



Sustainability 2



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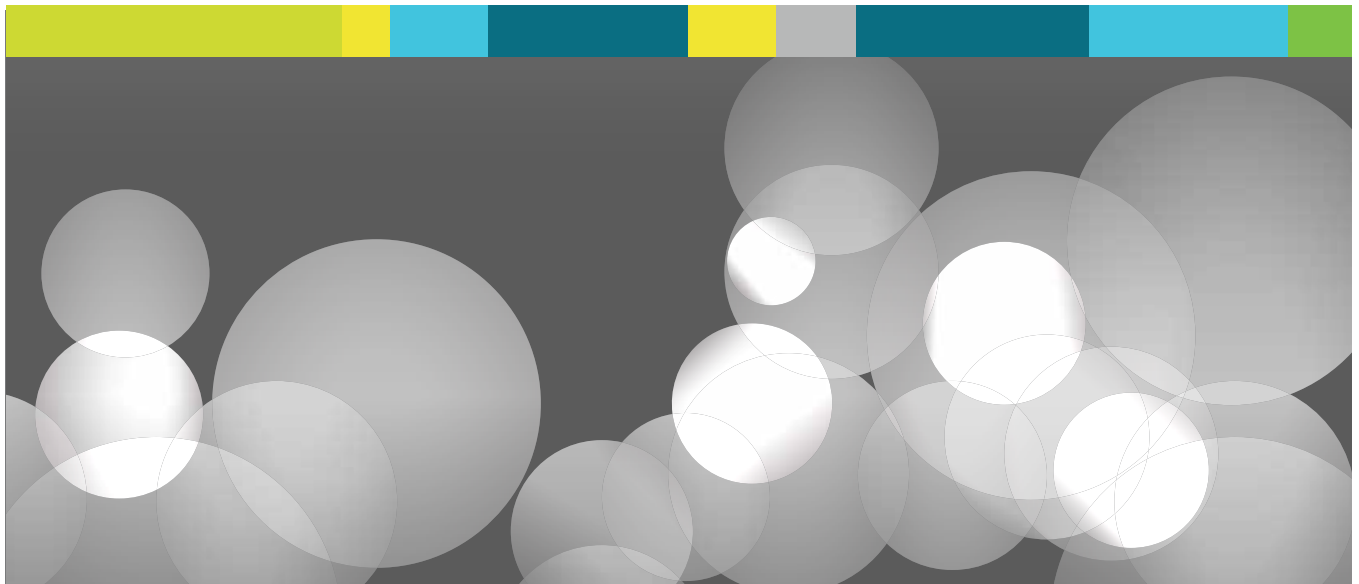


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Introduction

In the light of the faith of the Amman Stock Exchange (ASE) in its leading and important role in developing and promoting the investment environment in Jordan as well as encouraging the listed companies to adopt the best practices in the relationship management between listed companies and all other relevant parties (**stakeholders**), as the ASE has joined the **Sustainable Stock Exchange Initiative SSE** in 2016 that aims to increase awareness regarding sustainable development's goals, which related to environmental protection, social responsibility promotion and governance. In pursuit of the ASE to increase awareness of the importance of sustainability in the Jordanian Capital Market besides the complementing of efforts made by it in this regard such as the organization of the annual celebration of **Ringing the Bell for Gender Equality Initiative** for two consecutive years and issuing a brochure that included the most important information about the definition of sustainable development, its history and benefits during this year.

This framework indicated the ASE shall issue this brochure that includes the most important information related to sustainability reports from the aspect of its importance, its forms and the main principle for sustainability reporting, as well as the most important topics to be indicated in the sustainability report. In addition to provide an overview for the **GRI-G4**, in order to highlight the importance of this topic and educate the listed companies and all the related parties (stakeholders) in the Jordanian Capital Market as an introduction for issuing the ASE a guidance to the listed companies within the coming period to organize the disclosing about their sustainability performance as it shall include the most important international standards in this domain to be considered as a tool to help and enable the companies in sustainability reporting.



Overview on Sustainability Reports and its Goals

The main goal behind sustainability reporting is to measure the performance of the companies in which is related to fulfill the different goals of the sustainable development as well as to report this performance for all relevant parties (**stakeholders**), as it indicates all the positive and negative contributions of the companies in a transparent and clear manner in the aspect of the environmental and social performance besides the governance (ESG) in order to decrease the risks to ensure the company's business continuity in the future (risks and opportunities).

In this regard, the report can be used for the following purposes:

- Determine the level and evaluate the sustainability performance of the company.
- Represent the way that the company interacts with the sustainable development.
- Compare the performance of the company with the other ones within a specific time frame.

The Importance of Sustainability Reporting

1. Increase the transparency level of the company that related to sustainability

The sustainability report helps to determine the degree of including the **ESG** principles in the company strategy, the management structure and increased knowledge about company performance and its achievements at all levels (Economic, Social, and Environmental) as well as knowing the methods and actions undertaken by companies to enhance sustainability.

