MSX ESG
DISCLOSURE GUIDELINE

His Majesty Sultan Haitham bin Tariq
-God bless him-

We stand today with firm invincible will on the threshold of a vital stage of development and nation building. It is a stage in which you all have participated in drawing out its prospects in Oman 2040 Future Vision, and contributed to devising its economic, social and cultural goals, in a manner that embodies a clear-cut vision, great expectation towards a more prosperous future. We are all aware of the challenges imposed by the current global conditions, and their implications to the region and to us, since we are part of this world, influencing it and are influenced by it.

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HAITHAM AL SALMI,
CEO

FOREWORD FROM THE CEO

“Respected market participants, MSX is pleased to present the ESG disclosure guidelines, prepared in line with the growing interest among investors worldwide towards sustainability.

In keeping with global sustainability trends, the Muscat Stock Exchange recently joined the United Nations Sustainable Stock Exchanges initiative as a partner exchange. Our aim is to build a sustainable and inclusive financial culture by adopting the best environmental, social, and governance practices, corresponding to Oman Vision 2040 for achieving a diverse and sustainable economy.

These guidelines are intended to meet the current and future needs of investors, while also achieving sustainable development, which is a crucial part of our world’s future. Companies play a vital role in achieving this noble goal.

While profitability and financial success are important aspects of our businesses, sustainability cannot be measured solely by financial indicators. It also encompasses social responsibility, environmental protection, and strong governance. Therefore, the Exchange is committed to enhancing transparency in these areas as a matter of responsibility. Good governance is an essential pillar for achieving sustainable development and building a strong economy.

Therefore, we at MSX aspire that the ESG disclosure guidelines presented herewith shall serve as a valuable tool for companies to help them understand and implement the principles of ESG in their respective entities as a standard of quality.

Disclosures related to ESG are not just obligations for companies to consider. They are effective tools for building trust and enhancing relationships with shareholders, investors, and any other interested parties. Thus, the primary goal remains for these disclosures to be transparent, comprehensive, and robust, providing all relevant parties with the necessary information to make decisions on sustainable foundations.

The guidelines are aimed at providing a comprehensive and practical toolkit for producing world-class ESG disclosures for local listed companies, and a best practice benchmark for all local companies that aspire to acquire these standards of excellence.

We look forward to assisting you in making ESG disclosures an integral part of your sustainable strategy and future success.

Thank you all, and may Allah bless and guide you in your endeavors.”

PURPOSE OF THE
MSX ESG DISCLOSURE GUIDELINE

Muscat Stock Exchange (MSX) has developed this guideline to assist all companies publicly listed on MSX and registered as "SOAG" companies, in reporting their environmental, social, and governance (ESG) performance. All listed companies are required to disclose their 30 metrics through the MSX ESG Disclosure platform and publish their sustainability reports. While ESG and sustainability disclosures were voluntary in 2024, from 2025 onwards, reporting on activities from the 2024 fiscal year will become mandatory.

The development of this guideline follows MSX's participation in the UN Sustainable Stock Exchange (SSE) initiative, which it joined in March 2022. This initiative aims to foster the growth of a sustainable and inclusive financial culture through ESG best practices. The SSE collaborates with stock exchanges globally, offering technical assistance, building consensus, and conducting research to contribute to the achievement of the United Nations Sustainable Development Goals (SDGs) and promote investment for a sustainable future. Stock exchanges worldwide partner with the SSE to support financial markets that encourage the adoption of sustainable and responsible business practices.

The MSX ESG Disclosure Guideline reflects the increasing significance of ESG considerations both globally, regionally, and within Oman, and it aligns with the country's sustainable development objectives. The guideline seeks to raise awareness about ESG issues and motivate companies to prioritize sustainability and responsible business practices.

By adhering to the guideline, companies can transparently disclose their ESG and sustainability practices, demonstrating their commitments and actions. This disclosure addresses key stakeholders, including investors, clients, partners, suppliers, employees, and the broader community. The guideline is aligned with the Unified Gulf Cooperation Council (GCC) ESG Disclosure Metrics for Listed Companies, published in 2022, as well as the Global Reporting Initiative (GRI) Standards.

