



The Global Rise of ESG

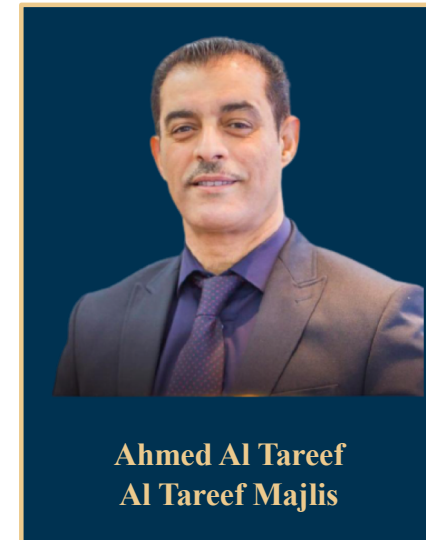
1 November 2021

20.00 Bahrain | 21.00 United Arab Emirates | 17.00 United Kingdom



Al Tareef Family Majlis

- Incorporated in 1969.
- Dedicated to supporting the Bahrain community.
- Transitioned from a physical to virtual majlis during the Covid-19 pandemic, delivering to a wider audience across the Middle East.
- Informative briefings in Arabic and English.





Meet the team...



Katharina Dalka



Aly Shah



Zoë Buckingham



Meet the team...



Zoë Buckingham

Marketing for Businesses Worldwide

Zoë is an international marketing consultant, commercial writer and presenter who has worked with businesses and national governments across the Middle East, Europe and North America.

She helps organisations of all sizes identify their market positioning and strategies to help them grow.

Her company specialises in innovative campaigns, delivered with flair and has supported clients in fintech, technology, professional education, home entertainment and healthcare. It is a member of the Arab-British Chamber of Commerce.



Meet the team...



Aly Shah

ALYIANT Consultancy Limited

With over 25 years experience as a UK qualified multi-jurisdictional corporate lawyer, Aly works with a global client base in the Financial Services and Non-Financial Services sectors.

Aly is the Founder and Managing Director of Alyiant Consultancy Limited, a company established in the Dubai International Financial Centre (DIFC), specialising in Regulatory Compliance, Risk Management, Structuring and Strategic Advisory, Corporate Governance, ESG Integration and Governance, and Company Service Provider services.

He has been based in the United Arab Emirates since 2008 and advises businesses in the Banking, Asset Management, Wealth Management, Fund Management, Private Equity, Venture Capital, Energy, Construction, Healthcare, and Technology sectors.



Meet the team...



Katharina Dalka



Katharina is the Founder and Managing Director of a London-based advisory firm, StellarOne, focusing on strategy and investment advisory in technology.

Specialising in complex cross-border operations, she is also co-founder and Chairwoman of DYDON, a Swiss fintech providing AI-powered ESG assessment.

Katharina's background is in technology, fintech, medtech and strategic consulting and she is a director of the Africa Fintech Forum.



The Global Rise of ESG

SUSTAINABLE DEVELOPMENT

'Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.'

Our Common Future Report, 1987

World Commission on Environment and Development ('Brundtland Commission')

GLOBAL SUSTAINABLE DEVELOPMENT INITIATIVES

UNITED NATIONS 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

September 2015
General Assembly, United Nations.

Driving principle:
"leave no one behind".

17 Sustainable Development Goals (SDGs)

169 related targets.



SUSTAINABLE DEVELOPMENT GOALS 17 GOALS TO TRANSFORM OUR WORLD



PARIS AGREEMENT

December 2015
Parties to the United Nations Framework Convention on Climate Change COP 21, Paris.

Central aim:
To strengthen the global response to the threat of climate change by keeping the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit temperature increase to 1.5 °C.

Developments/Regulations: EU, UAE and UK

EU

- Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.
- Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment – i.e. the EU Taxonomy Regulation

UK

- Green Finance Strategy 2019
- Financial Conduct Authority – Proposals to enhance climate-related disclosures by listed issuers and clarification of existing disclosure obligations – Policy Statement PS20/17 - December 2020.
- Listing Rules (Disclosure of Climate-Related Financial Information) Instrument - 2020
- HM Treasury – Interim Report by the UK’s Joint Government Regulator, TCFD Taskforce
- Consultation on requiring mandatory climate-related financial disclosures by publicly quoted companies, large private companies and Limited Liability Partnerships - March 2021
- COP26, Glasgow – 31.10-12.11 2021.

