-23	2021-22	Higher/ (lower) %
Aircraft fuel consumption, fuel efficiency and CO <sub>2</sub> intensity <sup>1, 2, 3</sup>	Fleet age	years	9.1	8.2	11.0
	Jet fuel (total fleet including training aircraft and engine maintenance activities)	tonnes	8,463,363	5,797,560	46.0
	Aviation gasoline (training aircraft)	tonnes	513	421	21.9
	Sustainable aviation fuel (SAF)	tonnes	179	153	17.0
	Passenger fuel efficiency (passenger fleet)	L / 100PK	4.09	5.54	(26.2)
	Freighter fuel efficiency (freighter fleet including mini-freighters)	L / FTK	0.177	0.272	(34.9)
	Combined fuel efficiency (total fleet excluding training aircraft and wet-leased freighters)	L / TK	0.316	0.329	(4.0)
	Passenger CO <sub>2</sub> intensity (passenger fleet)	g CO <sub>2</sub> / PK	101.4	137.5	(26.3)
	Freighter CO <sub>2</sub> intensity (freighter fleet including mini-freighters)	g CO <sub>2</sub> / FTK	439.1	675.0	(34.9)
	Combined CO <sub>2</sub> intensity (total fleet excluding training aircraft and wet-leased freighters)	kg CO <sub>2</sub> / TK	0.783	0.815	(3.9)
Aircraft noise and local air quality	Fleet cumulative margin to Chapter 4 noise standards	EPNdB	(12.1)	(12.1)	0.0
	Fleet cumulative margin to Chapter 4 noise standards	%	(7.1)	(7.1)	0.0 pt
	Nitrogen oxide (NO <sub>x</sub> ) emissions (landing and take-off cycle)	tonnes < 3,000 ft	10,638	8,159	30.4
	Carbon monoxide (CO) emissions (landing and take-off cycle)	tonnes < 3,000 ft	6,088	4,559	33.5
	Unburnt hydrocarbons (UHC) emissions (landing and take-off cycle)	tonnes < 3,000 ft	627	460	36.3
	Fleet margins below regulatory limits for NO <sub>x</sub>	%	(11.1)	(10.2)	(0.9) pt
	Fleet margins below regulatory limits for CO	%	(57.9)	(56.5)	(1.3) pts
	Fleet margins below regulatory limits for UHC	%	(66.4)	(64.6)	(1.8) pts
	Fuel Jettison Events <sup>4</sup>				
	Total events		10	12	(16.7)
Jettisoned fuel	tonnes	248	268	(7.5)	

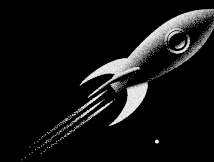
### Tracking our progress continued

Sustainability areas and material issues	UN's Sustainable Development Goals (SDGs) and their targets	2025 commitments <sup>a</sup>	2023 performance	Status
<b>Water reduction and stewardship</b> • Water stewardship • Socio-economic impact • Biodiversity	6.1 6.4 6.5 6.6	20%	7%	● Impact from Russian operations. Further implementation of successful practices and innovations for those locations is planned.
	12.1 12.2 12.4	100%	63%	●
	8.4 8.5 8.6	75%	56%	●
	12.1 12.2 12.5	35%	16%	● Significant progress from 10.5% last year. Annualised effect of Romania and Ireland initiatives will be reflected in 2024 results.
<b>World Without Waste</b> • Packaging and waste management • Socio-economic impact	8.4 8.5 8.6	100%	100%	●
	12.1 12.2 12.5	100%	100%	●
	8.3 8.8	100%	79%	● Impact of suppliers in emerging countries that are still in the process of acquiring the certifications.
	13.1			
<b>Nutrition</b> • Product quality • Nutrition • Responsible marketing	3.4 12.8	25%	19%	●



# Eight content elements

Focused on the [eight essential content elements](#) from the Integrated Reporting Framework, we look at how these considerations can be built into your reporting approach



# 1. Business model

Embed sustainability across the narrative by reflecting ESG within your business model

Merge sustainability within your business model to demonstrate differentiation and long-term thinking.

Almarai



Almarai® | Annual Report 2023

## Business Model

Our business model is structured to deliver on the promise of "Quality you can trust". It is tailored to our commitment to ongoing improvement and exists as a guiding force for operations across the Company. The business model enables management and staff to work in accordance with a clearly defined operating framework. It facilitates the practical application of a working culture that has efficient and effective process management at its heart.