OVERVIEW OF THE KEY **DRIVERS OF ESG ADOPTION IN MSX**

Oman Vision 2040

Oman's Vision 2040 and the Five-Year Plan demonstrate the country's commitment to achieving the 2030 SDGs by implementing policies, programs, and initiatives that promote sustainable and inclusive economic development. The Oman Vision 2040 is a strategic framework that outlines the country's goals for the future. The vision seeks to establish a productive and diversified economy that prioritizes innovation, equal opportunities, and the integration of roles. The private sector plays a crucial role in Oman's development, and the vision aims to leverage Oman's competitive advantages towards greater integration with the world economy and active contribution to international trade. The vision seeks to achieve inclusive and sustainable development by implementing effective economic leadership within a coherent and contemporary institutional framework. This will ensure financial sustainability and diversify public revenues, paving the way for a prosperous future for Oman and its people.

In alignment with the 2040 vision, Oman has been making significant efforts to address ESG considerations in recent years, reflecting the country's commitment to sustainable and inclusive economic development. Environmental concerns have been one area of focus, with the establishment of the Environmental Authority in 2020 which was put in place to develop plans and programs that protect the environment and preserve its natural resources.

Social factors such as labor standards and human rights have also gained prominence in Oman, with the government investing in initiatives to improve access and quality of education and healthcare services. These initiatives demonstrate the country's commitment to promoting equal opportunities and social development. Governance issues such as transparency and accountability have also been emphasized in Oman. The introduction of a New Commercial Companies Law in 2021, which included provisions related to the government's commitment to enhancing corporate governance practices. board composition, executive compensation and shareholder rights, is one example.

Oman's Vision 2040, which outlines the country's long-term development goals, places significant emphasis on sustainability and ESG considerations. The vision aims to create a diversified economy that promotes innovation, fosters equal opportunities and leverages Oman's competitive advantages, while prioritizing environmental protection and social development.

Net Zero by 2050

Under the leadership of His Majesty Sultan Haitham bin Tarik, in October 2022, Oman announced its commitment to achieve net zero emissions by 2050, focusing on key sectors such as Industry, Oil & Gas, Power, Transport, and others. With this pledge, Oman joins over 70 countries aiming for net zero emissions by 2050, in alignment with the Sultanate's Vision 2040 to be "the gateway to overcome challenges."

Further reinforcing this national commitment, the Muscat Stock Exchange (MSX) has also committed to achieving net zero by 2050. On 29 April 2024, during the Annual Conference of the Arab Federation of Capital Markets (AFCM) in Doha, Qatar, MSX, along with three other exchanges, joined the Net Zero Financial Service Providers Alliance (NZFSPA). As part of the Glasgow Financial Alliance for Net Zero (GFANZ), the NZFSPA includes stock exchanges, index providers, and research, rating & data providers dedicated to raising the urgency of net zero alignment. MSX is committed to integrating net zero alignment into its services and products offered to capital market participants, further supporting sustainable growth and the implementation of ESG practices in Oman.

Unify ESG Disclosures with GCC Stock Exchanges

On a regional level, MSX is a member of the GCC Stock Exchanges ESG Committee and has played an active role in the development of the GCC ESG Disclosure Metrics for Listed Companies. One of the key drivers of ESG at MSX is the unified metrics, developed in collaboration with other GCC exchanges. With the growing interest in the region to attract foreign investors and align with global trends, the GCC exchanges have introduced these metrics and guidelines to assist issuers and the market in disclosing their ESG practices. The issuance of these standards marks a significant milestone in promoting ESG considerations across the region and ensuring alignment with global best practices.

WHY REPORT ON
ESG SUSTAINABILITY

Reporting on ESG and sustainability practices is essential for companies aiming to enhance their financial performance, reputation, and operational efficiency. It aligns with growing investor demands and evolving regulatory requirements. Below are key reasons for ESG disclosure:

1. Investor Attraction:
Investors increasingly demand ESG and Sustainability disclosures, recognizing the link between non-financial practices and long-term financial performance. Companies providing this information attract responsible investors and gain access to ESG indices such as the MSCI ESG Leaders Index and FTSE4Good Index.

2. Operational Efficiency:
ESG disclosures help companies optimize their internal operations. By tracking key metrics like carbon footprint and employee satisfaction, companies can improve processes, reduce costs, and retain talent.

