

**Deloitte.**

Driving a  
sustainable future  
in the Middle East

Introduction to our  
Sustainability offering

MAKING AN  
IMPACT THAT  
MATTERS  
*since 1645*



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Sustainability and ESG (Environmental, Social, and Governance) are key elements within the current development agenda both globally and in the Middle East.

Both are central factors for organizations in managing, measuring, and reporting their financial and non-financial impacts on their stakeholders and on broader society.

In this context, increased regulatory, societal, and stakeholder pressures are moving organizations towards integrating sustainability in their business strategies and proving their capacity to build responsible business models which not only optimize benefits for them, but also for society, while being able to meet their stakeholder expectations.

Furthermore, sustainability is vital to any business for its long-term success and should be aligned and embedded in its operations and services, and products.

Sustainability is changing today's business environment and organizations are realizing the utmost importance of finding the right balance between financial, social, and environmental priorities.

The Middle East will not be immune to the challenges of ESG, or the weight of non-financial reporting that stakeholders demand. Already local regulators and stock exchanges are providing sustainability reporting guidance for listed companies, and in some cases, mandating Sustainability Reporting. It is time for Middle Eastern companies to be part of the global response to these ESG issues and act, recognizing their role in driving a more equitable and sustainable economy and society, both now and in the future.

This changing environment requires key adaptations such as reshaping your business model to embed sustainability, identifying risks and opportunities with regards to sustainability, building engagement with your stakeholders to incorporate and meet their expectations, as well as integrating approaches and solutions to manage, assess, measure, and report your commitment, performance, and impact with regards to the priorities. ➔

**The ESG agenda is rapidly evolving and challenging organizations to translate global sustainability trends into risks and opportunities they can manage and benefit from. Some of these global trends include:**

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Capital market participants are actively taking action to integrate and manage ESG topics, demanding greater transparency and accountability to investees and assessing ESG-related risks and opportunities.
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The regulatory movement is pushing organizations to increase their ESG disclosures.
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The impact of the pandemic stressed the need to care more about the 'Social' component and strengthened the need for organizations to prioritize their stakeholders' needs.
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Climate change is changing the business and social paradigm, and organizations will need to rethink their strategies and operations.

**Organizations have acknowledged that ESG factors are material areas to improve their economic performance and financial condition, which help them create long-term sustainable growth and differentiation in the market through:**

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**Better access to capital and market valuation that translates into better share prices**
- 

**New opportunities to create additional services and products and be recognized as an innovation leader**
- 

**Opportunities to reduce their operating costs particularly through operational efficiency in their supply chains**
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**A demonstrated commitment to sustainability that helps organizations to gain a competitive advantage against peers**
- 

**Higher capacity to attract and retain talent that translates into better results for the organization**
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**Capacity to identify, assess and mitigate a wider array of risks that might have severe financial impact on the organization**

# How we can support your ESG journey

## Sustainability measurement, reporting & assurance

- KPI development, data collection, and digitalization
- Impact measurement and valuation
- Reporting advisory services
- Non-financial assurance



## Sustainability purpose & strategy

- Purpose & strategy development
- Sustainable development goals
- Decarbonisation and net zero
- Circular economy
- Transformation