### Inputs

#### Best-loved brands

- Thirty-one leading brands

#### Raw materials

- 1,910+ suppliers
- Supplying 61,963 items
- SAR 10.2 billion spent on materials in 2023

#### Innovative people

- Workforce of 46,233 inspired by innovation
- World-class training and development program
- 63 nationalities

#### Leading innovation

- Innovation system and processes
- New product development to delight consumers

#### Advanced manufacturing

- Four ultra-modern Dairy and Juice processing facilities
- State-of-the-art infant nutrition facility
- Three Bakeries
- Fully integrated Poultry plant

#### Strong financial support

- Robust financial management, low leverage
- Access to funding from global capital markets
- Strong working capital and capital expenditure control

### Outputs

01

#### Shareholder value

- For 45 years, consistent delivery of strong returns to shareholders
- Almarai is committed to creating shareholder value by paying dividends and realizing compelling returns for long-term investors

02

#### People

- Almarai is recognized among the GCC's best employers
- All staff are encouraged to participate in training and develop their careers

03

#### Society

- Social responsibility and sustainability programs designed to support Vision 2030
- Connecting all levels of society and the environment from helping children in need to reducing our environmental footprint

04

#### Consumers

- Delighting consumers across the Middle East with healthy and nutritious food and beverages, at affordable prices from a brand they know and trust.

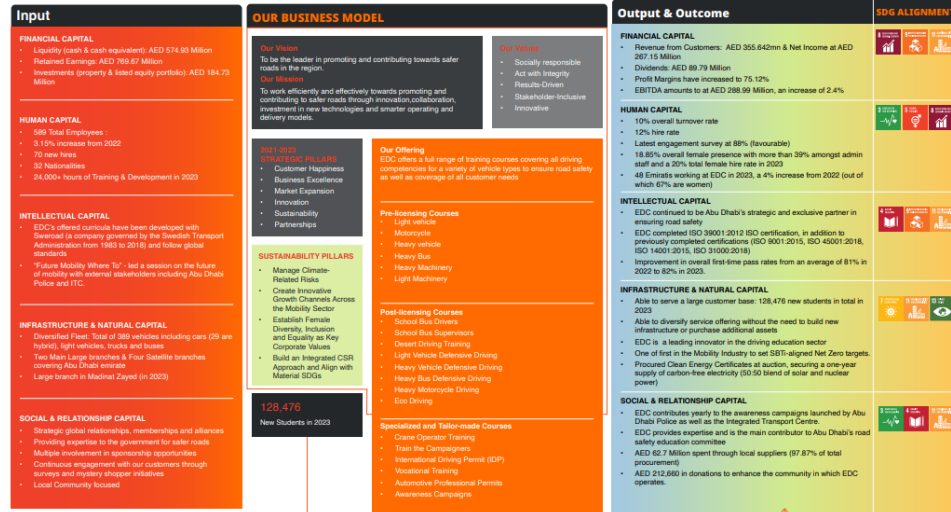


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SUSTAINABILITY THROUGH OUR CAPITALS

## SUSTAINABILITY THROUGH OUR CAPITALS

OUR MODEL FOR CREATING VALUE



SUSTAINABILITY IN MOTION

INTEGRATED REPORT 2023

56 | Emirates Driving Company

FUTURE-PROOFING OUR BUSINESS | 57





# Our Climate Risk Governance Structure



Aramex's oversight of climate related risks and opportunities is embedded within our ESG Sustainability Governance structure. This includes joint collaborations between the Risk and Sustainability teams on climate risk plans, the upskilling of Climate Risk Champions to implement action plans, and the oversight from the ESG committee. We are continuously evolving our Corporate governance structure in recognition of the urgency of climate action and in response to our increasing understanding of the impact of climate change on our business. Therefore, we present a holistic and transversal structure that maximizes the involvement and commitment of all internal stakeholders in the pursuit of the objectives set in sustainability matters. For more on our ESG governance structure, please refer to our Disclosures on Management Approaches on page 114.

**Our Climate Risk Framework**  
As a result of our Climate Risk Assessment, we have developed a customized Climate Risk Framework, which is integrated into our enterprise risk management processes. This framework will allow us to regularly review previously identified climate risks, update the climate risk inventory if necessary, and that suitable mitigation and adaptation are in place. To support the integration climate risk framework and promote a risk understanding and awareness, we developed a capacity-building on that was rolled out in 2023 for our stakeholders. These actions demonstrate our commitment to limiting the impact of climate risks on our business and stakeholder will ensure that we are in a position to direct effective action moving forward.