3. Regulatory Compliance:
Governments and regulators, including in Oman, are moving towards mandatory ESG reporting. Early disclosure keeps companies ahead of regulatory changes, positioning them competitively.

4. Financial Performance:
Sustainability practices strengthen a company's strategy and build trust with investors, leading to long-term financial stability. ESG factors also mitigate risks like climate change and social unrest, which can impact profitability.

5. Enhanced Reputation:
Transparent ESG reporting boosts corporate reputation and stakeholder trust. It helps attract investors, partners, employees, and customers who value responsible business practices.

6. Risk Management:
ESG data improves risk oversight by highlighting long-term challenges like climate risks and resource scarcity. Companies integrating ESG into their practices can better manage and mitigate these risks.

HOW TO REPORT ESG AND SUSTAINABILITY DISCLOSURES

Listed companies must follow key principles to ensure clear and high-quality ESG and sustainability reporting:

- Accuracy
- Clarity
- Completeness
- Timeliness
- Balance
- Comparability
- Sustainability context
- Verifiability

Companies are required to disclose two types of information:

1. MSX 30 Metrics
MSX 30 metrics are a set of information set by MSX and provided by the issuer regarding its practices in environmental, social, and corporate governance areas. These metrics offer a transparent view of the issuer's performance and impact in these aspects.

2. Sustainability Report
The sustainability report is a document prepared by the issuer to present its performance in environmental, social, and corporate governance areas. The report aims to provide transparent information about the issuer's impact on the environment and society, as well as its strategies for improving these impacts.

1. MSX 30 Metrics

Companies must report on 30 metrics, categorized under Environmental, Social, and Governance pillars. 29 of these metrics are unified with the GCC Stock Exchange, while Metric 30, focusing on Corporate Social Responsibility (CSR), is specific to MSX to encourage transparency.

30 ESG METRICS TO DISCLOSE

Category	Metric	Calculation	Corresponding GRI Standards	Corresponding SDGs	Notes	Mandatory or Optional	
ENVIRONMENTAL	E1. GHG Emissions	E1.1) Total amount, in CO2 equivalents, for Scope 1	GRI 305: Emissions 2016	13 CLIMATE ACTION	Actual or estimated atmospheric emissions produced as a direct (or indirect) result of the company›s consumption of energy. Please refer to the WRI/ WBCSD GHG protocol. Corresponding SDGs	E1.1	Mandatory
		E1.2) Total amount, in CO2 equivalents, for Scope 2 (if applicable)				E1.2	Mandatory
		E1.3) Total amount, in CO2 equivalents, for Scope 3 (if applicable)				E1.3	Optional
	E2. Emissions Intensity	E2.1) Total GHG emissions per output scaling factor	GRI 305: Emissions 2016		Dividing annual emissions (numerator) by relevant measures of economic output (denominator). Scaling factors set by the reporting company. Examples include: Revenues, sales, production units, employee headcount, physical floor space.	E2.1	Mandatory
		E2.2) Total non-GHG emissions per output scaling factor				E2.2	Mandatory
	E3. Energy Usage	E3.1) Total amount of energy directly consumed	GRI 302: Energy 2016	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Typically measured in megawatt-hours (MWh) or gigajoules (GJ). Direct energy is produced and consumed on company-owned or operated property. Indirect energy is produced elsewhere (i.e., utilities).	E3.1	Mandatory
		E3.2) Total amount of energy indirectly consumed				E3.2	Mandatory
	E4. Energy Intensity	Total direct energy usage per output scaling factor	GRI 302: Energy 2016		Dividing annual consumption (numerator) by relevant measures of physical scale (denominator). Examples include: Revenues, sales, production units, employee headcount, physical floor space.	E4.	Mandatory