UAE

- UAE Vision 2021 and UAE National Agenda.
- UAE Green Agenda 2015-2030.
- UAE National Climate Change Plan 2017-2050.
- UAE Energy Strategy 2050.
- UAE National Committee on SDGs.
- UAE Centennial 2071.
- UAE Projects of the 50.
- UAE Net Zero by 2050 Strategic Initiative.
- Dubai Declaration on Sustainable Finance 2016.
- Abu Dhabi Sustainable Finance Declaration 2019.
- Guiding Principles on Sustainable Finance in the UAE 2020.
- UAE Securities and Commodities Authority: Joint Stock Companies Governance Guide 2020.

ESG & ESG INTEGRATION



- Environmental, Social and Governance (ESG) metrics guide finance or investment decisions.
- Focus on ‘sustainable finance’ or ‘sustainable investment’ decision-making.
- Enhance long-term investments in sustainable economic activities and projects.



Incorporation of ESG metrics into:

- Investment analysis and decisions.
- Business operations.
- To understand the exposure of an investment or business to ESG risks.

ESG & ESG INTEGRATION

ESG METRICS

E

- GHG Emissions
- Emissions Intensity
- Energy Usage
- Energy Intensity
- Energy Mix
- Water Usage
- Waste Management
- Environmental Operations
- Climate Risk Mitigation

S

- CEO Pay Ratio
- Gender Pay Ratio
- Employee Turnover
- Gender Diversity
- Temporary Worker Ratio
- Non-Discrimination
- Injury Rate
- Health and Safety

G

- Board Diversity
- Board Independence
- Incentivised Pay
- Collective Bargaining
- Supplier Code of Conduct
- Ethics /Anti-Corruption
- Data Privacy
- Sustainability Reporting
- Disclosure Practices

ESG Metrics: Trends

Long history in the investment industries.

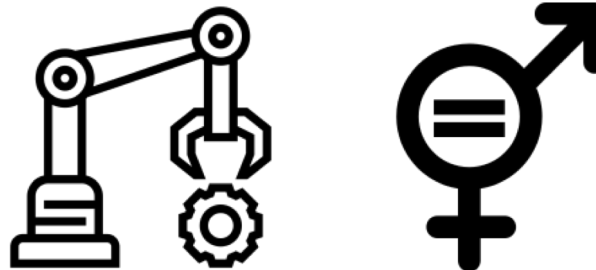


- Growing interest in ESG assessment methods and scorings, especially in the financial sector.
- European Union: Corporate Sustainability Reporting Directive (CSRD). Potential amendment to the existing Non-Financial Reporting Directive (NFRD) to require “the audit...of reported information”.
- Main challenge is the transparency of these ratings: what is the methodology?
- Artificial Intelligence.

ESG Metrics: Artificial Intelligence

Artificial Intelligence includes a domain called predictions, including ratings that:

- Are suitable for narrowly defined, weakly structured, and uncertain application areas.
- Use expert knowledge from either human experts or public sources to solve a particular problem.
- Possesses the ability to use logical reasoning.
- Can explain or document proposed solutions to the user.
- Fuzzy logic enables a close replication of human decision-making.



Initiatives & Frameworks

- Global Reporting Initiative.
 - Recommendations of the Task Force on Climate-related Financial Disclosures.
 - Value Reporting Foundation: including the Integrated Reporting Framework and the SASB Standards.
 - CDP (formerly the Carbon Disclosure Project).
 - Climate Disclosure Standards Board.
 - United Nations Global Compact (UNGC).
 - SDGs of the 2030 Agenda.
- The United Nations Environment Programme Finance Initiative (UNEP FI) principles for:
 - Responsible Investment.
 - Sustainable Insurance.
 - Responsible Banking.
 - The Equator Principles
 - Green Bond Principles
 - Green Loan Principles

Advantages of ESG Measurement

Change in investment approach and responsible investment:

- Negative screening
- Norm-based screening
- Best in class screening
- Impact investing
- ESG risk and opportunity analysis
- Risk management and costs
- Brand reputation and profitability
- Employee retention
- Regulatory compliance requirements
- National and international growth opportunities
- Better economic performance

In Focus: CO2 Emission

- Major priority for the EU
- Regulation requires CO2 emission assessment for all financial transactions
- Impact beyond the EU

Greenwashing

- Lack of established consensus globally on consistent use of terminology.
- Absent standardised global taxonomy and criteria for ESG considerations and integration.
- Attempts to satisfy investors, stakeholders and compliance.



Corporates

- ESG Policy
- Policy Implementation
- Role of the Governing Body (e.g. Board of Directors)



أسئلة وأجوبة
Questions & Answers

Contact Us



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Thank you