Our customized climate risk framework is founded on the four core principle TCFD. Our climate risk framework goes a structured approach for identifying climate risks, evaluating various scenarios, assessing the impact of climate risks on the business, progressing action and developing monitoring system. The framework can be found on page 114 of our 2022 report.

Moreover, we developed a monitoring system to support the processes of the climate framework, which will allow us to maintain and improve our performance. What's more are currently in the process of assessment

prioritizing the identified climate risks in terms of their business impact. The prioritization of risks will serve as the basis for us to effectively allocate the necessary resources and measures for addressing the most relevant risks and track our performance.

climate risk assessment and management across our key functions. Furthermore, the sessions will communicate and demonstrate our commitment to identifying, mitigating and managing our relevant climate risks, eventually building climate resilience in everything we do.



## Risk Governance (continued)

### Reputational risk

Reputational risk relates to stakeholders' perceptions, whether based on fact or otherwise. As stakeholders' expectations are constantly changing, reputational risk is dynamic. Therefore, SAB's approach to reputational risk management must be upheld at all times and across all businesses and functions. SAB has built a strong image and reputation within the Saudi market, and maintains an unwavering commitment to operate, and be seen to be operating, to the highest standards set for itself.

The reputation of SAB is critical to its success. Any financial services organisation stands or falls by its reputation and the customers' confidence in it, and the reputation can be severely damaged by non-compliance with relevant regulations or by inappropriate actions or comments to the media or in the public domain. The maintenance of customer confidence is a prime objective of Management and can be achieved through a strong and healthy financial position and by exhibiting successful risk management.

SAB has zero tolerance for knowingly engaging in any business or activity where foreseeable reputational risk and/or damage has not been considered and/or mitigated. SAB tolerates a limited degree of reputational risk arising from activities where the risk has been carefully considered and/or mitigated and determined to fall below the risk threshold.

### ESG risks

We understand the significance of adopting a comprehensive view of risk. The diverse types of risk factors that SAB and our customers may encounter have the potential to influence our financial stability significantly. In our strategic discussions and risk management framework, we therefore actively incorporate various dimensions of Environmental, Social, and Governance (ESG) considerations. For SAB, these risks are regarded as fundamental to our business operations, and we are dedicated to seamlessly integrating them into our strategy and operational framework. This section offers a synopsis of the primary ESG risks that shape our strategic and risk management considerations.

**Climate risks**  
Climate change impacts us directly as well as through our value chain. Both physical risks and transition risks, as defined by TCFD, manifest in various ways, including but not limited to: Decreased real estate values, lower asset performance, reduced household income or wealth, increased legal and compliance costs, shifted customer demands and perceptions.

We view climate risks as pervasive, as they impact multiple facets of our organisation. Presently, we are enhancing our understanding of climate-related risks through a project aimed at quantifying our finance emissions. Once completed, the assessment will provide us with a complete picture, help us manage risks adequately, and inform further strategic decisions.

**Sustainability risks**  
Taking on a holistic perspective, Sustainability risks are captured in SAB's risk taxonomy. SAB incorporates sustainability risks into its risk framework alongside financial risks like capital, liquidity, and market risks. These can be linked to the social or governance dimension of ESG and include, among others: People risk, legal risk, regulatory and compliance risk. These non-financial risks are seamlessly integrated into our three lines of defense risk management model, with specific Risk Stewards and audit procedures assigned. When necessary, these risks are further subdivided to enable effective risk management at a suitable level.

# 2. Risks and opportunities

A key component of the IFRS S1 and S2 standards.

Consider sustainability-related risks and opportunities as part of your wider corporate risk management framework. This creates resilience and delivers long-term value creation.

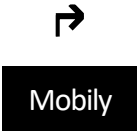


SAB

# 3. Strategy and resource

A forward-looking strategy anticipates future trends to stay innovative and competitive

Build out a sophisticated market review which analyses how future market and sustainability-related trends may impact the business, in a positive or negative way.



## MARKET REVIEW FACILITATING THE KINGDOM'S TRANSFORMATION

Saudi Arabia's sustainable growth journey is increasingly propelled by the Kingdom's accelerating digital transformation. Anchored in the ambitious goals of Vision 2030 and bolstered by substantial investments in digital infrastructure, the Kingdom is forging a path towards a thriving tech ecosystem. This commitment to digitalization, supported by Mobily's innovative contributions, is a key driver of the Kingdom's non-oil diversification and the foundation for a future where innovation and digital prowess are the cornerstones of national prosperity.