ENVIRONMENTAL	E5. Energy Mix	Percentage: Energy usage by generation type	GRI 302: Energy 2016	07 AFFORDABLE AND CLEAN ENERGY	Quantifying the specific energy sources most directly used by the company. "Generation type" set by the reporting company; examples include renewables, hydro, coal, oil, or natural gas.	E5.	Mandatory
	E6. Water Usage	E6.1) Total amount of water consumed	GRI 303: Water and Effluents 2018	06 CLEAN WATER AND SANITATION	Water consumed, recycled, and reclaimed annually, in cubic meters (m3).	E6.1	Mandatory
		E6.2) Total amount of water reclaimed				E6.2	Mandatory
	E7. Environ-mental Operations	E7.1) Does your company follow a formal Environ-mental Policy? Yes/No	GRI301-306 and GRI 3	13 CLIMATE ACTION	Publish a commitment, position statement, or a policy document that covers this subject. Examples of management systems: • ISO14001: Environmental manage-ment system. • ISO 50001: Energy management sys-tem.	E7.1	Mandatory
		E7.2) Does your company follow specific waste, water, energy, and/or recycling policies? Yes/No				E7.2	Mandatory
		E7.3) Does your company use a recognized energy management system? Yes/No				E7.3	Mandatory
	E8. Environ-mental Oversight	Does your Man-agement Team oversee and/or manages sus-tainability issues? Yes/No	GRI 2 General Disclosures 2021 (also see 303, 305, 306, 308) 2016		Does your company cover sustainability issues in senior management (as part of the official agenda) or has a management committee dedicated to sustainability-related issues?	E8.	Mandatory

ENVIRONMENTAL	E9. Environmental Oversight	Does your Board oversee and/or manage other sustainability issues? Yes/No	GRI 2 General Disclosures 2021 (also see 303, 305, 306, 308) 2016		Does your company cover sustainability issues in board meetings (as part of the official agenda) or has a board committee dedicated to sustainability-related issues?	E9.	Mandatory
ENVIRONMENTAL	E10. Climate Risk Mitigation	Total amount invested, annually, in climate-related infrastructure, resilience, and product development	GRI 201 Economic Performance 2016	13 CLIMATE ACTION	Companies measure the total OMR amount invested in climate-related issues, including R&D spend, if any.	E10.	Mandatory
SOCIAL	S1. CEO Pay Ratio	S1.1) Ratio: CEO total compensation to median FTE total compensation	GRI 2 General Disclosures 2021	10 REDUCED INEQUALITIES	As a ratio: the CEO Salary & Bonus (X) to Median (FTE - Full Time Equivalent) Salary, usually expressed as "X:1" Use total compensation, i including all bonus payments and incentives.	S1.1	Optional
		S1.2) Does your company report this metric in regulatory filings? Yes/No				S1.2	Optional
	S2. Gender Pay Ratio	Ratio: Median male compensation to median female compensation	GRI 405: Diversity and Equal Opportunity 2016	05 GENDER EQUALITY	As a ratio: the median total compensation for men compared to the median total compensation for women. Reported for Full Time Equivalent (FTEs) only; Use total compensation, including all bonus payments and incentives.	S2.	Mandatory
	S.3 Employee Turnover	S3.1) Percentage: Year-over-year change for full-time employees	GRI 401: Employment 2016		Percentage of total annual turnover, broken down by various employment types. Turnover includes all job changes, whether due to dismissal, retirement, job transition, or death.	S3.1	Mandatory
		S3.2) Percentage: Year-over-year change for part-time employees				S3.2	Mandatory
		S3.3) Percentage: Year-over-year change for contractors and/or consultants				S3.3	Mandatory
	S.4 Gender Diversity	S4.1) Percentage: Total enterprise headcount held by men and women	GRI 2 General Disclosures 2021 GRI 405: Diversity and Equal Opportunity 2016	05 GENDER EQUALITY	Percentage of male-to-female metrics, broken down by various organizational levels.	S4.1	Mandatory
		S4.2) Percentage: Entry- and mid-level positions held by men and women				S4.2	Mandatory
		S4.3) Percentage: Senior- and executive-level positions held by men and women				S4.3	Mandatory

