



ESG

Reporting Guide

for Listed Companies

2026 Edition



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Bursa Kuwait has amended this Guide in implementation of Capital Markets Authority Resolution No. (136) of 2022 concerning Sustainable Finance Requirements, issued on 25/2022/08/, and to fulfill the requirements of Article (13-17-) of Module Twelve (Listing Rules) of the Executive Regulations of Law No. 7 of 2010 regarding the establishment of the Capital Markets Authority and Regulating Securities Activities and its amendments.

About This Guide

Boursa Kuwait developed this Environmental, Social, and Governance (ESG) Reporting Guide to support all listed companies in disclosing their sustainability practices and ESG performance in a clear, structured, and transparent manner. The guide aims to address the increasing expectations of investors, regulators, and other stakeholders for reliable and consistent ESG information while enhancing market confidence and contributing to Kuwait's sustainable economic development.

This updated edition reflects the latest developments in ESG reporting locally and internationally and has been prepared in accordance with the requirements of Article (13-17-) of Module Twelve (Listing Rules) of the Executive Regulations of the Capital Markets Authority (CMA). These provisions state that Boursa Kuwait shall prepare a comprehensive guide for listed companies to refer to when preparing their sustainability reports, subject to CMA approval. In addition, this edition takes into account CMA Circular No. (04) of 2025, which mandates that companies listed in the "Premier" Market disclose their sustainability reports starting in 2026, covering the financial year 2025, and publish these reports before the end of the second quarter of 2026 and the CMA shall be notified of the report, and it shall be published on Boursa Kuwait website (Based on Article No. 11-17- of Module Twelve), considering the different financial year-ends of each company.

The guide also reflects the latest updates to Boursa Kuwait's Rulebook, which align with these regulatory requirements and provide a framework to assist companies in meeting their sustainability reporting obligations. While all the content in this guide is optional for issuers to implement, it reflects evolving best practices that companies are strongly encouraged to adopt to remain competitive and meet global investor expectations.

This guide proposes an initial set of corporate sustainability indicators that align with Kuwait's Vision 2035 and the country's commitment to achieving carbon neutrality by 2060. It has been updated to strengthen alignment with major international ESG reporting frameworks and standards.

Boursa Kuwait recognizes that adopting sustainability practices and reporting is a progressive journey. Companies are encouraged to begin by reporting on the ESG topics and metrics most material to their operations and stakeholders and to gradually expand the scope and depth of their disclosures over time. By following this approach, listed companies can improve transparency, strengthen their market positioning, and contribute to Kuwait's long-term sustainable development goals.

A Unified Direction for Sustainable Development

Kuwait's Vision 2035 and the United Nations Sustainable Development Goals (SDGs) together provide a unified direction for national development that balances economic growth, social progress, and environmental protection.

The Kuwait Vision 2035 plan is built around seven pillars that include fostering a sustainable and diversified economy, supporting human and social development, and promoting a sustainable living environment, among others. Aligning corporate practices with these pillars and the SDGs helps ensure that business growth contributes to the country's long-term development ambitions.

In 2022, Kuwait announced a commitment to achieve carbon neutrality by 2060, underscoring the country's dedication to climate action and the global climate agenda. This commitment will increasingly require companies to consider climate change in their strategies and to plan for a transition to low-carbon business models.



The Growth of Corporate Sustainability

Globally, ESG integration into business strategy and reporting has moved from a niche practice to the mainstream as investors have widely adopted the evidence-driven view that companies with strong sustainability practices can financially outperform their peers over the long term.

Additionally, a growing body of research indicates that ESG factors can offer investors potential long-term performance advantages by mitigating risks and unlocking efficiencies. Companies that embrace corporate sustainability are increasingly seen as better managed, more competitive and more adept at anticipating and mitigating risks in a fast-changing world.

Capital markets have responded to this trend as stock exchanges and regulators around the world are implementing requirements or guidelines for ESG disclosure to improve transparency and comparability.

Many jurisdictions now mandate climate-related disclosures aligned with the TCFD or ISSB recommendations, including rigorous reporting on governance, strategy, risk management and metrics/targets for climate issues. Investors controlling trillions of dollars of assets (such as pension and sovereign wealth funds) are integrating ESG data into their decisions, leading to greater demand for standardized reporting.

The One Planet Sovereign Wealth Fund initiative unites large global investors to channel capital toward a sustainable, low-carbon economy, reflecting how investor coalitions are driving companies to address climate change and other ESG issues.

Boursa Kuwait recognizes that it can play a crucial role in encouraging and advancing corporate sustainability practices in the Kuwaiti capital market. By fostering a culture of ESG disclosure and responsibility, the exchange can contribute to the objectives of the national development plan and Kuwait's climate commitments, creating a market environment that attracts sustainable investments and rewards forward-looking companies.



Why Should Your Company Report on ESG Issues?

Reporting on ESG issues can yield multiple benefits for companies, enabling businesses to communicate their sustainability initiatives and performance to stakeholders in a structured way, which can enhance trust and unlock value.

Key reasons to consider publishing sustainability reports or disclosures include:

1. Investor Interest and Access to Capital

Attract long-term investors: By disclosing ESG information, your company can attract and retain long-term-oriented investors, including major foreign institutional investors such as pension funds.

A large and growing proportion of assets managed globally are being allocated with ESG considerations in mind as investors increasingly view strong ESG performance as an indicator of prudent management and lower long-term risk. Companies that are transparent about sustainability are better positioned to access capital from ESG-focused funds and be included in sustainability indices.

Meet investor expectations: Effective analysis of relevant ESG factors has become a fundamental part of investment valuation for many investors. Providing clear ESG data allows analysts and investors to more accurately assess your company's value and risk profile. As ESG disclosure becomes standard practice internationally, companies that fail to report may be penalized with a higher cost of capital or exclusion from certain investor portfolios.

2. Profitability and Competitiveness

Drive financial performance: Incorporating ESG practices can help generate financial value by identifying opportunities for cost savings, revenue growth and risk mitigation. Over time, sustainable operations tend to improve a company's operational efficiency and resilience, positively impacting the bottom line.

Foster innovation and competitiveness: Engaging with ESG topics encourages a deeper understanding of stakeholder needs and emerging market trends, which can drive innovation and differentiation.

Companies leading in sustainability may develop new technologies, enter new markets and enhance their brand competitiveness.

Improve financial metrics: An increasing number of studies and market observations suggest that strong performance on ESG factors correlates with improved financial outcomes. Companies with robust sustainability programs often enjoy a lower cost of capital and higher credit ratings, as well as more stable earnings, while transparent ESG reporting can signal to lenders and insurers that the company is proactively managing risks, potentially leading to better financing terms.

3. Risk Management and Resilience

Identify and manage risks: Sustainability reporting forces a company to systematically evaluate how environmental and social issues translate into business risks and opportunities. By reporting on material ESG issues, companies address key risk factors in their disclosures, which in turn prompt stronger internal risk management and controls. This proactive approach helps mitigate the likelihood and impact of ESG-related incidents that could disrupt operations or damage reputation.

Anticipate regulatory requirements: Many governments and regulators are introducing new laws and listing rules around sustainability disclosure. By voluntarily reporting ESG information now, companies can stay ahead of regulatory compliance.

ESG reports address reporting requirements for financially material factors and help mitigate compliance risks related to emerging disclosure regulations. In other words, early adoption of ESG reporting prepares companies for future mandatory reporting and avoids last-minute scrambling when regulations take effect.

Enhance board oversight and strategic resilience:

The process of ESG reporting typically involves senior management and the board in reviewing sustainability issues. This enables management and the board of directors to scrutinize ESG opportunities and risks more closely and integrate them into the company's strategic planning.

With board-level oversight of ESG matters, companies tend to be more resilient in the face of long-term challenges like climate change, resource scarcity, or shifts in consumer preferences. ESG reporting thus supports robust governance and long-term strategic thinking.

4. Enhanced Reputation and Stakeholder Trust

Reputation and brand value: Consistently reporting on sustainability demonstrates transparency and accountability, which can significantly enhance your company's reputation. Stakeholders, including customers, business partners and local communities form more positive perceptions of a company that is open about its environmental and social impacts and efforts. By publicly setting targets and reporting progress, companies can show commitment to corporate responsibility, thereby strengthening their brand and goodwill.

Stakeholder engagement: ESG reports often include information on how companies engage with stakeholders (employees, community, suppliers, etc.) and respond to their concerns. By disclosing these efforts, stakeholders' perception of being heard and valued is improved, which can lead to increased customer loyalty, better community relations and a more supportive regulatory environment. In contrast, poor ESG transparency can erode trust and invite criticism or skepticism from stakeholders.

Talent attraction and retention: Younger professionals and employees increasingly prefer to work for organizations that align with their values and demonstrate social and environmental responsibility. By highlighting ESG initiatives and performance, companies can improve employee morale and appeal to talent that

wants to make a positive impact. A good sustainability record, communicated through reporting, helps attract new talent and retain existing employees who are proud to be associated with a responsible company, which translates to a more motivated workforce and potentially higher productivity.

5. Market Efficiency and Economic Development

Enable informed decisions: On a broader level, when all companies disclose ESG data, the market becomes more efficient. Investors, lenders, and other stakeholders are better equipped with consistent information to compare companies and allocate capital to those managing sustainability risks effectively, reducing information asymmetry in the market. Participating in this standardized reporting environment means sustainability performance will be fairly evaluated against peers, rewarding those who perform well.

Contribute to sustainable economic growth:

By reporting ESG metrics and targets, companies collectively help drive progress on national and global sustainability goals. Over time, this facilitates an economic system where success is measured in more than just financial terms, as companies are also judged on their contributions to societal well-being and environmental stewardship.

Transparent ESG reporting allows investors to measure a company's impact alongside its profits, which can incentivize businesses to operate more responsibly. In Kuwait, widespread ESG reporting will support the Kuwait vision 2035 by highlighting corporate contributions to economic diversification, human development and environmental sustainability, which can attract foreign investment into Kuwait's markets, knowing that companies are aligned with global norms.