### Sustainable Growth Powered by Accelerating Digitalization

Navigating a number of economic challenges in 2023, Saudi Arabia remains well-positioned for continued growth in the digital sector, thanks to its ambitious Vision 2030 plan, significant investments in infrastructure and a thriving tech ecosystem.

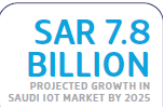
Saudi Arabia stands out in the GCC, leading the charge in economic diversification with an ambitious plan and substantial investments. The National Investment Strategy, valued at USD 3.3 trillion, aims to ignite innovation, empower the private sector and cultivate strategic sectors. Within 6 key sectors, nearly USD 1 trillion in potential investments by 2030 awaits, presenting exciting opportunities across various industries.

Digitalization is the cornerstone of this transformation, with both public and private entities seeking smart solutions to drive growth and efficiency. While Saudi boasts a robust telecommunications infrastructure, it lags behind advanced digital nations. This gap translates to significant growth

potential as government entities and businesses invest in digitalization, generating substantial returns for companies positioned to capitalize on this trend.

Vision 2030 acts as a catalyst, fueling mega projects like the futuristic smart city of NEOM and empowering small and medium-sized enterprises (SMEs) to thrive in the digital age. Beyond mere infrastructure, the focus extends to nurturing a vibrant tech ecosystem. Cutting-edge technologies like artificial intelligence, robotics and cloud computing are actively promoted, paving the way for innovation and disruption.

The mobile segment is also set to shine, thanks to a growing expat population and increasing religious tourism. In 2023, Saudi Arabia welcomed 1.8 million Hajj pilgrims, and the ambitious goal is to attract 30 million pilgrims for Hajj and Umrah by 2030, alongside over 100 million tourists annually. Additionally, the entry of 2 new MVNOs in 2022 intensified competition in the prepaid market, potentially leading to more attractive offerings for consumers.



Telecommunication spending focuses on continued 5G rollout, FTTX expansion and investments in new growth verticals within the IT space such as cloud computing, cybersecurity and artificial intelligence. Beyond telecommunications, spending on IT, professional services and digital solutions is expected to grow by 12.7% annually until 2027, significantly impacting the GDP.

While the growth in the Saudi IoT market is still projected to reach SAR 7.8 billion by 2025, the pace might be impacted by the 2023 economic slowdown. However, B2B demand and 5G advancements remain key drivers. Cloud computing continues to surge, exceeding expectations with over 20% growth in data center and cloud services between 2018 and 2023, driven by Vision 2030's push for government adoption. Local telecommunication and ICT players are well-positioned to leverage this growth through internal initiatives and partnerships with global companies. This signifies a digital transformation journey powered by ambition, investment and a thriving tech ecosystem.

### Non-oil Growth Anchors Saudi Arabia's Future

In the face of high global inflation, interest rate hikes and OPEC+ production cuts that tempered the growth of Saudi Arabia's GDP in 2023, the non-oil sector emerged as a resilient anchor for the nation's

future economic stability. Achieving a growth of 5%, this sector benefitted from sustained government spending, robust domestic demand and strategic diversification efforts. The International Monetary Fund (IMF) anticipates this positive trajectory to persist into 2024, projecting Saudi Arabia's economy to expand by 1.2% to 4%, with the actual growth rate hinging on the fluctuations of oil prices.

Reflecting on the impact of volatile oil market dynamics, revenue projections for the year were adjusted downward to SAR 1130 trillion, marking a 9.6% decline from 2022. Despite these economic headwinds, the private sector's contribution to the GDP impressively reached 53%, underscored by a 24% increase in foreign direct investment and sustained growth in non-oil exports. These achievements highlight the Kingdom's successful strides towards economic diversification and resilience in the face of global financial challenges.

Additionally, the high global inflation and the subsequent interest rate hikes have posed significant economic challenges, yet Saudi Arabia's strategic response and adaptive measures have underscored its commitment to long-term economic sustainability. Amid these developments, Saudi Arabia has also revised targets for its green initiatives, demonstrating unwavering dedication to climate action and environmental sustainability. This

holistic approach to economic management and sustainability reflects Saudi Arabia's strategic alignment with the ambitious goals of Vision 2030, emphasizing the critical role of the non-oil sector in securing a prosperous and sustainable future for the Kingdom.

### Building a Thriving Digital Ecosystem

Saudi Arabia's commitment to building a thriving digital ecosystem has propelled the Kingdom to achieve remarkable milestones, positioning it as a global leader in digital transformation. In a significant leap forward, Saudi Arabia has ascended to the #2 spot in the G20 digital ranking, as reported by the International Telecommunication Union (ITU) in the ICT Development Index (IDI) for 2023. This prestigious ranking is a testament to the Kingdom's robust digital infrastructure and the strategic investments under Vision 2030 aimed at enhancing its digital landscape.