## Green finance

- ESG investment review and assurance
- Green bonds, loans and social funds

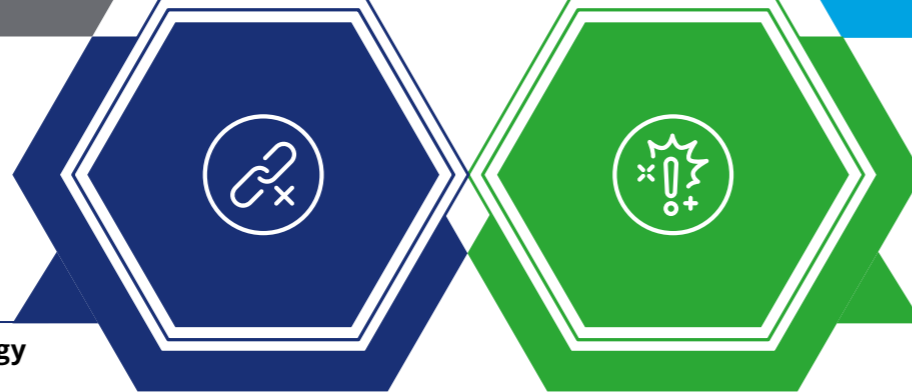


## Sustainability governance

- Board competence
- Executive remuneration
- Internal audit support

## Sustainable supply chain

- Supply chain risk assessment and strategy
- Responsible sourcing and traceability
- Supplier audits
- In Country Value (ICV)



## Managing sustainability risk

- Integration of risk and sustainability function
- Climate risk and resilience
- Health, safety and environment
- Diversity and inclusion
- Modern slavery and worker welfare





## Sustainability purpose & strategy

Organisations have multiple opportunities and challenges, with a wide variety of stakeholders to manage. Sustainability creates more opportunities and challenges for organizations with a rapidly growing expectation from stakeholders for action and communication. It is important to develop a clear purpose that underpins an organization's development and reflects the needs of stakeholders; and a robust strategy that drives the organization forward towards those sustainable goals.

### Purpose

- Help you build your organization's understanding around sustainability and defining its corporate purpose, mission, and vision, while aligning them to its stakeholders' requirements.

### Strategy development

- Provide you with technical advice to construct your strategic objectives and identify your material issues and align them to sustainability frameworks and best practices.
- Support you to materialize your objectives into particular policies, action plans, initiatives, and actions, with a particular focus on the areas of Energy & Carbon efficiency and Social Impact.

### Transformation

- Develop sustainable operating models, cost and finance transformations.



## Sustainability governance

Companies are feeling the growing pressure to integrate sustainability as part of their business models and, therefore, move from a shareholder-driven to a stakeholder-driven model. Effective integration of sustainability factors into any organization's operations requires committed leadership, clear ambition and vision, as well as from dedicated governance structures to help cascade and implement the strategy from corporate to each business level, define targets and goals, set up performance KPIs, and monitoring dashboards, as well as to manage the reporting and disclosure functions, while aiming at strengthening the relations with internal and external stakeholders.

### Board competence

- Help you design and establish your sustainability governance structures, as well as competence and performance evaluation tools (including KPIs and dashboards).

### Executive remuneration

- Help you define the "business case" to integrate sustainability into the executive remuneration scheme and the design of incentive structures and targets.

### Internal audit support

- Support your internal audit function to gauge the effectiveness of internal controls and measures to manage sustainability risks and opportunities.



## Managing sustainability risk

Organizations are operating in increasingly complex stakeholder environments with higher scrutiny and regulatory pressure. In today's business environment, organizations are beginning to realize the utmost importance of finding the right balance between financial, social, and environmental priorities. The integration of these factors into the strategic decision-making process can significantly help organizations reduce their exposure to risks that can damage their reputation and help businesses drive growth.

### Integration of risk and sustainability function

- Help you Identify and prioritize your risks and opportunities, assess their impact on your organization and its stakeholders, and evaluate potential synergies between sustainable R&O and the ERM function.

### Risk management solutions

- Climate risk and resilience:
  - Provide you with technical advice and wargame climate scenario analysis and interpretation.
  - Support you in the identification of climate risks and opportunities for decarbonizing portfolios.
- Health, safety and environment:
  - Provide you with technical advice on HSE risks identification and controls review.
  - Help you in due diligence, audit processes, analytics & automation, and "Intelligent risk management".
- Diversity and inclusion:
  - Advise you on diversity and inclusion performance assessment and risk evaluation, as well as on gender pay reporting.
- Modern slavery and worker welfare
  - Provide you with benchmark and gap analysis against legislative requirements and best practices.
  - Support you in overseeing your audit function and program development.
  - Help you with disclosure review services (including legal review).