Robust ESG disclosure is becoming integral to how companies demonstrate value and accountability as it fulfills the information needs of investors and regulators and serves as a tool for internal management improvement, stakeholder engagement and long-term value creation.

The United Nations Sustainable Development Goals

The Sustainable Development Goals (SDGs), also known as the Global Goals, were adopted by all UN member states in 2015 as a universal call to action to end poverty, protect the planet, and ensure all people enjoy peace and prosperity by 2030.

The 17 SDGs acknowledge that development must balance social, economic, and environmental sustainability. Through the pledge to “Leave No One Behind,” countries and companies have committed to fast-track progress for those furthest behind on global development issues (such as poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, and social justice). Achieving these goals requires the active contribution of the private sector alongside governments and civil society.

Kuwait is a signatory to the SDGs and has incorporated sustainable development into its national agenda.

Companies in Kuwait can play a pivotal role by aligning their business strategies and operations with relevant SDGs.

Listed companies are encouraged to use this guide as a starting point and, where appropriate, to go further by

using established international sustainability reporting frameworks. Each company should determine which SDGs and sustainability issues are most pertinent to its business (through a materiality assessment) and prioritize those in its strategy and reporting.

Every company, regardless of size, needs to reach these targets. By integrating SDG considerations, businesses can contribute to national and global development goals and benefit from new opportunities and an enhanced corporate reputation.

Companies may refer to frameworks like GRI, which map many disclosures to SDG targets, or integrated reporting to connect sustainability performance with financial outcomes. Embracing the SDGs can help companies demonstrate their broader impact on society and the environment, in addition to their financial results, providing stakeholders with a more holistic view of corporate performance.





International Sustainability Reporting Frameworks and Standards

As the importance of ESG has grown, various frameworks and standards to guide companies on what and how to report have emerged. Understanding these international initiatives enables companies choose a reporting approach that suits their needs and ensures that their disclosures meet global expectations.

Below is an overview of key sustainability reporting frameworks and standards that are relevant to issuers:

Global Reporting Initiative (GRI):

The GRI Standards are the world's most widely used standards for sustainability reporting, providing a comprehensive modular system of standards covering economic, environmental and social topics.

Companies reporting in accordance with GRI disclose information on topics using standardized GRI indicators and definitions. GRI emphasizes a multi-stakeholder approach and encourages transparency about companies' significant impacts on the environment and society, even if those impacts are not financially material. This approach reflects the principle of double materiality, meaning companies report both how sustainability topics affect their business and how their activities impact people and the environment.

The GRI Standards were most recently updated in 2021, introducing a new structure that consists of Universal Standards, Sector Standards and Topic Standards:

- **Universal Standards (GRI 1, 2, and 3 of 2021):** These apply to all organizations. GRI 1: Foundation 2021 outlines the reporting principles (accuracy, balance, verifiability) and the requirements for using the GRI Standards either "in accordance with" or "with reference to." GRI 2: General Disclosures 2021 covers disclosures about the organization's profile, governance, ethics, and stakeholder engagement. GRI 3: Material Topics 2021 guides companies in determining their material ESG topics and disclosing how these are managed.
- **Sector Standards:** GRI is developing sector-specific standards that highlight the likely material issues for particular industries. These standards help

companies focus on the topics that matter most in their sector.

If a Sector Standard exists for your industry, you are required to use it when reporting with GRI to ensure that you cover sector-relevant issues. GRI continues to release new Sector Standards annually, and companies should check GRI's website for the most up-to-date list.

- **Topic Standards:** These provide detailed disclosures and metrics for specific sustainability topics. Organizations select and report against the Topic Standards for the topics that are material to them.

Using GRI can greatly enhance the credibility and comparability of a company's sustainability report as it ensures companies systematically examine their significant impacts and follow globally recognized definitions. Many investors and stakeholders are familiar with GRI and using the GRI framework signals a company's commitment to high-quality, transparent disclosure.

Finally, GRI is collaborating with the International Sustainability Standards Board (ISSB) to align its impact-focused standards with the ISSB's investor-focused standards (IFRS S1 and IFRS S2). This interoperability will help companies report efficiently and consistently for both stakeholder and investor audiences.



Sustainability Accounting Standards Board (SASB):

The Sustainability Accounting Standards Board (SASB) Standards are a set of industry-specific sustainability accounting standards that focus on financially material ESG factors, sustainability-related risks and

opportunities reasonably likely to affect a company's financial condition or operating performance. The SASB Standards cover 77 industries and provide standardized metrics tailored to each industry.

In August 2022, the SASB Standards were consolidated into the IFRS Foundation under the stewardship of the International Sustainability Standards Board (ISSB), following the merger of the Value Reporting Foundation. The ISSB now maintains, enhances and evolves the SASB Standards as part of its global work plan, which includes amendments issued in June 2023 (to align climate-related metrics with IFRS S2) and in December 2023 (to improve international applicability of non-climate metrics). These updates became effective for reporting periods beginning on or after January 1, 2025, with early adoption permitted.

The SASB Standards play an important role within the IFRS Sustainability Disclosure Standards. Under IFRS S1, companies are required to refer to and consider the SASB Standards when identifying and disclosing industry-specific sustainability-related risks and opportunities, while many of the industry-based climate metrics are directly derived from SASB guidance under IFRS S2. This makes the SASB Standards a key tool for companies to align with the global baseline of investor-focused sustainability disclosure set by the ISSB.

Using SASB Standards helps companies communicate effectively with investors about how they manage key ESG risks and opportunities that are most relevant to their industry. For instance, a pharmaceutical company would report on drug safety and ethical marketing, while a technology company would report on data privacy and energy use in data centers.

By incorporating SASB metrics, companies enhance the financial relevance and comparability of their ESG disclosures, complementing broader frameworks like the GRI that focus on organizational impact and accountability to a wider stakeholder base.

TCFD Task Force on Climate-related Financial Disclosures (TCFD):

TCFD is an influential framework for climate-specific disclosure and was created by the Financial Stability Board to improve reporting of climate-related financial information. TCFD recommendations are structured around the four pillars of Governance, Strategy, Risk Management and Metrics and Targets, which mirror how companies should integrate climate considerations into their business. Companies following TCFD disclose how their board and management oversee climate risks, how climate change impacts their strategy and financial planning (including the use of scenario analysis), how they identify and manage climate-related risks, and what metrics and targets they use to measure performance.

The TCFD framework is voluntary, but it has been widely endorsed by investors and regulators worldwide. Notably, many jurisdictions such as the UK, EU, Japan, Singapore, Hong Kong, and others have moved to mandate TCFD-aligned disclosures in annual reports or sustainability reports for certain companies.

In developing its recommendations, TCFD considered both the physical risks of climate change and transition risks, as well as opportunities. A core element of TCFD is the use of scenario analysis. Companies are encouraged to assess how their business would perform under different climate scenarios to test the resilience of their strategy. Companies should also describe any climate transition plan, such as how they plan to adjust their business model to a low-carbon, climate-resilient future (including any commitments to reach net-zero emissions by a target date).

As of 2023, TCFD recommendations have effectively become part of new international standards: the ISSB's climate disclosure standard (IFRS S2) fully incorporates TCFD's pillars and recommendations. In fact, TCFD announced in 2023 that it was disbanding and handing over monitoring to the ISSB, marking a transition to a

International Sustainability Reporting Frameworks and Standards (Cont.)

global baseline for climate reporting under ISSB. Companies that report in line with IFRS S2 will automatically meet TCFD requirements, as IFRS S2 covers all TCFD elements and adds more detail. For companies new to climate disclosure, using TCFD as a starting framework is a good practice, as it is widely understood and can serve as a stepping stone toward eventually using ISSB standards.



United Nations Global Compact (UNGC):

The UN Global Compact is a voluntary initiative for companies to commit to implementing ten universal principles in the areas of human rights, labor, environment and anti-corruption. When a company joins the Global Compact, it pledges to uphold these principles and to report on progress via an annual Communication on Progress (COP).

While Global Compact is not a reporting framework with specific metrics, it provides a high-level commitment and a platform for companies to showcase their sustainability efforts.

Participating companies are expected to integrate the principles into their strategies and operations, such as ensuring no use of child labor (Principle 5), eliminating corruption and bribery (Principle 10) and supporting a precautionary approach to environmental challenges (Principle 7).

Reporting in alignment with the Global Compact typically involves describing actions taken and outcomes achieved related to each principle. Many companies use GRI or other frameworks to structure their COP reports. For listed companies, being a UNGC signatory can enhance credibility, as it signals dedication to internationally recognized ethical standards.

It's important to note that UNGC requires transparency, and failure to report progress can result in a company being delisted from the initiative.

The UNGC can complement ESG reporting by framing it around universal values and providing a public commitment that stakeholders can hold a company accountable to.



CDP is an international non-profit that runs a global environmental disclosure system. Each year, CDP invites companies and cities to report data on their environmental impacts through detailed questionnaires. The most well-known is the Climate Change questionnaire, but CDP also covers Water Security and Forests.

Companies report information such as their greenhouse gas emissions (Scope 1, 2, and often key categories of Scope 3), climate risks and opportunities, governance of climate issues and strategies for reducing emissions. CDP scores companies on their responses on a scale from A to D-, providing a benchmark of climate or environmental performance that investors closely watch.

Many institutional investors consider CDP scores when making decisions, and high scores can be seen as indicative of robust environmental management. Importantly, CDP's platform is aligned with TCFD as the questions map to TCFD's recommendations, and CDP has integrated new developments like climate transition plan disclosure into its questionnaires.

By responding to CDP, companies can both organize their internal data for ESG reporting and send a signal to the market about their commitment to transparency on climate and sustainability. While participating in CDP is voluntary, over 13,000 companies worldwide disclose through CDP as of 2023, making it a de facto standard for climate disclosure.

For Kuwaiti companies, starting with CDP climate disclosure could help prepare them for investor questions and future requirements around climate risk.

Additionally, CDP provides guidance and scores that companies can use to identify gaps in their climate governance or strategy. In summary, CDP acts as a tool for measuring and sharing environmental performance in a standardized way, with broad acceptance by the investor community.