Reflecting on the Kingdom's digital advancement, the internet penetration rate soared to 99%, with mobile broadband connections per 100 inhabitants expected to reach an impressive 130.9 by 2028. Such achievements underscore Saudi Arabia's efforts to ensure widespread access to digital services and connectivity, laying the foundation for a digitally inclusive society.

**SUSTAINABILITY PROGRESS**

This summary provides an overview of ADNOC L&S' Sustainability Framework, how it was developed, and the targets it sets for the Company. This summary also provides an overview of the Company's key activities and outcomes for 2023, alongside insights on the progress against its material topics and ambitions.

**A Record-Breaking Year**

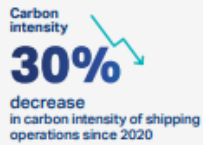
During a year of record-breaking financial outcomes, ADNOC L&S was listed on the ADX, giving it a market capitalization of \$4.05 billion at the time of listing. The Company was the second-largest IPO in the region in 2023 and the sixth ADNOC Group subsidiary to list on the ADX.

The Company's financial strength leaves it well placed to deliver sustainable growth through investments in technologies, vessels and systems that support decarbonization and the growth of alternative fuels and molecules such as ammonia. Throughout 2023, the Company achieved many environmental milestones that point towards its steady progress in decarbonization as it sets out to reduce its emissions intensity.

Following the listing, the Company's share price appreciated by as much as 91% from the time of the IPO. This outstanding performance demonstrates not only the strength of the business in the eyes of investors and analysts but also the vast potential that ADNOC L&S possesses as a leading enabler of the global flow of energy products.

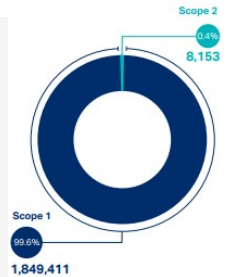
**Financial and Sustainability Highlights**

**Financial and Sustainability Highlights**



24% improvement in energy efficiency across

2023 Scope 1 and Scope 2 emissions in CO<sub>2</sub>e



47



**ADNOC L&S**

# 4. Performance

Connect non-financial with financial performance

Sustainability data must be held to the same standards as financial reporting—robust, audited, comprehensive, and transparent.

Align sustainability publishing dates with financial results to provide a complete picture of financial and non-financial performance.



# 5. Governance and remuneration

Demonstrate accountability for non-financial performance from the board and senior leadership

Offer transparency around the alignment between ESG performance and reward and recognition across your board and senior leadership.

## Integration of ESG Key Performance Indicators into the Board Remuneration

FAB has implemented ESG-related KPIs for the Board and leadership team, including the Group Chief Executive Officer (CEO) and Chief Revenue Officer (CRO). In addition, FAB continued to focus on strengthening the linkage between reward and ESG performance.

Incentives and performance-driven variable pay have been incorporated into FAB Group's balance score card from 2022, thereby ensuring holistic performance of the bank is aligned to stakeholder interests.



01 - INTRODUCTION | 02 - TRANSITIONING TO A LOW-CARBON FUTURE | 03 - CAPITALISING ON OUR SOCIAL RESPONSIBILITY | 04 - TRANSFORMING OUR GOVERNANCE MODEL | 05 - APPENDIX

### BOARD EDUCATION AND BOARD EVALUATION

We continue to provide continuous Board education to ensure Directors are provided with a more granular understanding of the business and relevant regulatory developments.

This year's Board education had a strong risk focus including materials on model risk management and the new CBAE Model Management Standards and Guidance together with materials on Liquidity Management Strategy and Regulatory Compliance.

Feedback is obtained from Board members on each education pack to ensure ongoing refinement and development of the training programmes. The Board Secretary conducts an annual assessment of the Board's performance and includes:

- Board Organisation, Structure and Objectives
- Board Meeting Processes
- Board Responsibilities and Performance
- Board Interaction with Senior Management

In addition, periodic independent evaluations of the Board are conducted in compliance with regulatory requirements.

Recommendations stemming from these evaluations are carefully reviewed and implemented to enhance the governance structure across the Board. Lastly, committee charters are updated annually.

The Board evaluation conducted in 2023 yielded positive results. Feedback highlighted that meeting allocated adequate time to pertinent topics, notably the Group strategy.

