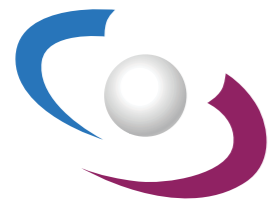


GUIDANCE ON ESG REPORTING



بورصة قطر
Qatar Stock Exchange



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ABOUT THIS DOCUMENT

In recent years, sustainability factors have become increasingly important. More and more, investors are looking at the extent to which companies are able to operate and develop their businesses in a sustainable way. Qatar Stock Exchange (“QSE”) is introducing this ESG Guidance to assist listed companies wishing to incorporate ESG reporting into their existing reporting processes.

**SUSTAINABLE DEVELOPMENT**

The State of Qatar is going through tremendous transformations with forecasted spending in healthcare, education and infrastructure amounting to approximately USD 32.5 billion in 2016 alone. Amidst these changes, Qatar’s National Vision 2030 emphasizes that developments should be carried out with responsibility and respect for people and the environment.

In 2016, QSE has joined the Sustainable Stock Exchanges Initiative of the United Nations (“SSEI”). We are committed to promote sustainable practices in our markets in the belief that businesses will only be successful in the long run if their models respect the triple bottom line of “profit, planet and people”.

Investors worldwide are increasingly incorporating sustainability factors into their investment decisions, and we are convinced that companies that effectively communicate their sustainability strategies will improve their capital raising abilities and have an overall competitive advantage.

We are mindful that no transition will happen overnight. The publication of this QSE Guidance on ESG Reporting (the “ESG Guidance”) is a first step in what we hope will be the start of a transformative process in our market. The ESG Guidance encourages issuers to publicly share ESG information on a recurring basis. It also suggests metrics for reporting.

This ESG Guidance is a product of joint cooperation between issuers, regulators, experts and the Exchange. It intends to capture the best of progressive ESG thinking and will be updated on an ongoing basis.



AN INTRODUCTION TO ESG REPORTING

Environmental, Social and Governance factors, or “ESG” factors are the non-financial factors that determine the ability of a company to create value in the long term. The term “ESG” is often interchangeably used with the term “sustainability”.

In 2009, UN Secretary-General Ban-Ki-moon launched the Sustainable Stock Exchanges Initiative (“SSEI”) to explore how stock exchanges - together with their respective policy-makers, regulators, investors and companies - can promote responsible investments and sustainable development.

In 2014, the SSEI published a document that is designed to assist exchanges to issue guidelines for issuer reporting of ESG information (the “UN Model Guidance”).

The SSEI is actively supported by the World Federation of Exchanges (the “WFE”), the global industry association for stock exchanges, of which QSE is a member. Not only did the WFE contribute to the UN Model Guidance, it also developed specific data points for reporting that it believes will have the most impact.

In 2016, QSE subscribed to the SSEI and pledged its commitment to issue guidelines for the reporting of ESG information by listed companies in Qatar.



¹ Model Guidance on Reporting ESG Information to Investors

WHY IS ESG REPORTING IMPORTANT?

As of April 2016, the UN sponsored Principles for Responsible Investment (“PRI”) had nearly 1500 signatories, representing more than USD 60 trillion worth of assets under management, or half of the world’s institutional assets. For these and a growing number of other investors and asset managers, sustainability factors have become a fundamental part of their investment decision-making models. Issuers that are able to effectively communicate how their ESG strategies are positively linked to the financial performance of their companies will therefore be in a better position to attract capital

Apart from the report itself and the interaction with investors and other stakeholders, the process of compiling and creating the reports is often considered very useful. It can help companies to identify risks, costs savings and new revenue generating opportunities, and get a fresh perspective on the long term strategy.

Also, responding to demands of transparency in sustainability objectives will set issuers on a course ahead of regulatory developments. Already, 30 out of the 50 largest economies worldwide have implemented at least one mandatory reporting regulation on ESG factors, and it is widely expected that this trend will continue.²

In short, and to various degrees depending of the nature of the business, ESG factors will have an impact on:

- i). access to capital;
- ii). revenue growth potential and market access;
- iii). risks, costs and productivity;
- iv). brand value and reputation; and
- v). human capital, employee recruitment and retention.