Integrated Reporting (<IR> Framework):

Integrated reporting aims to break down silos between financial and non-financial (ESG) reporting by producing an integrated report that shows how an organization's strategy, governance, performance, and prospects create value over the short, medium, and long term. The International <IR> Framework, initially developed by the International Integrated Reporting Council (IIRC), centers on the concept of multiple capitals (financial, manufactured, intellectual, human, social and relationship and natural) that a company uses and affects.

An integrated report explains how the company's business model interacts with these capitals to create value. Rather than a list of detailed metrics, <IR> is principles-based and focuses on the connectivity of information, linking sustainability performance to financial outcomes and strategy. Many companies use integrated reporting to demonstrate to investors that sustainability is embedded in their overall corporate strategy and risk management, rather than treating ESG as a separate issue.

Since a truly integrated report often includes material ESG information alongside financial results, it may leverage metrics from frameworks like GRI or SASB for specifics but presents them in a cohesive narrative. In recent developments, the IIRC merged into what is now the Value Reporting Foundation, which also houses SASB. In 2022, the Value Reporting Foundation (including <IR> and SASB) merged into the IFRS Foundation. The concepts of integrated reporting are now carried forward under the IFRS Foundation's work and the ISSB has a stated aim for integrated disclosures, while the <IR> principles of connectivity and stakeholder relationships are expected to influence how companies implement the ISSB standards.

In practical terms, even if a company does not publish a full integrated report, applying <IR> thinking can improve the quality of sustainability communication, encouraging companies to discuss not just what their ESG performance is, but how sustainability considerations are influencing corporate strategy, governance oversight, risk management and value creation over time.

International Sustainability Reporting Frameworks and Standards (Cont.)



The International Sustainability Standards Board (ISSB) was established by the IFRS Foundation in 2021 to develop a global baseline for sustainability-related financial disclosures, analogous to how the International Accounting Standards Board (IASB) sets accounting standards.

In June 2023, the ISSB issued its first two standards: IFRS S1, General Requirements for Disclosure of Sustainability-related Financial Information, and IFRS S2, Climate-related Disclosures. These standards are designed for use by companies when preparing disclosures for investors and other providers of capital, focusing on sustainability risks and opportunities that could reasonably affect a company's cash flow, access to financing or cost of capital from a financial materiality perspective.

IFRS S1 is a principles-based standard that requires companies to identify and disclose all material sustainability-related risks and opportunities necessary to provide a complete picture of their impact on enterprise value. It draws on and requires consideration of industry-based guidance, such as the SASB Standards, and aligns with earlier frameworks like the Task Force on Climate-related Financial Disclosures (TCFD).

IFRS S2 is a topic-specific standard focused on climate-related disclosures, fully embedding the TCFD's four-pillar framework and including detailed requirements for disclosing Scope 1, Scope 2, and (where material) Scope 3 greenhouse gas emissions, climate targets, transition plans, scenario analysis and relevant industry-based metrics.

The ISSB issued clarifications and minor amendments in 2024 to support implementation, and both IFRS S1 and S2 are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted.

Together, IFRS S1 and S2 form the foundation of the global sustainability disclosure architecture, providing a consistent baseline for investor-focused ESG reporting.

Many jurisdictions, including the UK, Singapore, Canada, Japan, and others, have announced plans to adopt or align with the ISSB standards over the next few years.

While not yet mandated in Kuwait, the ISSB standards represent emerging international best practice. Early alignment with IFRS S1 and S2 will help Kuwaiti companies future-proof their disclosures and enhance comparability with global peers.

The establishment of the ISSB also marks the consolidation of earlier frameworks such as SASB and TCFD into a single coherent structure. This streamlines the sustainability reporting landscape and enables companies to apply a globally recognized set of principles and metrics.

For companies seeking to serve both investors and broader stakeholders, the ISSB standards can be used alongside other frameworks, such as GRI, which focus on impact and double materiality without unnecessary duplication. Boursa Kuwait will continue monitoring ISSB developments and consider their integration into future editions of this guide.

IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out the overall framework for reporting sustainability-related risks and opportunities that could affect a company's financial position, performance, or cash flows. It requires companies to disclose information that is material to investors and provides a foundation for consistent and comparable sustainability reporting.

Key elements of IFRS S1 include:

- **Governance:** Oversight by the Board and management of sustainability-related risks and opportunities.
- **Strategy:** How sustainability issues affect the company's business model, strategy, and long-term resilience.

- **Risk Management:** Processes used to identify, assess, and manage sustainability-related risks, and how these are integrated into overall risk management.
- **Metrics and Targets:** The metrics used to monitor performance and progress, including any targets set and results achieved.

IFRS S1 also requires companies to consider industry-specific disclosures, drawing on the SASB Standards, to ensure that reporting reflects sector-relevant sustainability factors.

IFRS S2: Climate-related Disclosures

IFRS S2 provides detailed requirements for reporting climate-related risks and opportunities. It fully incorporates and builds on the Task Force on Climate-related Financial Disclosures (TCFD) framework, ensuring alignment with global investor expectations. Key elements of IFRS S2 include:

- **Governance:** Board and management oversight of climate-related issues.
- **Strategy:** Identification of climate-related risks (physical and transition), opportunities, time horizons, and impacts on the business model.

- **Risk Management:** How climate risks are identified, prioritized, and integrated into enterprise risk management processes.

- **Metrics and Targets:**

- Disclosure of Scope 1, Scope 2 (location- and market-based), and Scope 3 greenhouse gas emissions, in line with the GHG Protocol.

- Use of climate-related metrics such as energy consumption, intensity ratios, and financial impacts.

- Disclosure of climate-related targets, such as decarbonization or net-zero commitments, and progress against them.

- Explanation of methodologies, assumptions, and any reliance on carbon credits.

Companies are also required to conduct climate scenario analysis to assess the resilience of their business strategy under different climate pathways, including at least one scenario based on internationally recognized climate science.



Guidance on Preparing a Sustainability Report

When preparing a sustainability (ESG) report, companies should ensure that the information is clear, accurate and covers the issues of environmental, social and economic impact for the reporting period.

Below are key considerations and steps, based on Article 12-17- of Module Twelve of the CMA Executive Bylaws (in compliance with Law No. 7 of 2010), which companies shall take into account in their reporting process:

- **Use of Reporting Standards:** Sustainability reports should be prepared in accordance with one or more internationally recognized sustainability reporting standards or frameworks. In practice, this means a company should state which frameworks it has used, and then structure the report to meet those standards' requirements. Using established frameworks ensures completeness and credibility and allows stakeholders to compare the company's disclosures against global best practices.
- **Report Scope and Boundaries:** Companies should clearly describe the scope of the report and the basis for defining that scope. This involves stating which entities, business units, or operations are covered by the sustainability report (does it cover the parent company only, domestic operations only, or all subsidiaries and joint ventures?).

It also means explaining the reporting period and whether the report is a standalone sustainability report or part of an annual report. If certain operations or joint ventures are omitted, those should be noted along with the reason. Defining the report boundaries is important so readers understand what is included in the ESG data presented.

- **Materiality Assessment:** Determine the company's most important ESG topics, or the environmental, social and economic issues that have the greatest impact on the business and/or are of highest concern to stakeholders. It is best practice to engage internal and external stakeholders in the materiality assessment process (through surveys, meetings, or dialogues) to identify and prioritize these topics.

In the sustainability report, companies should describe what the top material issues are and how they conducted the assessment (the methodology), which might include outlining the criteria for materiality, which stakeholder groups were consulted and how the final list of material topics was approved by management or the board.

The materiality assessment ensures the report focuses on the issues that truly matter to the company's performance and the decisions of its stakeholders. When conducting this analysis, companies should ideally consider both financial materiality (topics that influence enterprise value) and impact materiality (topics where the company has a significant impact on society or the environment), reflecting the concept of double materiality discussed earlier.

By doing so, the company can capture a full picture of sustainability issues, those that affect the business and those where the business affects the world. For transparency, it can be helpful to include a materiality matrix or a prioritized list of topics in the report.

- **Management Approach and Governance:** For each material sustainability topic identified, describe how the company is managing that issue. This includes any policies, strategies, targets, and programs in place related to the topic, as well as which part of the organization is responsible for overseeing progress. Explain the procedures or initiatives the company takes in dealing with the topic.

For example, if "climate change" is a material issue, the report should discuss the company's climate strategy, emissions reduction targets, efforts to improve energy efficiency, etc. If "employee development" is material, the report would cover training programs, career development plans, etc.

Companies may also disclose any key performance indicators (KPIs) they track internally for those topics. It's encouraged to include quantitative results (e.g., actual emission numbers, employee turnover rates) and qualitative explanations (narratives of initiatives) for each material issue.

Governance and oversight should be part of this description, and companies may clarify whether the Board of Directors or a board committee supervises each sustainability area, and if sustainability performance is integrated into management evaluation. Leading practice is to have board-level oversight of ESG matters (for instance, an Audit & Risk Committee overseeing climate risks, or a dedicated Sustainability Committee). Clear governance disclosure demonstrates accountability.

Note: Companies may seek external assurance on sustainability reports or specific metrics to enhance credibility. If an independent assurance provider (such as a third-party audit firm or consultant) was engaged to verify some of the ESG data or systems, companies should include the assurance statement or report within their sustainability report (or at least a summary of the scope of assurance and conclusion). External assurance, even if not mandatory, is viewed positively by investors as it adds reliability to the disclosed information.

By following the above points, companies ensure their sustainability report covers all the foundational elements: adherence to standards, defined scope, focus on what matters most, and explanation of how those matters are managed and governed. These steps align with regulatory expectations in Kuwait and international reporting principles.

In addition to the fundamentals above, emerging best practices in sustainability reporting are worth considering as companies strive to meet global investor expectations:

- **Climate Scenario Analysis:** Companies are encouraged to perform climate scenario analysis and disclose the results. This means evaluating how the business might be affected under different climate futures. Scenario analysis helps test the resilience of the company's strategy and identify potential risks and opportunities under each scenario such as regulatory changes, physical climate impacts and market shifts.