Board members were recognised for possessing the requisite skills and experience to address relevant matters, and materials were promptly disseminated. Constructive feedback was also received regarding the

### GROUP ESG RISK POLICY AND RISK FRAMEWORK

Our Group ESG Risk Policy and the Group ESG Risk Framework incorporates ESG perspective into our existing risk-management processes. These guide the bank's tolerance for ESG risk and set criteria for ESG assessment requisites for obligors and deals, Key Risk Indicators (KRIs) and establishes an ESG risk governance structure.

#### Group ESG Risk Policy (ESGRP)

Our Group's ESG Risk Policy (ESGRP) is designed to integrate ESG risks within the Enterprise Risk Management (ERM) framework, while being fully aligned with the Group's ESG targets and the strategic business objectives of the Group.

The specific objectives for the ESGRP include:

- Establishing a reference guideline for identifying and assessing ESG risks across the Group
- Defining key ESG risk metrics and performance indicators for monitoring and reporting
- Developing ESG risk assessment tools and defining processes for onboarding of new clients, investees, transactions, and vendors.

#### Group ESG Risk Framework (ESGRF)

The Group has adopted a holistic framework to implement sound ESG risk governance structure, and robust methods to identify, assess, manage, and report on all types of ESG risks.

The framework elaborates on ESG due diligence and risk escalation process within the bank.

These assessments are taken into account during the onboarding decision-making process and are methodically endorsed to the Group Credit Executive Committee (CEC) for new clients.

Details triggering escalations include the client's elevated ESG risk profile, requiring the CEC to consider additional clarifications from the ESG Risk team.

This ensures a thorough understanding of the associated risks and potential impact on the bank's overall ESG risk appetite.

### Key elements of our ESG risk integration approach

#### Negative screening

As a first step, new customers, vendors, and transactions go through a negative screening check. This includes running background checks (using an external vendor) on the entities for ESG red flags such as violation of international legislations and UNGC principles, and financing of (including trade financing) thermal coal power and mining), tobacco and alcohol manufacturers)

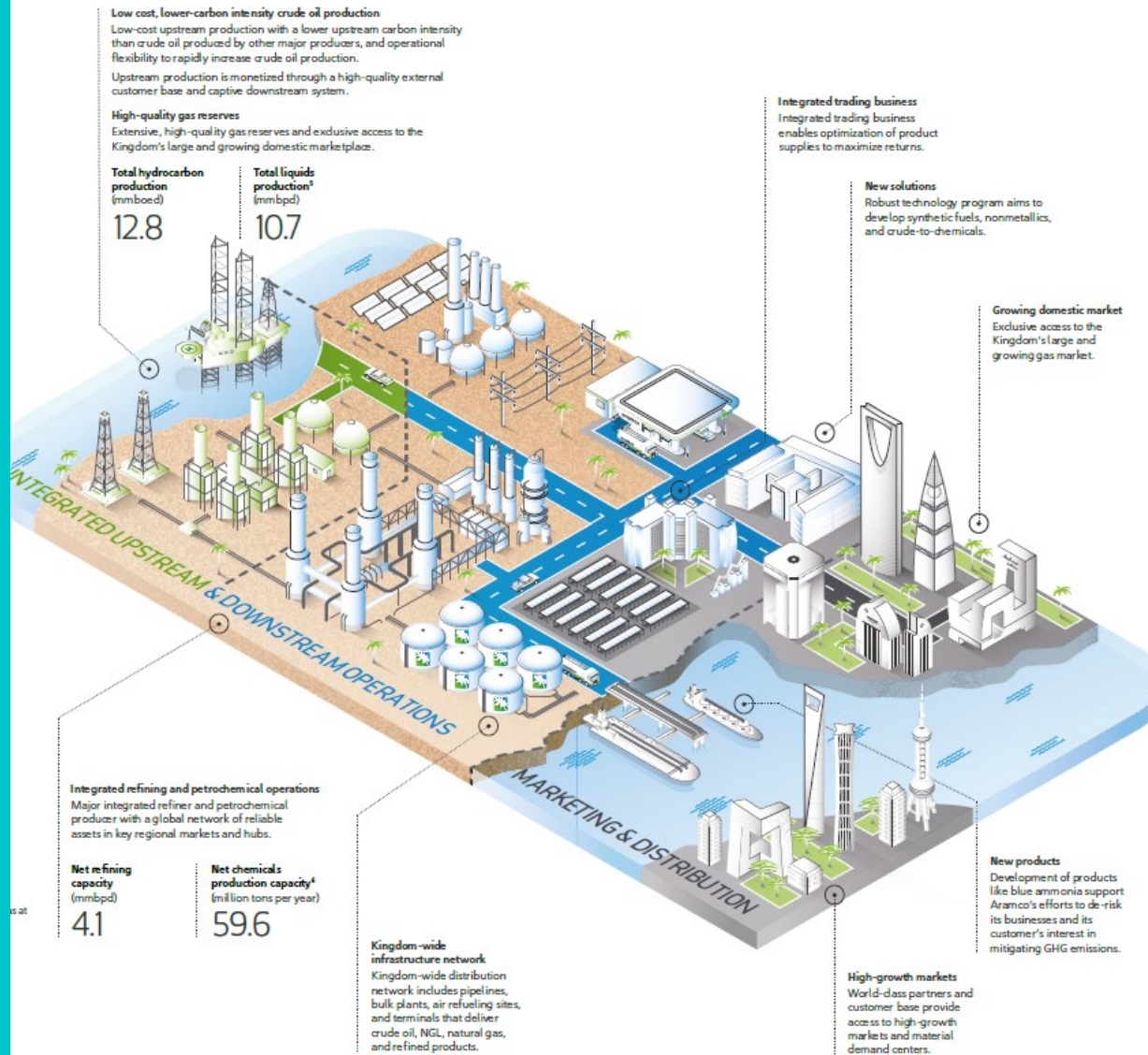
#### ESG risk assessment tool for customers and vendors