As well as facilitating the access to this information to all the relevant parties (stakeholders), it also allows these parties to evaluate the performance of the company and to develop an overview in addition to its long-term financial stability and thus help the company in making decision concerning the investment in the company objectively and clearly.

2. Increase the company's ability to manage its risks

When the company increase and enhance the axes, therefore it controls and takes them into consideration when determining its own risk management strategy to include the social and environmental factors in addition to the traditional axes such as: economic, strategic and operational factors, the company will be able to determine all the potential risks and the available opportunities better and more efficient, when the company adopts the sustainable risk management approach it will provide the management extra opportunity to enhance its competitive advantage compared to its competitors and establish its good reputation toward all relevant parties in which it will serve the strategic goals.

3. Deeper understanding of the needs of the relevant parties (stakeholders)

In accordance with international standards and practices, the identification of the relevant parties and communicating with them is one of the most important steps taken for successful sustainability

reporting and due to their different nature and concerns of them such as the shareholders, employees, clients and suppliers, the successful identification of the relevant parties and enhance communication frameworks as well as knowing the different needs and fulfill them if possible, thereby strengthening the positive view for these parties toward the company as it will be preferable for the competitors.

4. The company will gain a competitive advantage when compared to competitors that have never issued such reports

The company's good performance regarding sustainability refers to the possibility of achieving the long-term future revenues as well as exposing to fewer risks in comparing with competitors, which means an increase in the company's customer loyalty and their confidence, hence, giving them a competitive advantage compared with others.

Forms of Sustainability Reports

The sustainability reporting process takes two main forms, as shown below:

1. Stand-alone Sustainability Report

an approach preferred by many issuers, where this report type provides a clear and unified source to view and clarify the company's commitment to the **ESG** factors, this form includes a view for all company's sustainability information and data in one place, as there is no need to harmonize between its Stand-alone Sustainability Report and its annual report, where the preparer of this type of reports can present data, tables and charts concerning to **ESG** factors in the manner it deems appropriate.

2. Integrated Report

An approach to present the company's commitment to the principles of **ESG** within its annual report, the aim of this type of reports is to provide a concise and comprehensive overview for the investors on the company's financial performance and practices, its commitment to the sustainability in the short, medium and long-term.

The preparer of this type of reports should take into consideration the implications of reducing the available information to investors, although the concise information is acceptable to many investors because they can focus on the most important issues concerning the **ESG** of the companies, but it may lead to the failure of some related parties to the further detailed information they may need that is due to the different needs of the relevant parties and their uses of these reports.

Basic Principles for the Preparation of the Report

1. The clarity of the goal from the report

Regarding the importance of the information contained in the sustainability report and its impact on the company's future strategies and visions for the relevant parties, the company should identify the report's goals to be clearly integrated with the overall strategic objectives and support it with what enhances its image and presence to the relevant parties.

2. Identify the interested relevant parties

Identifying the interested relevant parties must take into account when preparing the sustainability report as well as their different needs, whether they are the direct parties who are affected by the company's plan and activities, such as the shareholders and employees or indirect parties, such as customers or suppliers or the financial analysts or the governmental bodies.

3. Take into account the appropriateness of the disclosed information and the investors' needs

When preparing the sustainability report, the company should take into account the appropriateness of the information that it will disclose with the investors' needs through the appropriate identification of the report's axes as well as the size and quantity of the information to be disclosed and their effects on the investors' decision about the company.

4. Identify the major topics of the report

The sustainability report should not be limited to the company's financial and quantitative criteria only, but it must also disclose non-financial and qualitative aspects within the **ESG** factors.

5. Identify standards to measure performance

The company should set **Key Performance Indicators (KPIs)** or principles which would be followed for monitoring and follow-up the extent of commitment to these standards, some of these international standards used are: the Global Reporting Initiative (**GRI**), the **UN Global Compact**, the **United Nations Principles of Responsible Investing** and others.

6. Ensure the use of more than one channel of communication to disseminate these reports

The company should disseminate these reports with a continuous update of the information contained therein and use an international certified besides the mother tongue language, if possible, where the company may publish a stand-alone sustainability report of its commitment to sustainable development criteria, or may be disclosed within the financial report of the company or as annual reports, as well as publishing it on its website or through providing the capital markets with it or by other communication channels that allow the accessibility to the largest possible number of the target audience.