² UN Sustainable Stock Exchange 2016 Report on Progress: <https://www.unpri.org/>



THE ESG KEY PERFORMANCE INDICATORS

Over the last twenty years, sustainability reporting standards have been developed by different non-profit organizations around the world. A list of these organizations and their respective frameworks is attached for reference in Appendix A. Some issuers may already use (elements of) these standards for their own sustainability reporting purposes. Others might find the list useful as a starting point for additional research on the subject.

From the standards listed in Appendix A, the GRI standards from the Global Reporting Initiative is among the most widely used, with more than 24,000 GRI reports having been issued in more than 90 countries to date.

Whilst QSE encourages listed companies to consider the GRI or other standards for their own reporting, it is mindful that for some companies it may not be feasible or practical to adopt these standards at this point in time. For this reason, and in line with SSEI and the WFE recommendations, the Exchange has developed a set of ESG Key Performance Indicators we believe should be the focal point of issuer ESG reporting.

Environmental	Social	Governance
Environmental Policy	Full time Employees	Board - Diversity
Environmental Impacts	Employee Benefits	Board - Independence
Energy Consumption	Employee Turnover Rate	Board – Separation of Powers
Energy Intensity	Employee Training Hours	Voting Results
Carbon/GHG Emissions	Health	Gender Pay Ratio
Primary Energy Source	Injury Rate	CEO Pay Ratio
Renewable Energy Intensity	Human Rights Policy	Incentivized Pay
Water Management	Human Rights Violations	Ethics Code of Conduct
Waste Management	Child & Forced Labor	Supplier Code of Conduct
	Women in the Workforce	Bribery/Anti-Corruption Code
	Qatarisation	
	Community Work	
	Local Procurement	

For each of these ESG Key Performance Indicators we are suggesting a specific measurement as set out in Appendix B.

It should be noted that, depending on issuer's business, some of the ESG Key Performance Indicators are more critical than others. For example, where the environmental impacts and carbon/GHG emissions are crucial for sectors such as Oil & Gas, Industrials and Utilities, they may be less relevant for Financials. Issuers should therefore consider expanding on the disclosures on those ESG Key Performance Indicators that are considered "material" to their business, beyond what is suggested in Appendix B.

The disclosures listed in Appendix B contain the baseline information we suggest all issuers to include in their reports, regardless of the sector they are operating in.

USING THIS ESG GUIDANCE DOCUMENT

The purpose of this document is to assist and encourage listed companies in making relevant ESG information available to investors and the general public.

It should be noted that the recommendations made in this document serve as guidelines only. This ESG Guidance does not set aside, substitute or replace any regulatory provisions in respect of periodical disclosure obligations. Particularly, any suggested disclosures in respect of governance matters are in addition to the information that issuers are required to disclose under the QFMA Corporate Governance Code (the "Code"), and the ESG Guidance leaves the application of the Code unaffected. However, for consistency and ease of reference, we recommend that the information disclosed on the basis of ESG Guidance (in particular in relation to governance related matters) also be reflected in the governance reports referred to in article 4 of the Code as relevant.

HOW TO REPORT ESG INFORMATION?

There are different ways to disseminate ESG information to investors. Issuers may want to integrate the ESG Information, the financial statements, and the governance report under the Code into a single annual report, or decide to publish separate, stand-alone sustainability reports. Publication on the website is highly recommended, and QSE encourages listed companies to make use of QSE's ESG disclosure platform. Whatever the channel is, it is important to ensure that the information is easily accessible, comparable and timely.

There are a few things to keep in mind, irrespective of the means of publication.

Firstly, if the sustainability disclosures are separated from the annual reports it is recommended that the two are published for the same reporting period. This will allow investors to consider financial information in the context of the long term sustainability strategy of the company. Secondly, in order for communications to be effective, the ESG information should be easy to find, preferably online, using hyperlinks that connect all the pieces of information that are available.

Although reporting on an annual basis is generally considered sufficient it is recommended to update information that changes in the interim, particularly when such information is considered material to the business. Immediate disclosure would be required if the information is price-sensitive (meaning that it could have an impact on the price of the issuer's securities listed on the Exchange).

HOW CAN WE BE OF FURTHER ASSISTANCE?

We would highly value your thoughts on ESG reporting in our market, and any feedback and suggestions in respect of this ESG Guidance would be most welcome.

We are committed to the cause of sustainable development and we would like you to become part of the ongoing debate. For further information, please contact our Listings team at listing@qe.qa or telephone +974 4433 3701/2/7.