Our ESG risk assessment tool helps us evaluate clients and vendors ESG risk profile and helps us in annual credit reviews.

ESG risk assessment is used as a key element of our client and vendor onboarding process. All clients eligible for sustainable financing also go through ESG risk assessments.

#### ESG risk outcome

We assign ESG risk ratings to our clients and portfolios, rated as 'Acceptable', 'High' or 'Severe'. The classification is decided based on a combination of internal ESG risk assessment questionnaire results as well as ESG risk data from external rating agencies. Our process for ESG risk assessments for annual credit reviews is available on page 48 of our 2022 ESG Report.



# 6. Organisational overview

Build a story around how you influence beyond your own organisation

Map out your full upstream and downstream operations to understand where the greatest impacts lie.

This increased insight into your operations improves transparency, risk mitigation and better decision making across the business.



Saudi Aramco



# 7. Outlook

Look at the potential challenges and uncertainties that your business faces.

Have a broader understanding of emerging risks, as well as principal risks, improves long-term operational resilience.

## ESG considerations

### ESG stakeholder expectations

Organisations across the corporate and financial sectors are setting ambitious sustainability goals and net zero targets with many embedding them in their business models. This has prompted increased attention from various stakeholders in ensuring that net zero targets are being met with credible action plans. Stakeholder scrutiny around greenwashing risk relating to ESG focused financial products, as well as companies' commitments, transpires in the various regulatory developments and early enforcement actions taken by several key regulators.

Fragmentation in the pace and scale of adoption of ESG regulations around the world remains, particularly around taxonomies and disclosure requirements, which may lead to unintended consequences including misallocation of capital, increased implementation costs and litigation risks.

The Group's net zero aspirations may be impacted by governments or corporates scaling back their sustainability targets, especially as economic conditions remain challenging, and budgets are constrained. There have been examples in developed nations, such as the UK revisiting its electric vehicle transition timeline. A slower transition from key clients may also weigh reputational pressure on the Group's roadmap.

Higher frequencies of extreme weather-related events such as wildfires, floods and famines may lead to physical climate risk and the cost of managing it becoming a heavier burden on global economies. This will be particularly impactful to developing markets. Alongside climate change, biodiversity loss, pollution, and depletion of key resources, such as water, pose incremental risks to food and health systems, energy security and contribute to the disruption of supply chains.

Human rights concerns are increasingly in focus, with the scope expanding beyond direct abuses to cover other areas such as technological advancement and supply chains.

### How these risks are mitigated/next steps

- We update our environmental and social standards for providing financial services to clients every two years, with a new version scheduled for 2024.
- We focus on embedding our values through our Position Statements for sensitive sectors and a list of prohibited activities
- We integrate the management of greenwashing risks into our Reputational and Sustainability Risk Framework and policies
- 'Green', 'sustainable' and 'transition' labels for products and transactions reflect the criteria set out in the Group's Sustainable Finance frameworks, which are regularly reviewed. We obtain external verification on the Group's Sustainable Finance asset pool.
- We assess our clients and suppliers against various international human rights principles, as well as through our social safeguards and supplier charter.

