Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR)

40th SESSION
17 – 19 October 2023

Wednesday, 18 October 2023

Agenda item 3. Review of practical implementation and recent developments in sustainability reporting requirements

Presented by

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Managing Director, Supervision and Authorisation
Qatar financial Centre Regulatory Authority

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Review of practical implementation and recent developments in sustainability reporting requirements

18 October 2023

Ewald Müller
Managing Director, Supervision and Authorisation
Qatar Financial Centre Regulatory Authority
Current status of ESG reporting

• Supervision conducted a survey among QFCRA-authorised firms, using a set of voluntary disclosures for listed companies by the Qatar Stock Exchange, which is a member of the GCC Exchanges Committee.

• The metrics comprise several standards that are aligned with the UN Sustainable Development Goals and address topics including GHG emissions, energy usage, water usage, gender pay, employee turnover, gender diversity, and ethics.

• QFCRA Supervision supplemented this through the addition of other core UN SDGs in areas such as human capital and corporate governance.
Does your company focus on specific UN SDGs?
Yes: 57% of all firms
No: 43% of all firms

Does your company set targets and report progress on UN SDGs?
Yes: 45% of all firms
No: 55% of all firms

**Category 1 firms:** Banks, Insurers, and Investment Managers
Summary

• Social and Governance disclosures were generally more accessible to firms (with 88% of Category 1 firms able to respond on Social disclosures, and 84% on Governance disclosures). This is because Social disclosures often relied on wider group policies and Governance disclosures related to small, local governing bodies.

• Most Environmental disclosures were outside the current reach of firms, with only 43% of Category 1 firms providing current data. Responses demonstrated a lack of knowledge, suggesting that 43% is an over-estimation. This is compounded by responses in the negative – E.g. Q: Does your company follow specific waste, water, energy, and/or recycling polices? A: No.

• More than 40% of firms were unable to state when Environmental disclosures would be available. Firms struggled to answer questions on CO2 equivalents for Scopes 1, 2 and 3; total GHG emissions; and questions surrounding water and energy usage.
### Environmental

#### Availability of Environmental Data for Category 1 and Other Firm Types

<table>
<thead>
<tr>
<th>Category 1 Firms</th>
<th>Other Firms</th>
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<tbody>
<tr>
<td>Local QFC data was provided in recent response</td>
<td>Local QFC data was provided in recent response</td>
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<tr>
<td>43%</td>
<td>40%</td>
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<td>Local data available by 31-Dec-2023</td>
<td>Local data available by 31-Dec-2023</td>
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<td>4%</td>
<td>7%</td>
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<td>Local data available by 31-Dec-2024</td>
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<td>12%</td>
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<td>Local data not available until after 31-Dec-2024</td>
<td>Local data not available until after 31-Dec-2024</td>
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<td>40%</td>
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Social

Availability of Social Data for Category 1 and Other Firm Types

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<tr>
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<td>88% Local data available by 31-Dec-2023</td>
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<tr>
<td>Local data not available until after 31-Dec-2024</td>
<td>4% Local data not available until after 31-Dec-2024</td>
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Governance

Availability of Governance Data for Category 1 and Other Firm Types

Category 1 Firms
- Local QFC data was provided in recent response: 84%
- Local data available by 31-Dec-2023: 5%
- Local data available by 31-Dec-2024: 2%
- Local data not available until after 31-Dec-2024: 9%

Other Firms
- Local QFC data was provided in recent response: 65%
- Local data available by 31-Dec-2023: 15%
- Local data available by 31-Dec-2024: 5%
- Local data not available until after 31-Dec-2024: 16%
**Way forward**

- Provide feedback to firms on ESG survey findings and proposed way forward
- Include IFRS S1 and S2 as mandatory standards for financial years commencing on or after 1 January 2024
  - As proposed, Scope 3 will be deferred to 2025
  - Integrated reporting preferred, but not mandatory
- Introduce mandatory and voluntary disclosure sets by sector
- Require assurance using ISSA 5000 on ALL disclosures
- Develop ISRS 4400 (agreed-upon-procedures) report for regulatory assurance
- **DEVELOP AND RUN CAPACITY BUILDING INITIATIVES**
  - Liaise closely with the Regional Partnership for promotion of sustainability reporting in the Gulf States and neighbouring countries
SHUKRAN