Deloitte is committed to driving global and regional change and promoting sustainability. We work in innovative ways with our clients to design and deliver solutions that contribute to a sustainable and prosperous future for all.





## Sustainable supply chain

Companies are increasingly being scrutinized by their stakeholders. The loss of reputational credibility can lead to significant impact on their P&Ls. In this context, companies need to understand the impact their products and services have and to be able to seize new opportunities and capitalize on sustainability opportunities to increase their competitiveness and move forward successfully; whilst ensuring that their supply chains are reliable, responsible and sustainability proof.

### Risk management

- Provide you with technical advice on risk evaluation, assessment and prioritization, and development of risk management procedures and controls.
- Help you with Supplier Audit, Conflict Minerals Advisory, and Assurance services.
- Provide you with technical support to design Blockchain-enabled solutions for supply chain risk management.
- Advise you on responsible sourcing and traceability' approaches.

### In Country Value (ICV) & localisation practices

- Support you with ICV Certification and audit services on ICV programs and certifiers.



## Green finance

One of the key challenges facing companies driving forward their sustainability strategy is the availability of capital. Increasingly the private sector is moving forward and developing products and services that respond to this requirement, thereby meeting a demand for capital and new products. However, lenders and investors are wary of 'greenwashing', where the promised environmental or social impacts are misleading, and they are demanding more clarity and assurance over their claims.

### ESG investment review and assurance

- Help you review your investment procedures (including strategy, screening, impact monitoring) and reporting practices.
- Provide you with assurance against industry and/or reporting standards (including ESG performance and disclosure standards).
- Provide you with ESG due diligence services.

### Green bonds, loans, and social fund

- Assurance on issuance documents and statements of proceeds.



## Sustainability measurement, reporting & assurance

Reporting of non-financial information is becoming as relevant to stakeholders as traditional financial information. There is an increasing requirement for companies to integrate sustainability across their business and operations, and it becomes imperative for them to adequately communicate with their stakeholders about their strategies, targets, and performance. Unfortunately, companies might not be mature in terms of collation processes and controls, calculation methodologies, and disclosure of these types of data. Furthermore, all this is happening in the face of a tidal wave of legislation, regulatory requirements and expectation driving the production and disclosure of such information. The industry is responding by creating Sustainability accounting, reporting standards and disclosures. Companies need to be able to respond to the increasing demands of their stakeholders through high-quality, transparent and trustworthy non-financial reporting on which everyone can make important sustainable-led decisions.

### KPI development, data collection, and digitalization

- Support you in developing, selecting, and prioritizing KPIs, and designing data measurement, collection, review, and validation procedures.
- Help you design automated data collection, processing, and reporting tools, and data controls enhancement.

### Impact measurement and valuation

- Support you in developing impact KPIs and design impact measurement frameworks.