SOCIAL	S.5 Temporary Worker Ratio	S5.1) Percentage: Total enterprise headcount held by part-time employees	GRI 2 General Disclosures 2021 GRI 405: Diversity and Equal Opportunity 2016		Percentage of Full-Time (or FTE-equivalent) positions held by non-traditional workers in the value chain.	S5.1	Mandatory
		S5.2) Percentage: Total enterprise headcount held by contractors and/or consultants				S5.2	Mandatory
	S6. Non-Discrimination	Does your company follow nondiscrimination policy? Yes/No	GRI 3 2021 and GRI: 406: Non-Discrimination 2016	10 REDUCED INEQUALITIES	Publish a commitment, position statement, or a policy document that covers this subject.	S6.	Mandatory
	S7. Injury Rate	Percentage: Frequency of injury events relative to total workforce time	GRI 403: Occupational Health and Safety 2018	03 GOOD HEALTH AND WELL-BEING	Total number of injuries and fatalities, relative to the total workforce.	S7.	Mandatory
	S8. Global Health & Safety	Does your company follow an occupational health and/or global health & safety policy? Yes/No	GRI 3 2021 and GRI 403: Occupational Health and Safety 2019	03 GOOD HEALTH AND WELL-BEING	Publish a commitment, position statement, or a policy document that covers this subject.	S8.	Mandatory
	S9. Child & Forced Labor	S9.1) Does your company follow a child and/or forced labor policy? Yes/No	GRI 3 2021 And GRI 414 Supplier Social Assessment 2016	08 DECENT WORK AND ECONOMIC GROWTH	Publish a commitment, position statement, or a policy document that covers this subject.	S9.1	Mandatory
		S9.2) If yes, does your child and/or forced labor policy also cover suppliers and vendors? Yes/No				S9.2	Mandatory
	S10. Human Rights	S10.1) Does your company follow a human rights policy? Yes/No	GRI 3: Material Topics 2021 and GRI 2: General Disclosures 2021	10 REDUCED INEQUALITIES	Publish a commitment, position statement, or a policy document that covers this subject.	S10.1	Mandatory
		S10.2) If yes, does your human rights policy also cover suppliers and vendors? Yes/No				S10.2	Optional
	S11. Community Investment	Amount invested in the community, including philanthropic donations, as a percentage of the company's pretax profits	GRI 3: Material Topics 2021	08 DECENT WORK AND ECONOMIC GROWTH	The percentage of the amount invested as a part of pretax profits	S11.	Mandatory

GOVERNANCE	G1. Board Diversity	G1.1) Percentage: Total board seats occupied by men and women	GRI 405: Diversity and Equal Opportunity 2016	10 REDUCED INEQUALITIES	The percentage of women at the board.	G1.1	Mandatory
		G1.2) Percentage: Committee chairs occupied by men and women			The percentage of committee chairs held by women.	G1.2	Mandatory
	G2. Board Independence	G2.1) Does the company prohibit the CEO from serving as board chair? Yes/No	GRI 405: Diversity and Equal Opportunity 2016		Highlight the separation of the role of chairman and CEO.	G2.1	Mandatory
		G2.2) Percentage: Total board seats occupied by independents			Disclose the percentage of independent board members	G2.2	Mandatory
	G3. Incentivized Pay	Are executives formally incentivized to perform on sustainability? Yes/No	GRI 2: General Disclosures 2021		Describe links between executive performance and sustainability performance, if any.	G3.	Mandatory
	G4. Supplier Code of Conduct	G4.1) Are your vendors or suppliers required to follow a Code of Conduct? Yes/ No	GRI 204 (See also: GRI 308: Supplier Environmental Assessment 2016 & GRI 414: Supplier Social Assessment 2016)	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Publish a commitment, position statement, or a policy document that covers this subject.	G4.1	Mandatory
		G4.2) If yes, what percentage of your suppliers have formally certified their compliance with the code?				G4.2	Mandatory
	G5. Ethics & Anti-Corruption	G5.1) Does your company follow an Ethics and/or anti-corruption policy? Yes/No	GRI 205: Anti-Corruption 2016)	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Publish a commitment, position statement, or a policy document that covers this subject.	G5.1	Mandatory
		G5.2) If yes, what percentage of your workforce has formally certified its compliance with the policy?				G5.2	Mandatory
	G6. Data Privacy	G6.1) Does your company follow a Data Privacy policy? Yes/No	GRI: 418 Customer Privacy 2016		Publish a commitment, position statement, or a policy document that covers this subject.	G6.1	Mandatory
		G6.2) Has your company taken steps to comply with GDPR rules? Yes/No				G6.2	Mandatory
		G7.3) Has your company taken steps to comply with Oman Personal Data Protection Law rules? Yes/No				G6.3	Mandatory
	G7. Sustainability Reporting	G7.1) Does your company publish a sustainability report? Yes/No	GRI 1: Foundation 2021 & GRI 2: General Disclosures 2021			G7.1	Mandatory
		G7.2) Is sustainability data included in your regulatory filings? Yes/ No				G7.2	Mandatory