Disclosing this analysis demonstrates to investors how the company might fare under various climate conditions. Even if the company is not in a traditionally "climate-sensitive" sector, scenario analysis can be a useful strategic tool, and many leading companies include a qualitative or quantitative discussion of climate scenarios in their reports aligned with TCFD recommendations. Indeed, some regulatory regimes are making this a requirement for large companies. While this is not yet mandatory in Kuwait, it will prepare companies for future expectations.

- **Climate Transition Plans:** Hand-in-hand with scenario analysis, companies should consider developing a climate transition plan, outlining how the company intends to adapt its business model to align with a low-carbon, sustainable economy over time. This could include emissions reduction targets (e.g. science-based targets), plans to invest in renewable energy or clean technology, R&D for sustainable products, and timelines for phasing out high-carbon assets or practices.

If Kuwait's national goal is carbon neutrality by 2060, companies can indicate how they contribute to that goal, whether by aiming for net-zero emissions by 2050 or earlier for their own operations. Disclosures around transition planning might cover interim milestones (like 2030 targets), the role of carbon offsets, and how the company is integrating climate considerations into financial planning (capital expenditure, acquisitions, etc.).

Globally, investors and coalitions such as the Glasgow Financial Alliance for Net Zero (GFANZ) have set expectations that companies will publish credible transition plans, and the ISSB's climate standard (IFRS S2) includes requirements to disclose such plans. By articulating a transition plan, companies show that they are not passively waiting for climate risks to materialize but actively preparing for and contributing to a net-zero future.

Guidance on Preparing a Sustainability Report (Cont.)

- **Scope 3 and Supply Chain Engagement:**
Environmental impacts often extend beyond a company's direct operations. Scope 1 emissions are direct emissions from owned sources, Scope 2 are indirect emissions from purchased electricity/energy, and Scope 3 are all other indirect emissions in a company's value chain (including both upstream suppliers and downstream product use).

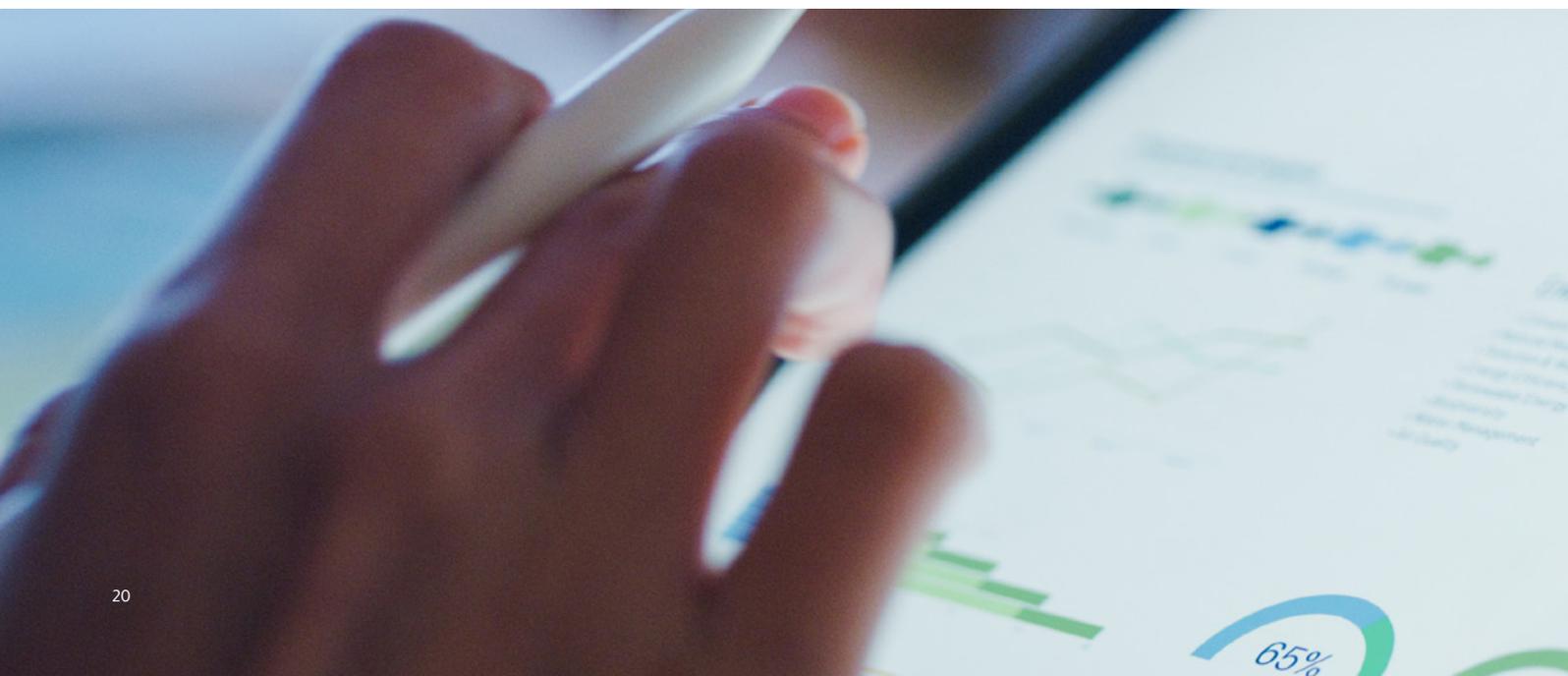
For many businesses, Scope 3 emissions, such as those from suppliers, logistics, product end-use, or business travel, constitute the largest portion of their carbon footprint. Similarly, supply chains can be a source of social risks and environmental impacts. Companies are advised to gradually extend their sustainability monitoring and reporting to cover these supply chain aspects, which might involve engaging suppliers to gather data, setting supplier standards or codes of conduct (as reflected in the metrics on supplier code of conduct and human rights) and including major Scope 3 categories in emissions reporting.

Investors are increasingly scrutinizing Scope 3 emissions as part of evaluating climate risk, from the financed emissions for banks or the product use-phase emissions for oil companies. While calculating

Scope 3 can be challenging, companies can start by estimating the most significant categories and disclosing qualitatively where data gaps exist.

Engaging in programs like CDP Supply Chain or industry collaborations can help with data collection. By being transparent about supply chain impacts and working with suppliers on improvements, companies reduce risk and find efficiencies and innovation opportunities. Over time, expectations are that supply-chain sustainability information will become a standard part of ESG reporting, especially as frameworks like the EU CSRD explicitly require it. Therefore, Kuwaiti companies should view their ESG boundary expansively, covering the company itself as well as its broader ecosystem of partners.

- **Board and Executive Accountability for ESG:**
A strong message from investors and international governance is that ultimate responsibility for ESG rests with the board of directors. Companies should ensure that there is clear oversight of sustainability at the top, whether through a dedicated board committee or regular board agenda items on ESG performance.



In the report, companies may report how the board is involved. It's also recommended to tie executive remuneration or incentives to sustainability performance where feasible. Globally, some stock exchanges moved to formalize these links as some regulators require boards to report on how they oversee climate risks, and some jurisdictions require a statement from directors on ESG matters.

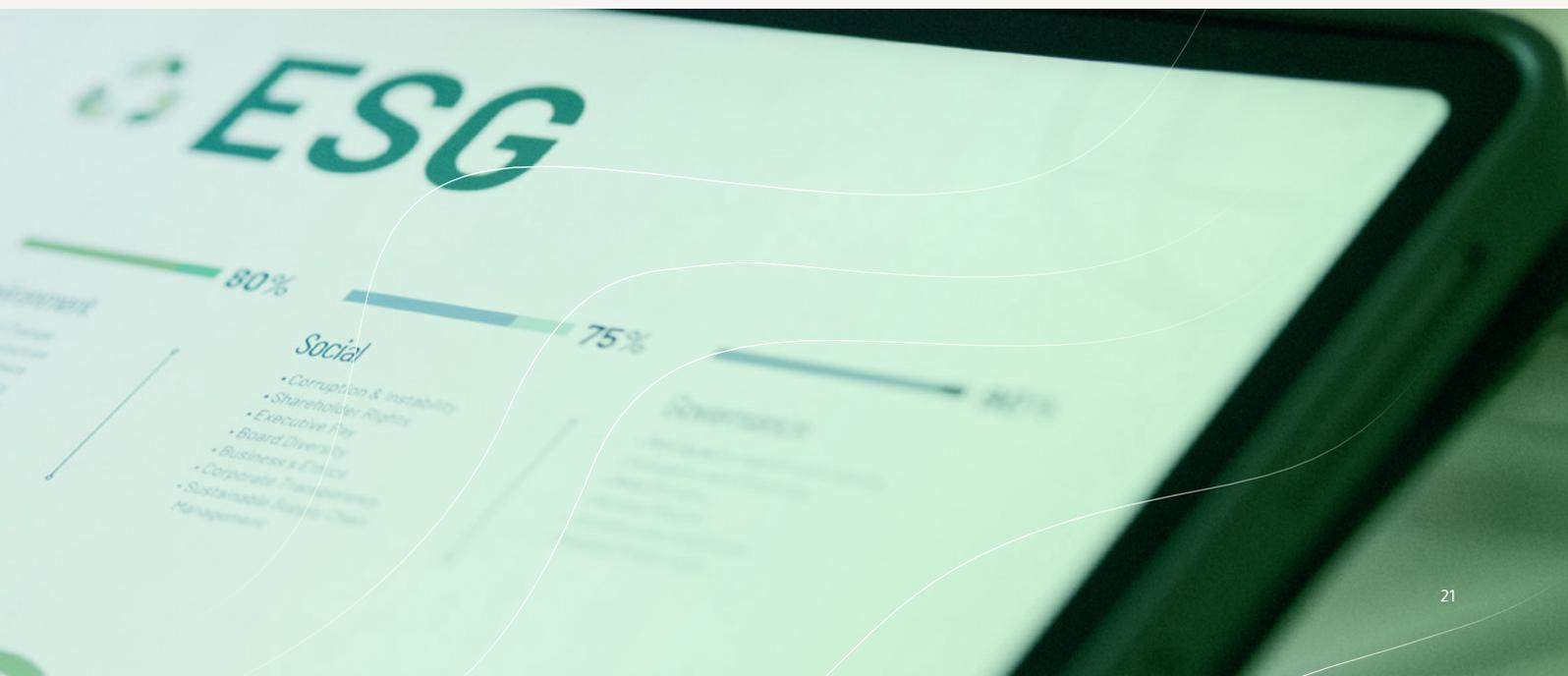
Embedding ESG into governance structures will improve the effective implementation of sustainability strategies. Companies might also assign management-level committees or working groups to coordinate ESG efforts internally and appoint a Chief Sustainability Officer or similar role.