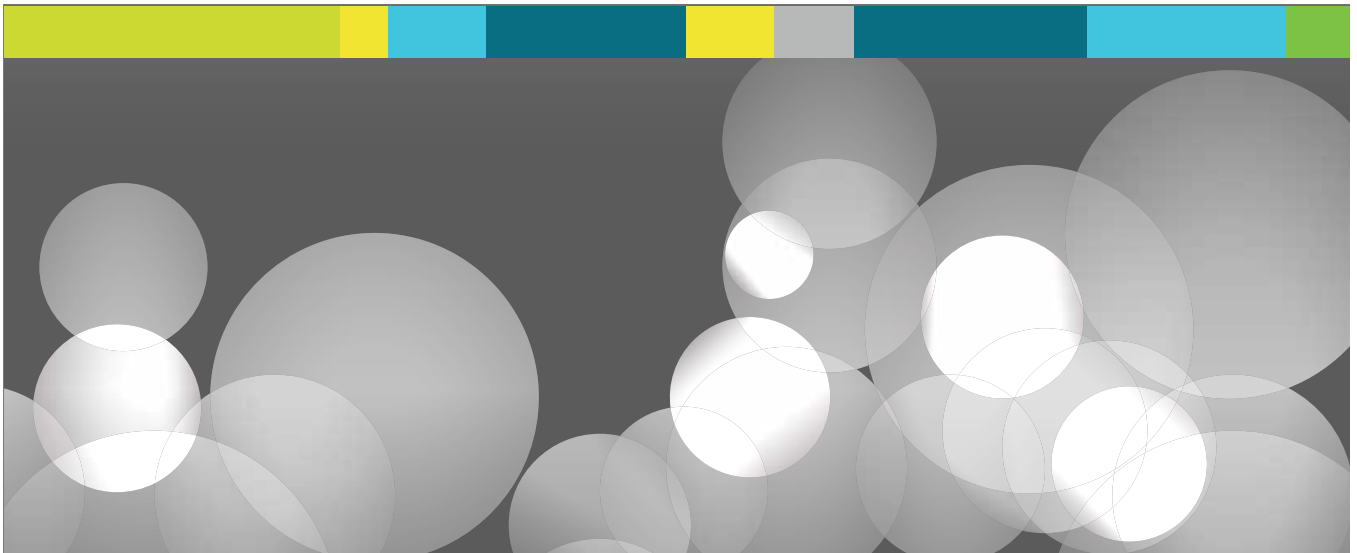
Main Topics Covered by the Sustainability Report

The companies that decided to adhere to the principles of ESG should determine the general framework of the report and the most important aspects it includes in addition to specifying the depth of details that will be disclosed based on the company's business model, its geographical location and the specific objectives, the resources used and other characteristics. The company must take into account the priority issues that have an interest among stakeholders, noting that to submit an efficient and effective report it must include all the core events related to the company's strategy to illustrate its impact on the market value of the company in the long term, the company can put a list of its main axes according to the priorities set by it.

Global Reporting Initiative GRI

The global initiative for sustainability reporting is the most important global initiatives that companies can refer to in order to prepare sustainability reports, where the aim of this initiative is to help companies to understand and integrate sustainability issues in their strategies and activities.

This initiative has issued and developed standards and guidelines, as illustrated in the table below that contains information about the company issues on environmental issues (Energy, Water, Biodiversity and Emissions) as well as social issues (Employment Practices and Decent Work, Human Rights, Society and Product Responsibility) while the economic issues are (Economic Performance, Market Presence, the Indirect Economic Effects and Procurement Practices) to assist them in sustainability reporting.



Standards and Guidelines Issued by the Global Initiative for Sustainability Reporting

Economic Aspects	Environmental Aspects		
<ul style="list-style-type: none"> • Economic Performance • Market Presence • Indirect Economic Impacts • Procurement Practices 	<ul style="list-style-type: none"> • Materials • Energy • Water • Biodiversity • Emissions • Effluents and Waste 	<ul style="list-style-type: none"> • Products and Services • Compliance • Transport • Overall • Supplier Environmental Assessment • Environmental Grievance Mechanisms 	
Social Aspects			
Labor Practices and Decent Work	Human Rights	Society	Product Responsibility
<ul style="list-style-type: none"> • Employment • Labor/ Management Relations • Occupational Health and Safety • Training and Education • Diversity and Equal Opportunities • Equal Remuneration for Women and Men • Supplier Assessment for Labor Practices • Labor Practices Grievance Mechanisms 	<ul style="list-style-type: none"> • Investment • Non- discrimination • Freedom of Association and Collective Bargaining • Child Labor • Forced or Compulsory Labor • Security Practices • Indigenous Rights • Assessment • Supplier Human Rights Assessment • Human Rights Grievance Mechanisms 	<ul style="list-style-type: none"> • Local Communities • Anti- corruption • Public Policy • anti- competitive Behavior • Compliance • Supplier Assessment for Impacts on Society • Grievance Mechanisms for Impacts on Society 	<ul style="list-style-type: none"> • Customer Health and Safety • Product And Service Labeling • Marketing Communications • Customer Privacy • Compliance



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