+ Modern slavery statement:  
<https://www.sc.com/modernslavery>

+ Human Rights Position Statement:  
<https://www.sc.com/humanrights>

- Detailed portfolio reviews and stress tests are conducted to test resilience to climate-related risks and enhance modelling capabilities to understand the financial risks and opportunities from climate change.
- Work is underway to embed Climate Risk considerations across all relevant PRTs. This includes client-level Climate Risk assessments, including setting adequate mitigants or controls as part of decision making and portfolio management activities.

## Technological considerations

### Data and digital

The Group's digital footprint will expand as more services and products are digitised and made more accessible. Scale in operations and interactions with digital systems will further reduce the tolerance for errors and outages. The risk of data breaches is amplified by highly organised actors, with threats such as 'Ransomware as a Service' and affordable, sophisticated AI systems helping to facilitate attacks on organisations and individuals.

Data regulation continues to be fluid and fragmented. Geopolitical tensions have accelerated the implementation of data sovereignty laws, including data localisation requirements and cross-border access restrictions. These regulations often have an extraterritorial reach which could increase operating costs significantly, and also impact cross-border business models. Stakeholder expectations on data management have also increased, particularly relating to quality, integrity, record keeping, privacy, sovereignty, the ethical use of data and application of AI.

The sophistication and adoption of AI solutions are growing exponentially and will increase exposure to existing risks such as model, fraud, financial crime, compliance and Information and Cyber Security (ICS) risks. In response, regulation is accelerating, particularly around the ethical application of AI in decision-making, necessitating robust governance measures. The Group needs to ensure that it develops sufficient in-house subject matter expertise.

### New business structures, channels and competition

Failure to harness new technologies and new business models would place banks at a competitive disadvantage. The continued exploration of partnerships, alliances, digital assets, generative AI and nascent technologies, such as quantum computing, provides both opportunities and unique challenges. This is increasingly important as digital assets and distributed ledger technology become progressively prevalent and interconnected with the financial ecosystem. Supply chains are becoming more complex, interconnected and digital. Highly extended enterprises expand opportunities available for malicious actors, with risk cascading further down supply chains beyond just direct and third party risks.

These innovations require specialist in-house expertise, new operating models and adapting risk frameworks to perform robust risk assessment and management of new threats. There is also growing regulatory attention in many of these areas. Balancing resilience and agility is essential given the global nature of new technologies alongside the maintenance of existing systems. It is imperative to establish clear ownership, frameworks, and oversight of the use of emerging technologies.

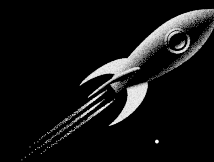


## 8. Alignment and preparation

Purpose-driven themes enhance trust, align values, and drive sustainable impact.

Define your purpose and use this theme to create a more compelling narrative that drives key messages across multiple communication channels.

How can these **integrated** principles  
be applied?



emperor

# How Emperor can kick-start your **integrated reporting journey**

1

## Define your purpose

This requires support from leadership and cross-functional collaboration across teams — including finance, sustainability, risk, communication, HR and procurement to apply integrated thinking principles.

2

## Do double materiality

Take a deeper look at your internal and external impacts, risks and opportunities, and how these affect your stakeholders.

3

## Conduct a climate risk assessment

A core component of IFRS S2, companies need to consider their climate-related risks and opportunities, what their mitigation strategy is and how this is governed at the highest levels of the business.

4

## Scrutinise your data

Regular access to reliable, accurate and up-to-date data is essential for successful reporting and operation.

Non-financial data should be disclosed at the same time as financial data.

5

## Map your content

Create a content map to decide what information is material and through which channel it should be disseminated. Taking a considered approach to your communication suite will ensure you articulate an integrated narrative across your different stakeholder groups.



# EMPEROR MIDDLE EAST

Over the past 28 years, Emperor has grown to become one of the UK's leading strategic and creative corporate communications agencies.

Active in the Middle East for 16 years, we are passionate about delivering our high-quality client experience and have been on the ground for nearly 10 years to better serve our clients in the region.

# Our expertise



## Reporting

We understand how important it is for businesses to tell their story to stakeholders clearly.



## Sustainability

More of us are recognising that businesses are here for greater reasons than to simply make a profit.



## Brand

Aligning your brand to your business ambitions is key to long-term success.



## Digital

Reaching and inspiring people through a superior user experience.



## Employee experience

Ambitions are achieved by engaging your people with your business.



## Content

Content generation and translation into multiple languages.



## Moving Image

Everything from strategy, to scripting and storyboarding to video production and social assets.



## Presentations

Dedicated Presentations Team with support from templates to full-service presentation development.





**Thank  
you**