By disclosing these governance arrangements, the company provides confidence that ESG is taken seriously and managed rigorously, rather than being a peripheral issue. Strong governance oversight also reduces the chances of "greenwashing" and ensures ESG claims are backed by action.

- **Data Quality, Assurance and Digital Reporting:**

The credibility of ESG disclosures is paramount. Companies should put in place processes to ensure the data reported is accurate, consistent, and verifiable. Where possible, use internationally accepted measurement protocols. Internally, data collection may involve new systems or expanding the scope of financial systems to capture ESG metrics.

Many companies choose to have certain key metrics (especially environmental data like GHG emissions or water usage) externally assured by independent auditors or specialized firms. While external assurance is currently voluntary for ESG in Kuwait, it is becoming a common practice globally and is even required in some jurisdictions for certain metrics. Companies should evaluate the benefit of limited or reasonable assurance engagements to boost stakeholder trust in the report.



Recommended Sustainability Metrics

As a starting point for disclosure, this ESG Reporting Guide recommends an initial set of sustainability metrics (indicators) that companies may report. These indicators are designed to be generally relevant across all industries.

The table below outlines key Environmental, Social, and Governance (ESG) metrics for the ESG Reporting Guide, which align with the international sustainability standards and reflect local expectations under the regulatory framework. The metrics highlighted are material to investors and practical for Kuwaiti companies, given Kuwait's sector composition and national priorities.

How to use these metrics: Each metric below includes a basic definition or formula and an associated international standard for reference. Companies may use these metrics as guidelines for reporting, ensuring they employ standard calculation methods (for example, using the Greenhouse Gas Protocol for emissions calculations, standard HR definitions for turnover, etc.).

It is beneficial to provide context for the numbers, whether it is commentary on whether an indicator improved or declined versus previous years, and why. Where possible, companies may set internal targets for these metrics and report progress against those targets.

The metrics can be reported annually (or more frequently if desired) in sustainability reports or other disclosures. Assurance of these metrics by a third party, while not required, is recommended, especially for data that is critical or prone to estimation uncertainty (such as greenhouse gas emissions or injury rates).

Additionally, as noted, providing data in a structured format can enhance transparency. These metrics can be used as a starting point as companies are free to include additional indicators that are material to their business or sector. For example, a bank might add metrics on green financing, while an oil and gas company might disclose metrics on flaring or spill volume, even though those are not in this generic list.

If certain recommended metrics are not applicable, the company can omit them with a brief explanation. The ultimate goal is to encourage disclosure that is meaningful, comparable, and aligned with international norms without overburdening companies with irrelevant data

Environmental Metrics:

Environmental metrics assess the company's impact on the natural environment and its approach to managing climate and resource-related risks. They cover areas such as greenhouse gas emissions and energy (which indicate the company's carbon footprint and energy efficiency), water usage, and the presence of environmental policies and oversight.

These metrics help stakeholders evaluate how well the company is controlling its environmental impact, transitioning towards lower carbon operations, and safeguarding natural resources.

Metric	Description	Disclosure Guidance	Aligned Standard (IFRS / GRI)	Relevant SDGs	Kuwait Context & Relevance
Greenhouse Gas (GHG) Emissions (Scope 1 & 2)	Total direct (Scope 1) and energy-indirect (Scope 2) GHG emissions, in tonnes of CO ₂ equivalent. A core climate metric indicating the company's carbon footprint.	Recommended for all companies to report under climate reporting (IFRS S2 mandates Scope 1 and 2 emissions).	IFRS S2 (Climate) GRI 305: Emissions	SDG 13 - Climate Action, SDG 7 - Affordable & Clean Energy	Highly material due to Kuwait's carbon-intensive economy (oil & gas sector). Tracking emissions aligns with Kuwait's 2060 net-zero pledge and investor demands to gauge climate risk. Shows efficiency of operations and preparedness for carbon regulations.
GHG Emissions - Scope 3	Total indirect GHG emissions from the value chain (Scope 3), if significant (e.g. supply chain, product use). Indicates broader climate impact beyond operations.	Yes (if material). Recommended for large companies or those with significant value-chain emissions. IFRS S2 requires Scope 3 disclosure if it's a significant category 2.	IFRS S2 (Climate) GRI 305: Emissions	SDG 13 - Climate Action, SDG 12 - Responsible Consumption & Production	Relevant for high-impact sectors - e.g. petrochemicals, aviation, logistics - common in the region. Addresses full carbon impact, which is increasingly scrutinized by global investors. Encourages companies to engage suppliers on emission reductions.
Emissions Intensity	GHG emissions intensity, e.g., tonnes CO ₂ per output unit (product, revenue, or BOE for oil/gas). Normalizes emissions relative to business size or activity.	Recommended for comparability, especially in high-emitting industries. Implicit in IFRS S2's "metrics & targets" - companies should report intensity to track efficiency and progress toward climate targets	IFRS S2 (Metrics & Targets) GRI 305-4: GHG Intensity	SDG 9 - Industry, Innovation & Infrastructure, SDG 13 - Climate Action	Important for benchmarking - helps investors compare carbon efficiency across companies and over time. In Kuwait's industrial and energy sectors, improving intensity (e.g. CO ₂ per barrel) signals technology and efficiency gains, aligning with national sustainability goals.
Energy Consumption	Total energy used: direct energy (fuels) and indirect energy (electricity/steam) consumed (in MWh or GJ). Indicates the company's overall energy footprint.	Yes. Material to climate disclosure - energy use drives emissions. Recommended for all, as it links to cost and emissions. (IFRS S1 requires material resource use disclosure).	IFRS S1 (General) GRI 302: Energy	SDG 7 - Affordable & Clean Energy, SDG 12 - Responsible Consumption & Production, SDG 13 - Climate Action	Highly applicable given Kuwait's high per-capita energy use and subsidized energy context. Help companies identify efficiency opportunities.

Recommended Sustainability Metrics (Cont.)

Metric	Description	Disclosure Guidance	Aligned Standard (IFRS / GRI)	Relevant SDGs	Kuwait Context & Relevance
Energy Intensity	Energy intensity, e.g. energy consumed per unit output or per revenue. Measures energy efficiency of operations.	Recommended for sectors with significant energy costs (industry, utilities). Falls under IFRS S1's general metrics to disclose if energy efficiency is a key driver of performance. Often reported alongside GHG intensity.	IFRS S1 (General) GRI 302-3: Energy Intensity	SDG 7 - Affordable & Clean Energy, SDG 9 - Industry, Innovation & Infrastructure, SDG 13 - Climate Action	Relevant for Kuwait's industries to demonstrate operational efficiency. Energy productivity is tied to cost savings and climate strategy. Investors reward lower energy per output, especially as Kuwait moves to reduce wasteful consumption.
Energy Mix (Renewables %)	The breakdown of energy sources used (e.g. % from renewable sources vs. fossil fuels). Shows transition to cleaner energy.	Yes (if applicable). Under IFRS S2, companies with climate risks should disclose use of renewable energy and transitions in their energy mix as part of strategy.	IFRS S2 (Climate) GRI 302-1: Energy Consumption by source	SDG 7 - Affordable & Clean Energy, SDG 13 - Climate Action	Strategic for Kuwait. The government targets 15% renewables in electricity by 2030. Reporting energy mix demonstrates support of national goals (e.g. solar projects) and resilience to future energy price or carbon-cost changes.
Water Usage	Total water withdrawn/consumed and water recycled or reclaimed (in cubic meters). Reflects the company's water footprint and conservation efforts.	Yes (if material). IFRS S1 expects disclosure of significant resource usage like water.	GRI 303: Water and Effluents	SDG 6 - Clean Water & Sanitation, SDG 12 - Responsible Consumption & Production, SDG 13 - Climate Action	Critically important in Kuwait's arid climate. Kuwait faces extreme water scarcity (>90% of water is supplied by desalination). Measuring water use and recycling is key for utilities and industrial firms (desalination, petrochemicals) to ensure sustainable operations and support national water security efforts.
Environmental Policy & Management	Existence of formal environmental management policies and systems. For example: Does the company have an environmental policy? Are there specific policies on waste, water, energy, recycling? Is an energy management system (e.g. ISO 50001) in use? (Yes/No for each).	Good practice for all companies to implement and report basic environmental policies.	IFRS S1 (General) GRI 2 (General Disclosures); GRI 306: Waste 2020 (policy)	SDG 12 - Responsible Consumption & Production, SDG 13 - Climate Action, SDG 15 - Life on Land	Locally relevant as Kuwait's regulators and stakeholders expect companies to control pollution and resource use. Having formal policies signals proactive management of environmental impact. Many Kuwaiti firms (especially industrial and oil sector) are obtaining ISO certifications; disclosure builds trust with investors and regulators.

Metric	Description	Disclosure Guidance	Aligned Standard (IFRS / GRI)	Relevant SDGs	Kuwait Context & Relevance
Climate Governance and Risk Mitigation	Whether the Board or executive management explicitly oversees climate-related risks and opportunities (Yes/No). Indicates if climate change is integrated into governance structures.	Yes - IFRS S2 and TCFD frameworks require governance disclosure of climate oversight at the board level.	IFRS S2 (Governance) GRI 2-13: Governance mechanism for climate	SDG 13 - Climate Action, SDG 16 - Peace, Justice & Strong Institutions	High investor focus. Ensures accountability for climate action at the top. In Kuwait, major companies (e.g. in energy, finance) are increasingly expected to have board-level ESG or HSE committees. This aligns with global best practice and shows readiness to navigate climate transition risks in Kuwait's petroleum-centric economy.
Climate Risk Mitigation Investments	Annual investment (CAPEX or R&D spend) in climate change mitigation or adaptation projects - e.g. renewable energy, energy efficiency, climate-resilient infrastructure, low-carbon product development (in KD).	Recommended for companies in carbon-intensive sectors or those pursuing green innovation. S2 requires disclosure of resources deployed to address climate risks/opportunities (e.g. "amount of capital expenditure or investment directed toward climate-related opportunities").	IFRS S2 (Strategy & Metrics)	SDG 7 - Affordable & Clean Energy, SDG 9 - Industry, Innovation & Infrastructure, SDG 13 - Climate Action	Strategic for diversification. In Kuwait's context, this shows how companies contribute to the national transition (e.g. investing in solar power, cleaner production). It is particularly relevant for energy companies signaling a shift towards sustainability, and for financial institutions financing green projects. Investors view such investment as preparedness for a low-carbon future in a post-oil economy.