GOVERNANCE	G8. Disclosure Practices	G8.1) Does your company provide reporting frameworks? Yes/No	GRI 1: Foundation 2021 & GRI 2: General Disclosures 2021		In addition to GRI, does your company publish a CDP, SASB, IIRC, or UNGC based report?	G8.1	Mandatory
		G8.2) Does your company focus on specific UN SDGs? Yes/No				G8.2	Mandatory
		G8.3) Does your company set targets and report progress on the UN SDGs? Yes/No				G8.3	Mandatory
	G9. External Assurance	Are your sustainability disclosures assured or validated by a third party? Yes/ No	GRI 2: General Disclosures 2021		Please specify whether your sustainability data has been verified by a third party. Please highlight the Key Performance Indicators (KPIs) that have been verified, if any.	G9.	Mandatory

2. Sustainability Report

The following sections provide guidelines for preparing ESG and sustainability reports:

A. Global Frameworks
Companies must publish a stand-alone ESG or sustainability report that aligns with global frameworks such as GRI, TCFD, and SASB (Check Appendix D).

B. Reporting Boundaries:
Clearly define the boundaries of the report, including the reporting period (based on the fiscal year) and which entities and locations are covered. Specify whether the report covers the parent company, a group, or a holding. Ensure transparency by outlining the locations and activities included in the report.

C. Exercising Balance:
A well-balanced ESG and sustainability report should include both quantitative and qualitative data. It should also cover all ESG pillars: environmental, social, and governance. A transparent report addresses both positive and negative performance. Acknowledging challenges and potential negative impacts demonstrates leadership and builds stakeholder trust.

D. Stakeholder Engagement & Materiality
When assessing materiality, focus on identifying the ESG and sustainability topics that impact financial performance and are important to stakeholders. Engage with stakeholders (e.g., through surveys or consultations) and consider MSX's 30 metrics in the process.
Explain how the material topics were selected, which stakeholder groups were involved, and how the materiality test was conducted. Regular updates are crucial to reflect any changes in ESG factors over time.

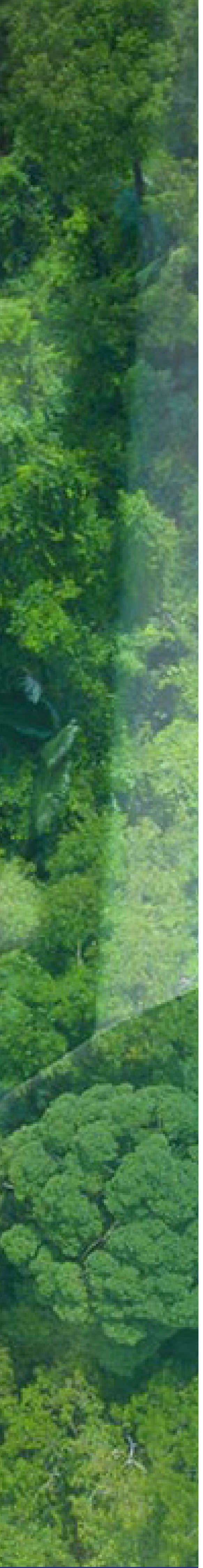
E. Accessibility
This report should be accessible via the company's website and the MSX Discourse Platform, apart from other financial publications.

F. Reporting period and Place of publishing
Starting 2025, reporting on the 2024 activities will be mandatory. Companies will have to provide two types of disclosures through MSX ESG Disclosures platform, which could be accessed here.

TYPE OF REPORTING AND PLACE OF PUBLISHING

	What to Disclose	Where
MSX ESG 30 Metrics	MSX 30 Metrics	• MSX ESG Disclosures platform
Sustainability report	According to the Materiality Assessment	• MSX ESG Disclosures platform • The Company Website

ABOUT MSX



ABOUT MSX

The Royal Decree No. 5/2021 on January 6th, 2021, transformation of the Muscat Securities Market (established in 1988) into the Muscat Stock Exchange (MSX), represents a pivotal turning point in the financial sector and one of the most significant changes contributing to economic diversification in the Sultanate of Oman. This transformation strengthens the investment development trajectory of the exchange, supporting its leadership regionally and globally. Additionally, it aims to attract more local and international investments, significantly impacting trading activity and increasing liquidity rates on the exchange.