### Reporting advisory services

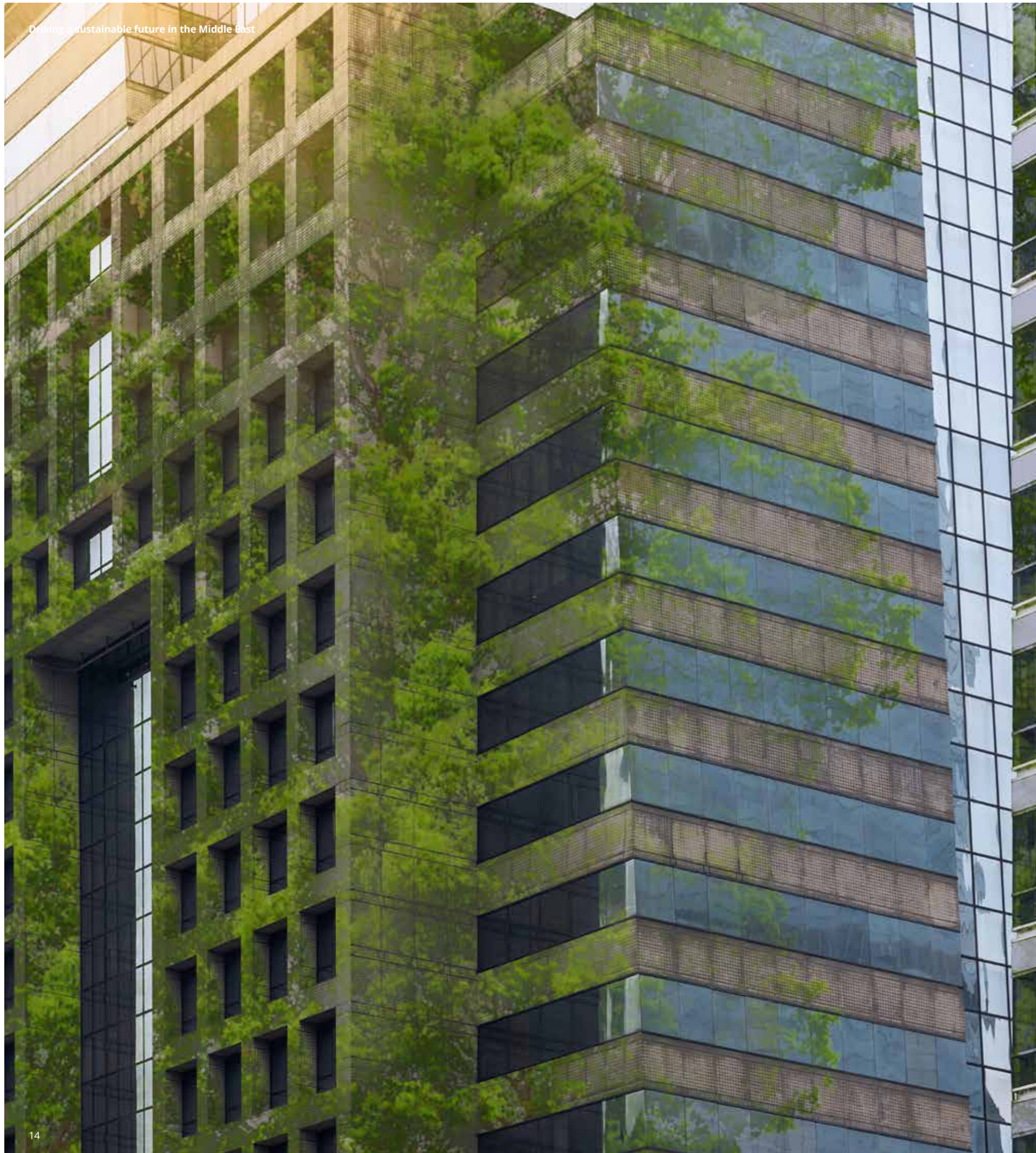
- Provide you with advice on mandatory reporting compliance and gap analysis of reporting against voluntary reporting schemes (GRI/SASB/IIRC/TCFD/WEF-IBC/Eu Taxonomy/CSRD).
- Help you identify your material issues in terms of sustainability and structuring and developing sustainability reports and/or disclosures around them.
- Assist you to improve your performance against Sustainability Rating agencies and/or indexes (CDP, DJSI, SRI or FTSE4Good).
- Provide you with benchmark analysis services of your reporting practices against peers and industry's best practices, as well as technical environmental accounting advice.
- Support you in your IPO Readiness exercises.

### Non-financial assurance

- Provide you with assurance under ISAE 3000 framework (for sustainability KPIs, disclosures, impact KPIs or CSR reports) and against industry/reporting standards (such as GRI).







At Deloitte, we are committed to driving change and creating an impact that matters. Our Sustainability practice is the partner of choice to support you in your sustainability journey.

We are well equipped to provide you with innovative approaches and solutions that will empower you to contribute to a sustainable future.

We have a dedicated cross-functional Sustainability team in the Middle East region that is actively engaged with our Global network and works with governments and clients across industries in re-aligning their strategy and governance to set sustainability as core to their operations and services.

**For more information**



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