Recommended Sustainability Metrics (Cont.)

Social Metrics:

Social metrics evaluate how a company manages its relationships with employees, customers, suppliers, and the communities in which it operates. These indicators reflect internal social performance (like diversity, employee treatment, health & safety) as well as aspects of social responsibility (like labor standards across the supply chain and contribution to local employment). The rationale is that strong social performance can lead to higher productivity, better reputation, and lower risk of labor disputes or scandals, while also contributing positively to society.

Metric	Description	Disclosure Guidance	Aligned Standard (IFRS / GRI)	Relevant SDGs	Kuwait Context & Relevance
Employee Turnover	Annual employee turnover rate - e.g. percentage of workforce leaving the company over the year, typically broken out by employee type: S2.1 Full-time, S2.2 Part-time, S2.3 Contractors. Indicates retention and stability of the workforce.	Yes (if material). Under IFRS S1, workforce retention is a material social factor for many industries (e.g. high turnover can signal operational risk or cost).	IFRS S1 (General - human capital) GRI 401-1: Employment (turnover)	SDG 8 - Decent Work & Economic Growth	Key for Kuwait's talent management. Many Kuwaiti companies rely on skilled expatriates whose turnover can disrupt operations. High turnover may also indicate low employee satisfaction. Investors monitor this as a risk (especially in competitive sectors like banking or where knowledge retention is critical). It ties into Kuwait's "Human Capital" development goals by highlighting job stability.
Gender Diversity (Workforce Composition)	Gender breakdown of employees at different levels: e.g. S3.1 % of total workforce that is female vs male; S3.2 % of entry/mid-level positions held by women; S3.3 % of senior/executive positions held by women. Shows representation of women across the organization.	Recommended. (IFRS S1 emphasizes diversity as part of human capital disclosures if important for value creation).	IFRS S1 (General) GRI 405-1: Diversity of Governance & Employees	SDG 5 - Gender Equality, SDG 10 - Reduced Inequalities	Highly relevant socially. Kuwait has one of the highest rates of female citizen workforce participation in the GCC, and women occupy many public sector roles. However, in listed companies, female representation in senior roles remains limited. Reporting this metric identifies gaps and progress in empowering women (a focus area in Kuwait's development agenda). It also appeals to international investors focused on DEI (Diversity, Equity, Inclusion).
Training and Learning	Average training hours per employee (by gender and employee category). 2) Total investment in training and development. 3) Percentage of employees receiving regular performance and career development reviews. 4) Qualitative summary of key programs	Indicates the company's efforts to enhance employee skills, competencies, and professional development through structured training and learning programs. It reflects the company's commitment to building a capable and future-ready workforce that can adapt to changing market, regulatory, and sustainability requirements.	GRI 404-1 / 404-2: Training hours per employee; programs for upgrading skills and transition assistance.	Gender Equality	goals to enhance human capital and competitiveness. Listed companies are encouraged to invest in continuous learning and ESG awareness to ensure workforce resilience, talent retention, and alignment with evolving international reporting standards.

Metric	Description	Disclosure Guidance	Aligned Standard (IFRS / GRI)	Relevant SDGs	Kuwait Context & Relevance
Temporary & Contract Workers	Proportion of workforce on non-permanent contracts: S4.1 % of total employees who are part-time; S4.2 % who are contractors/seasonal. Indicates reliance on contingent labor.	Recommended especially for sectors like construction and oil services, where contracting is common. IFRS S1 requires companies to describe workforce structure if significant (e.g. heavy use of contractors affecting business model).	IFRS S1 (General) GRI 2-8: Workers who are not employees; GRI 401-1	SDG 8 - Decent Work & Economic Growth, SDG 10 - Reduced Inequalities	Relevant in Kuwait's labor market. Many private companies out-source or hire expatriates on contract due to project-based work and labor laws. High reliance on contractors can pose legal and continuity risks. This metric ties to Kuwait's labor policies as well - excessive temporary hiring might bypass Kuwaitization quotas, so transparency is encouraged.
Non-Discrimination Policy	Whether the company has a formal policy against discrimination and sexual harassment (Yes/No). Reflects commitment to equal opportunity and a safe workplace.	Disclose such policies (part of social safeguards under IFRS S1).	IFRS S1 (General - social) GRI 406: Non-Discrimination	SDG 5 - Gender Equality, SDG 8 - Decent Work & Economic Growth, SDG 10 - Reduced Inequalities, SDG 16 - Peace, Justice & Strong Institutions	Locally important as Kuwait's labor law and societal norms prohibit workplace discrimination. A formal policy demonstrates compliance and an ethical culture. With a diverse expatriate workforce in Kuwait, companies need clear anti-discrimination measures to prevent issues of racial, gender, or ethnic bias. Investors view this as essential for workforce stability and brand reputation.
Injury Rate (Health & Safety)	Work-related injury rate, e.g. Lost Time Injury Frequency Rate (LTIFR) - number of injuries per million hours worked (or similar). Indicates workforce health & safety performance.	Yes (if material). Under IFRS S1, occupational health & safety is material for many industries (especially where any safety risk exists), due to its financial and operational impact.	IFRS S1 (General - human capital) GRI 403-9: Occupational Health & Safety (injuries)	SDG 3 - Good Health & Well-being, SDG 8 - Decent Work & Economic Growth	Critical in Kuwait's key industries. Sectors like oil & gas, petrochemicals, construction and logistics (prominent on Bursa) have inherent safety risks. Kuwait's regulators (e.g. KPC for oil sector) emphasize HSE excellence. Investors and stakeholders closely watch H&S metrics as indicators of management quality and risk control. Low injury rates align with Kuwait's "High Quality Healthcare" and worker welfare goals.

Recommended Sustainability Metrics (Cont.)

Metric	Description	Disclosure Guidance	Aligned Standard (IFRS / GRI)	Relevant SDGs	Kuwait Context & Relevance
Occupational Health & Safety Policy	Whether the company has a formal occupational health and/or global safety policy in place (Yes/No). Shows if the company systematically manages employee health and safety.	Yes. Recommended as baseline disclosure in any sector with safety risks (IFRS S1 governance of social risks).	IFRS S1 (General) GRI 403-1: Occupational H&S Management System	SDG 3 - Good Health & Well-being, SDG 8 - Decent Work & Economic Growth	Standard expectation in Kuwait's industrial sectors. Having an H&S policy (often aligned with OHSAS 18001/ISO 45001 standards) is often mandated by regulators or clients, especially in oil & gas contracting. It demonstrates a commitment to worker welfare and is linked to lower accident rates and insurance costs.
Human Rights Policy	Whether the company has a formal human rights policy (Yes/No) and if it extends to suppliers/vendors (Yes/No). Broadly covers commitments to respect human rights (fair labor practices, community impact, etc.).	Disclose human rights policy where applicable (IFRS S1 requires reporting on management of material social impacts).	IFRS S1 (General - social) GRI 412: Human Rights Assessment	SDG 8 - Decent Work & Economic Growth, SDG 10 - Reduced Inequalities, SDG 16 - Peace, Justice & Strong Institutions	Kuwait is a signatory to UN human rights conventions. Companies, especially those with international operations or supply chains, face scrutiny on issues like migrant worker conditions, equality, and community impact. Having a human rights policy aligned with the UN Guiding Principles signals corporate responsibility - important for attracting foreign investment and maintaining export market access.
Nationalization (Kuwaitization)	Percentage of the company's workforce that are Kuwaiti nationals, and qualitative info on local hiring initiatives. E.g. S10.1 % of total employees who are Kuwaiti. S10.2 Contribution to direct and indirect local job creation (e.g. via training, outsourcing to local firms).	Yes. This is a crucial metric as per local expectations.	GRI 202-2: Proportion of senior management hired from local community (extended to all staff here)	SDG 4 - Quality Education, SDG 8 - Decent Work & Economic Growth, SDG 10 - Reduced Inequalities	Uniquely vital in Kuwait. The government mandates sector-specific Kuwaitization quotas (with fines for non-compliance) to boost local employment. Investors and regulators view a high nationalization rate as positive - it indicates alignment with government policy, reduced visa/labor change risks, and development of local talent (a pillar of "Creative Human Capital" in Vision 2035). Companies disclosing this show their role in the national economy and social stability.
Community Investment	Total investment in community programs and initiatives that contribute to social, environmental, or economic development, expressed as a percentage of company revenues.	Report total monetary and in-kind contributions (KWD), % of pre-tax profit, and key impact areas.	GRI 413-1: IFRS S1 (social capital impacts)	SDG 1 (No Poverty), SDG 4 (Quality Education), SDG 11 (Sustainable Cities & Communities), SDG 17 (Partnerships for the Goals)	Reinforces private sector contribution to Kuwait Vision 2035's, emphasizing social responsibility and long-term value creation through local partnerships and social impact.

Governance Metrics :

Governance metrics pertain to the structures, policies, and practices that determine how a company is directed and controlled. Good corporate governance ensures that the company is run ethically, transparently, and in the best interests of shareholders and stakeholders.

The metrics below cover board composition and independence, executive incentives for sustainability, respect for stakeholder rights, supply chain governance, ethical conduct, data protection, transparency in sustainability reporting, and assurance. Strong performance in these metrics indicates robust oversight and accountability mechanisms, which underpin effective management of environmental and social issues as well.