The Muscat Stock Exchange, owned by the Omani Investment Authority (OIA), seeks to became a world leader exchange by providing a highly efficient investment environment aligned with the national economic direction and Oman Vision 2040. It is a crucial component in the economic diversification agenda, operating through an ambitious strategy focusing on six pillars: national economic development, exchange attractiveness and accessibility, emphasis on financial technology and infrastructure development, reaffirmation of the exchange's business foundation, job satisfaction, and improvement of the working environment.

The Muscat Clearing and Depository Company (MCD)is a subsidiary of the Muscat Stock Exchange, and it is the central entity that preforms the function of clearing. settlement, and deposit services for securities traded on the exchange. The company also provides shareholder records and custody service for companies and investment funds.

Currently, the Muscat Stock Exchange seeks to transform Oman's securities market into a sophisticated and flexible market capable of competing regionally and internationally, adhering to the highest global standards.

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APPENDIX A

How to Report GHG Emissions

Greenhouse Gas Emissions (GHG) Calculations

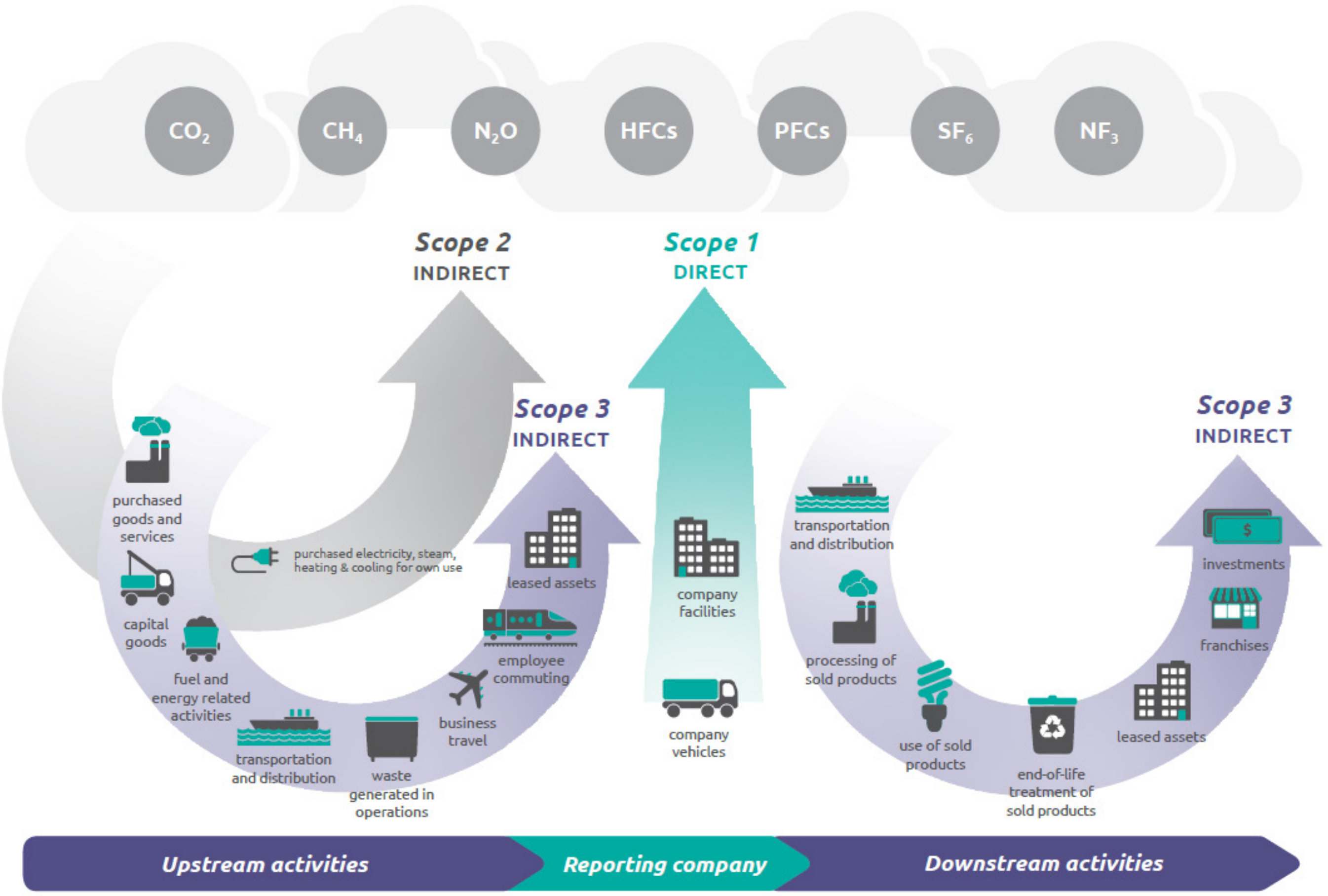
GHG emissions include carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), fluorinated gases, and others that are released in the air. It is important for a company to calculate GHG emissions and to put in place strategies to reduce them.