**Disclaimer**

These voluntary ESG reporting guidelines have been published for general information only. The contents are intended as initial guidance only, and may not be comprehensive in scope or coverage. The use of this document is at the user's risk only. Qatar Stock Exchange does not make any express or implied representations or warranties, and shall not assume any liability whatsoever for the use of these ESG reporting guidelines, or for any errors, mistakes or omissions in this document.

Appendix A**SUSTAINABILITY REPORTING FRAMEWORKS**

The Global Reporting Initiative (GRI) is an international, not-for-profit organization working in the public interest towards a sustainable global economy where organizations manage their economic, environmental, social, and governance performance and impacts responsibly. Corporate and public sector reporters in over 90 countries use the GRI Guidelines. More than 24,000 reports have been registered in GRI's Sustainability Disclosure Database.

<https://www.globalreporting.org/Pages/default.aspx>



The International Integrated Reporting Council (IIRC) 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, a fundamental shift in corporate reporting.

<http://integratedreporting.org/>



The Sustainability Accounting Standards Board (SASB) is a UN non-profit 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.

<http://www.sasb.org/>



CDP (formerly the Carbon Disclosure Project) 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'.

<https://www.cdp.net/en>



The United Nations Global Compact (UNGC) 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.

<https://www.unglobalcompact.org/>

Appendix B

ESG Categories	ESG Key Performance Indicators	Measurement annual, unless indicated otherwise
Environmental	1. Environmental Policy	Does the company publish and follow an environmental policy? Yes/No
	2. Environmental Impacts	Any legal or regulatory responsibility for an environmental impact?: Yes/No If yes, explain
	3. Energy Consumption	Total amount of energy usage in MWh or GJ
	4. Energy Intensity	Amount of energy used per M3 of space , and per FTE
	5. Carbon/GHG Emissions	Total amount of Carbon and Green House Gas emissions in metric tons
	6. Primary Energy Source	Specify the primary source of energy used by the company
	7. Renewable Energy Intensity	Specify the percentage of energy used that is generated from renewable sources
	8. Water Management	Total amount of water consumption, and details in respect of recycling if any, in M3
	9. Waste Management	Total amount of waste generated, recycled or reclaimed, by type and weight
Social	10. Full Time Employees	Number of full time employees
	11. Employee Benefits	Total amount of employee wages and benefits
	12. Employee Turnover Rate	Percentage of employee turnover
	13. Employee Training Hours	Total number of hours of training for employees divided by the number of employees
	14. Health	Does the company publish and follow a policy for occupational and global health issues? Yes/No
	15. Injury Rate	Total number of injuries and fatal accidents relative to the number of FTEs
	16. Human Rights Policy	Disclosure and adherence to a Human Rights Policy
	17. Human Rights Violations	Number of grievances about human rights issues filed, addressed and resolved
	18. Child & Forced Labor	Does the company prohibit the use of child or forced labor throughout the supply chain? Yes/No
	19. Women in the Workforce	Percentage of women in the workforce
	20. Qatarisation	Percentage of Qatari nationals in the workforce
	21. Community Work	Number of hours spent, and/or other community investments made as a percentage of pretax profit
	22. Local Procurement	Percentage of total procurement from local suppliers
Governance	23. Board - Diversity	Percentage of Board seats taken by women
	24. Board – Independence	Percentage of Board seats taken by independent directors
	25. Board – Separation of Powers	Specify whether the CEO is allowed to sit on the Board, act as the Chairman, or lead committees
	26. Voting Results	Disclosure of the voting results of the latest AGM
	27. CEO Pay Ratio	Ratio of CEO salary and bonus against the median FTE salary and bonus
	28. Gender Pay Ratio	Ratio of median male salary to median female salary
	29. Incentivized Pay	Specify the links between (executive) remuneration and performance targets
	30. Ethics Code of Conduct	Does the company publish and follow an Ethics Code of Conduct? Yes/No
	31. Supplier Code of Conduct	Does the company publish and follow a Supplier Code of Conduct? Yes/No
	32. Bribery/Anti-Corruption Code	Does the company publish and follow a Bribery/Anti-Corruption Code? Yes/No
ESG Reporting Generally	33. Sustainable Reporting Frameworks	Does the company publish a GRI, CDP, SASB, IIRC or UNGC report? Yes/No
	34. External Assurance	Are the company's ESG disclosures assured by an independent third party? Yes/No