Metric	Description	Disclosure Guidance	Aligned Standard (IFRS / GRI)	Relevant SDGs	Kuwait Context & Relevance
Board Diversity	Gender composition of the Board of Directors: e.g.:% of board seats occupied by women vs men; % of board committee chairs held by women vs men. Indicates gender diversity at the highest governance level.	Yes (if applicable). While not explicitly mandated by CMA, IFRS S1 encourages disclosure of diversity as a governance factor.	IFRS S1 (General - governance) GRI 405: Diversity & Equal Opportunity	SDG 5 - Gender Equality, SDG 10 - Reduced Inequalities, SDG 16 - Peace, Justice & Strong Institutions	Growing focus in Kuwait. There is currently no quota for women on boards in Kuwait 15, and female board representation remains low. However, stakeholders are pushing for more diversity. Reporting this metric creates transparency and may prompt voluntary improvement. It aligns with global governance best practices and SDG 5 (Gender Equality).
Board Independence & CEO/Chair Separation	Independence of the Board: Does the company prohibit the CEO from also being Board Chair? (Yes/ No). Percentage of board seats that are independent (per CMA definition). This reflects checks and balances in governance.	CMA's Corporate Governance rules require a minimum number or proportion of independent directors (often one-third) and recommend separating CEO/ Chair roles.	Local Corporate Governance Code GRI 2-9: Governance structure (independence)	SDG 16 - Peace, Justice & Strong Institutions	Mandated and scrutinized. Kuwait's CMA enforces governance codes similar to global standards - e.g. requiring independent board members and encouraging separation of Chairman and CEO roles to avoid conflicts of interest. Most listed Kuwaiti companies already comply. Reporting these metrics (beyond the legal minimum) demonstrates commitment to strong governance and transparency, which is crucial for investor confidence, especially after some high-profile corporate failures in the region historically.
Supplier Code of Conduct	Whether the company requires its suppliers/vendors to adhere to a Code of Conduct (covering ethics, labor, environmental standards) (Yes/ No), and if yes, what percentage of key suppliers have formally certified compliance. Shows how the company manages ESG risks in its supply chain.	Yes (if material). Recommended especially for those with extensive supply chains. Under IFRS S1, supply chain risks (e.g. labor abuses, environmental impacts) should be disclosed if significant.	IFRS S1 (General - supply chain) GRI 414: Supplier Social Assessment GRI 308: Supplier Environmental Assessment	SDG 8 - Decent Work & Economic Growth, SDG 12 - Responsible Consumption & Production, SDG 16 - Peace, Justice & Strong Institutions	Increasingly important as Kuwait imports many goods and services. Ensuring suppliers (often overseas) follow ethical practices is vital to avoid scandals (e.g. sweatshops, environmental spills) that could reflect on the company. For example, retail and construction companies in Kuwait might require contractors to follow safety and labor rules. This metric shows investors that a company extends its ESG values beyond its four walls, a sign of robust risk management in a global supply chain context.

Recommended Sustainability Metrics (Cont.)

Metric	Description	Disclosure Guidance	Aligned Standard (IFRS / GRI)	Relevant SDGs	Kuwait Context & Relevance
Ethics & Anti-Corruption	Whether the company has a formal Ethics and/ or Anti-Corruption policy (Yes/No), and if yes, what percentage of employees have formally certified compliance with it (e.g. via training or annual sign-off).	Yes - Companies must uphold Kuwait's Anti-Corruption laws and are expected to disclose their internal ethics compliance efforts. IFRS S1 calls for disclosure of how companies manage governance risks like corruption.	IFRS S1 (General - governance) GRI 205: Anti-Corruption GRI 2-23: Policy commitments	SDG 16 - Peace, Justice & Strong Institutions	Crucial for investor trust. Kuwait Anti-Corruption Authority and laws (e.g. Law 2/2016) to fight corruption; enforcement is strengthening. Companies with clear ethics policies and training demonstrate a culture of integrity. It aligns with Kuwait's commitment to improve its Corruption Perceptions Index ranking and foster a fair business environment.
Data Privacy	1. Policies and procedures in place to comply with GDPR or similar global data protection and information security awareness of global privacy standards and likely measures like data security, user consent mechanisms, breach response plans, etc.	Yes (if applicable). If handling significant personal data (e.g. banks, telecoms), companies should disclose data privacy measures as a material governance issue.	IFRS S1 (General - governance/IT risk) GRI 418: Customer Privacy	SDG 9 - Industry, Innovation & Infrastructure, SDG 16 - Peace, Justice & Strong Institutions	As digitalization accelerates across Kuwait's capital market, protecting data and maintaining cyber resilience are critical for business continuity and stakeholder trust. Companies are encouraged to adopt recognized cybersecurity frameworks and ensure that data protection is integrated into governance, compliance, and risk management systems, in line with CMA and CITRA regulations.
External Assurance of ESG Data	Whether the company's sustainability disclosures are assured or verified by an independent third party (Yes/ No). Assurance can apply to certain metrics (e.g. GHG emissions) or the whole report. (This is a recommended best practice.)	(Not mandatory). No regulations require external assurance for ESG reports. Recommended for companies once their sustainability reporting matures.	IFRS S1 (General - quality of info) GRI 2-5: External Assurance	SDG 12 - Responsible Consumption & Production, SDG 16 - Peace, Justice & Strong Institutions, SDG 17 - Partnerships for the Goals	Enhances credibility. Third-party assurance is still new in Kuwait's ESG reporting, but it's expected by some international investors and lenders for data reliability. As Kuwaiti companies start reporting ESG, assurance will distinguish leaders (e.g. a bank assuring its carbon footprint data). It aligns with global moves (e.g. EU CSRD) towards assured sustainability information. Locally, adopting assurance early can prepare companies for future regulations and bolster stakeholder trust that the ESG data reported (especially for critical issues like emissions or diversity) is accurate and free of "greenwash".

Note: GRI references in Governance metrics often point to GRI 102 (General Disclosures) for governance structure, policies, etc., and GRI 205/206 for anti-corruption. GRI 418 for data privacy, etc. Companies are encouraged to refer to relevant governance codes and regulations in Kuwait as well for specifics on board composition and shareholder rights..

Important: The above metrics serve as a general guideline. Not all metrics will be equally material for every company. Companies should perform a materiality assessment (as described earlier) to identify which of these metrics (or additional ones) are most relevant to their business and stakeholders. For those deemed material, companies should strive to report them regularly and accurately.

If a metric is not material or not applicable, companies may choose not to report it. However, providing a brief explanation for its omission (especially if stakeholders might expect it) is good practice. For instance, a company might note, "We do not report a water consumption metric because our operations are limited to offices and have minimal water usage compared to other environmental impacts. However, we monitor our water use internally and consider water a low materiality issue."

This transparency helps maintain credibility.

It is also worth noting that while these 30 metrics offer a balanced starting point, companies in certain sectors might find it beneficial to supplement them with sector-specific metrics. Bursa Kuwait's guide is sector-agnostic, but for example:

- A bank might add metrics on responsible lending (like the proportion of lending to SMEs or green loans) and customer satisfaction
- An oil and gas company might include metrics on flaring intensity, oil spill volume, or the carbon intensity of reserves
- A telecommunications firm might track digital inclusion (number of people connected in rural areas) or data security breach incidents
- A real estate developer might report green building certifications or energy intensity per square meter

Such additions can be guided by frameworks like SASB (which provides industry-specific KPI guidance) or by peer benchmarking.

Lastly, as sustainability reporting evolves, companies should be prepared to update their set of disclosed metrics. Global standards like the ISSB may introduce new metrics or refine definitions. Bursa Kuwait will update this guidance as necessary, but companies are encouraged to keep an eye on international developments and proactively align with them.

Proportional Guidance for Emerging Companies

The Emerging Companies Market is a dedicated segment within Boursa Kuwait designed to support the growth of small and medium-sized enterprises by providing them with the opportunity to raise capital through the public offering of their shares to investors.

Boursa Kuwait recognizes that small and medium-sized enterprises (SMEs) and newly listed companies may face resource constraints in ESG data collection and reporting. The expectation is not that every company immediately produces a comprehensive report with all metrics, but rather that each company, regardless of size, takes meaningful steps appropriate to its context. The following simplified guidance is offered for the emerging companies to embark on ESG reporting in a proportionate way:

- **Start with the essentials:** SMEs should begin by focusing on a core subset of ESG topics that are most relevant to their business and easy to gather. Typically, governance and workforce-related disclosures are a good starting point.

Even a small company can readily disclose its governance practices (board structure, ethical policies) and basic workforce metrics (employee count, gender diversity, turnover). These tend to be material for any business and do not require extensive systems to report.

Starting with these builds a foundation and demonstrates commitment. As resources allow, gradually expand to environmental metrics like energy usage and simple social metrics like community initiatives.

- **Use a Phased Approach:** It is perfectly acceptable for SMEs to implement ESG reporting in stages. In Phase 1, an SME might publish a short ESG statement or a few pages in the annual report covering policies and qualitative descriptions along with a handful of quantitative metrics.

In Phase 2, they might add more metrics from this guide, set a few targets and provide a more structured narrative.

By Phase 3, the SME could work toward a full sustainability report aligned with a standard like GRI or ISSB on a smaller scale. This phased approach allows gradual learning and integration of ESG processes without overwhelming the organization. It's better to report a small amount reliably than to overcommit and risk poor quality data.

- **Leverage existing tools and platforms:** SMEs can take advantage of ESG reporting templates, workshops, or online platforms often provided by industry groups, exchanges, or organizations like the Sustainable Stock Exchanges (SSE) initiative.

These resources simplify the process, providing pre-defined KPI templates or software where an SME can input data and generate charts. If external frameworks seem complex, focus on the overlap with regulatory compliance or existing practices. Health and safety reporting, for example, might already be done for labor regulators or energy consumption tracked for cost purposes. Those can double as ESG disclosures.

Additionally, SMEs can use any corporate governance reporting they do, such as the annual CG report required by CMA, to extract relevant ESG information to share more broadly. Some exchanges globally offer scorecards or self-assessment tools that help smaller issuers gauge their ESG disclosure level and identify gaps. As the ecosystem develops, Boursa Kuwait will consider providing or pointing to such tools.

- **Focus on High-Impact, Low-Cost Actions:** An SME should identify which ESG improvements or disclosures give the “biggest bang for the buck.” For example, establishing a basic environmental policy or code of ethics does not cost much, but can significantly strengthen stakeholder confidence.

On metrics, tracking electricity usage and cost might already be routine and converting that to a GHG emission estimate using standard factors is relatively straightforward and provides a key environmental metric.

Employee satisfaction or turnover might already be informally monitored and formalizing that into a metric is doable. In contrast, a complex task like a full Scope 3 carbon inventory or a detailed GRI report might be too burdensome early on. Those can wait until the company grows or if investors specifically request them. By prioritizing easy wins, SMEs can quickly populate an ESG disclosure with meaningful content.

- **Explain and contextualize performance:** When SMEs disclose metrics, they should provide a brief commentary to help outsiders interpret them, especially if the numbers are small or fluctuate. For instance, if an SME’s absolute emissions are low, it can highlight that.

If one year’s turnover rate is high because the company expanded and replaced some staff, mention that context.

Clear explanations build trust and understanding. Also, if an SME chooses not to disclose certain suggested metrics initially, a simple note such as “(metric) is currently not applicable or not tracked for our company size; we plan to revisit this in the future” can be included. Stakeholders generally appreciate the transparency and timeline.

- **Utilize proportional assurance and certification:** Full third-party assurance might be costly for an SME. Instead, SMEs can explore affordable ways to validate their ESG data.

This might include using ISO certifications as a proxy, such as obtaining ISO 14001 certification for environmental management or ISO 45001 for health & safety, which indirectly assures stakeholders that certain processes meet a standard or participating in industry benchmarking where data is reviewed.

Some SMEs partner with local universities or independent consultants for a one-time verification of key data points, rather than a full audit. Digital solutions and cloud platforms sometimes have built-in checks or analytics that can flag anomalies in data.

The key is to aim for accuracy and consistency in data from year to year. If an SME notices any large changes, they should double-check them. As SMEs grow, they can then consider more formal assurance on key metrics to further boost credibility.

- **Engage with peers and investors informally:** If formal ESG reporting seems daunting, SMEs should remember that ESG communication can also happen through dialogue.

When looking at SMEs or new issuers, many institutional investors will appreciate honest conversations about the company’s ESG challenges and plans. An SME can start by including a short ESG section in investor presentations or on the corporate website, even before a full report is ready.

Feedback from these audiences can guide what to prioritize. Peer learning is also valuable. Seeing what similar-sized companies (perhaps on Bursa Kuwait’s “Premier” or “Main” market segments, or in the same industry) are reporting can provide a template.

Proportional Guidance for Emerging Companies (Cont.)

Often, one or two proactive SMEs set a template that others can emulate. Boursa Kuwait encourages SMEs to participate in any training or knowledge sessions on ESG that it or other organizations host, as these can demystify reporting and connect companies to expert support.

In essence, the goal for SMEs is to integrate ESG thinking early and in a manageable way. A smaller company might not have dedicated sustainability staff, but usually someone in finance, investor relations, or operations can champion the effort part-time.

This guide's recommendations are scalable. An SME might report maybe 510- key metrics and a couple of policy statements in year one and gradually increase coverage as capacity builds. Proportionality is recognized as the depth of detail and the breadth of topics should align with the company's size and exposure.

SMEs should not ignore ESG entirely, however, as investors and regulators are raising the bar for all companies. By starting small but starting now, SMEs can avoid falling behind and position themselves as responsible, forward-looking businesses, which can aid in attracting investment, accessing new markets (many supply chains now require ESG info from even small suppliers), and strengthening their brand.



Conclusion

Sustainability is an ongoing journey and the ESG Reporting Guide is intended to be a practical tool to help listed companies begin or enhance their journey. By aligning with international standards and local priorities, companies can ensure their disclosures are meaningful and meet the needs of investors, regulators, and society. Transparency in ESG performance builds trust, and trust is a vital asset for any business seeking long-term success.

As you implement the guidance in this guide, keep in mind the following overarching principles:

- **Materiality:** Prioritize issues that matter most to your business and stakeholders; be focused and relevant.
- **Clarity:** Present information in a clear, balanced way. Explain the context of your data (the “why” behind the numbers) so readers understand your challenges and progress.
- **Comparability:** Where possible, use standard definitions and calculation methods so that your data can be benchmarked against peers or prior years. Consistency over time in what and how you report is key, though it’s acceptable to refine metrics as you improve.
- **Integrity:** Ensure accuracy and honesty in reporting. If something hasn’t been achieved, it’s better to acknowledge it and outline corrective steps than to omit or misrepresent. Credible reporting builds management discipline internally and reputation externally.
- **Continuous Improvement:** Use the reporting process as a feedback loop. The insights gained from measuring and disclosing ESG performance should inform your company’s strategy and targets for improvement. Over time, strive to set more ambitious goals (in areas like emissions reduction, diversity, and community investment) and report on progress. Celebrate achievements and be candid about setbacks.

- **Alignment with Strategy:** ESG reporting should reflect what the company is doing, not just what it is saying. Ensure that there is alignment between reported metrics and actual strategic initiatives. For example, if carbon reduction is a stated priority, the presence of data, targets, and governance around carbon in your report will reinforce that it’s integrated into decision-making.

Boursa Kuwait stands ready to assist and encourage issuers in this evolving domain. This guide will be periodically reviewed and updated to incorporate new developments (such as the ISSB standards, or emerging topics like nature disclosures and social impact measurement) so that the Kuwaiti capital market can keep pace with global best practices. Listed companies are encouraged to provide feedback on this guide and share their experiences, as peer learning can greatly benefit the issuer community.

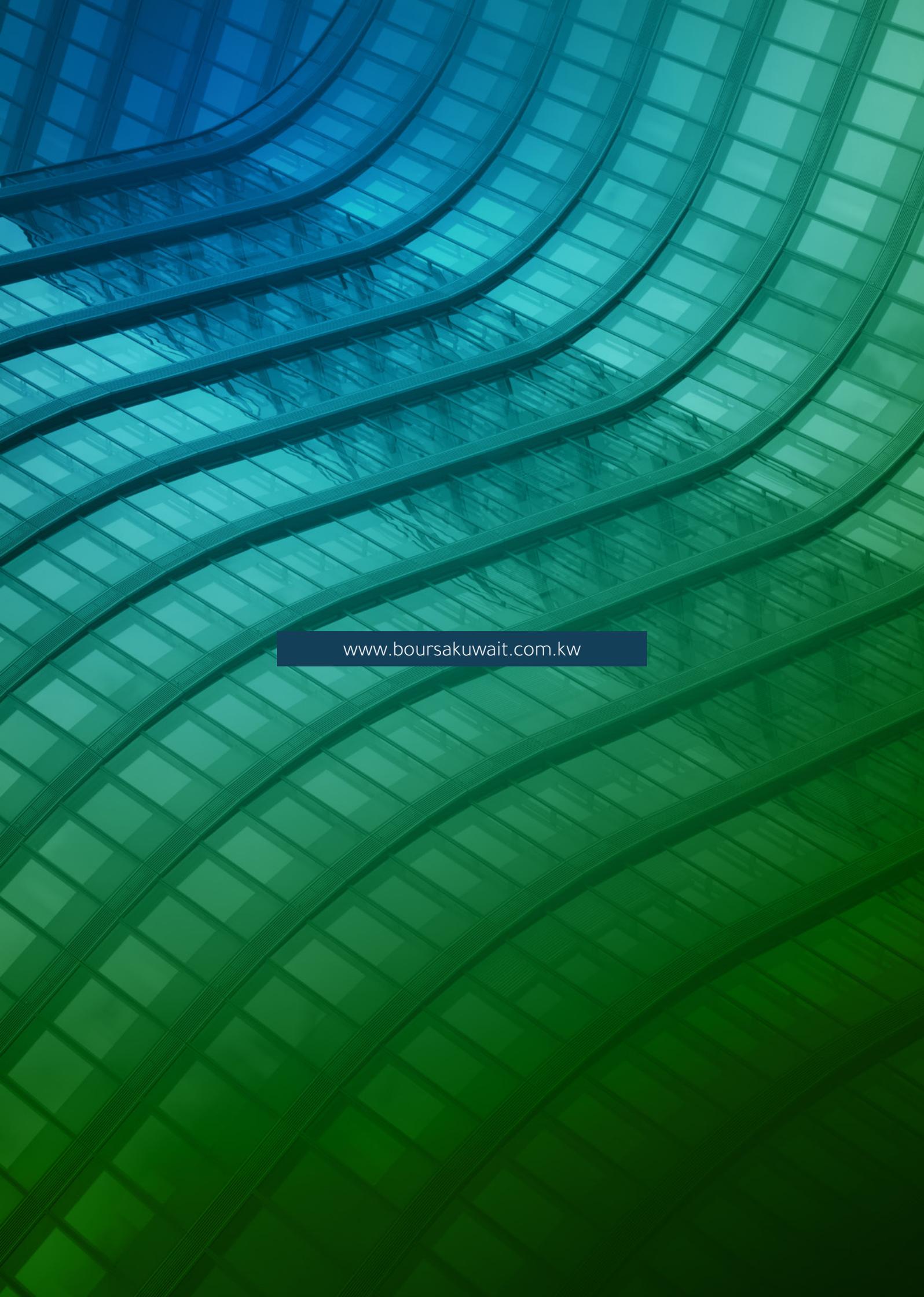
By embracing ESG disclosure, Kuwaiti companies meet regulatory expectations and gain competitive advantages, such as improved access to capital and heightened investor confidence to stronger resilience against risks, and a positive corporate image.

In doing so, listed companies contribute to the broader goals of sustainable economic development for Kuwait and the world and their success will reflect strong financial performance supported by responsible practices and sound governance, ensuring lasting value for stakeholders and reinforcing the resilience of the national economy.

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(Note: The above references include both the sources cited in the guide and additional sources used to enhance this updated version. These are provided for further reading and verification of concepts discussed.)



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