GHG emissions are divided into 3 scopes:

- Scope 1
  emissions encompass direct GHG emissions that occur from sources owned or controlled by an organization. These emissions are a result of the organization's operational activities.

- Scope 2
  emissions refer to indirect GHG emissions associated with the consumption of purchased electricity, heat, or steam. These emissions occur from activities outside an organization›s operational boundaries but are a result of the organization's energy consumption.

- Scope 3
  emissions encompass all other indirect GHG emissions that occur as a consequence of an organization's activities but are not classified under Scope 2.These emissions typically extend beyond an organization›s operational boundaries and cover various upstream and downstream activities of the value chain.



Source: EPA.gov

There are different ways to calculate the GHG emissions. The most common way to calculate them is by using emission factors. Emission factors are average values that represent the amount of GHG emissions produced per unit of activity or output.

To calculate GHG emissions using emission factors, follow these steps:

1. Identify the emission sources: Determine the activities or processes that contribute to GHG emissions. This could include energy consumption, transportation, industrial processes, waste management, and more. Emissions sources decide whether you would categorize them under Scope 1, 2 or 3.

2. Determine the appropriate emission factors: When determining the emission factor the listed companies must use the US Average emission factors until Oman issues a National emission factor. Emission factors can be obtained from various sources, such as government agencies, industry standards, or published databases. These factors provide the average emissions associated with a specific activity or process.

3. Collect activity data: Gather information on the quantity or magnitude of the activities or processes under consideration. For example, if you want to calculate emissions from electricity consumption, you would need data on the amount of electricity used.

4. Calculate emissions: Multiply the activity data by the corresponding emission factor. This will give you the total emissions associated with the specific activity or process.

5. Summarize and report: Add up the emissions from all the activities or processes to obtain the total GHG emissions. You can report the emissions in metric tons of carbon dioxide equivalent (CO_2e), which includes other GHGs converted into their CO_2 equivalents.

Formulas

Below are suggested calculation methods:

SCOPE 1

Emissions = Activity Data (e.g., fuel consumption, activity quantity) * Emission Factor	For example, if you want to calculate Scope 1 emissions from company-owned vehicles:	Emissions = Fuel Consumption (e.g., liters) * Emission Factor (e.g., kg CO2e per liter)

SCOPE 2

Emissions = Activity Data (e.g., electricity consumption) * Emission Factor	For example, to calculate Scope 2 emissions from electricity consumption:	Emissions = Electricity Consumption (e.g., kWh) * Emission Factor (e.g., kg CO2e per kWh)

SCOPE 3

Emissions = Activity Data (e.g., distance traveled, quantity of goods) * Emission Factor	For example, if you want to calculate Scope 3 emissions from business travel:	Emissions = Distance Traveled (e.g., kilometers) * Emission Factor (e.g., kg CO2e per kilometer)

APPENDIX B

MSX partnered with the UN SSE is in line with Oman 2040 Vision to achieve a sustainable economy that is market resilient.

MSX signed a Memorandum of Understanding (MoU) with the Ministry of Social Development, the Ministry of Commerce, Industry & Investment Promotion and the Environment Authority as part of its commitment under ESG initiatives.

APPENDIX C

ESG Global Trends

In 2015, The 2030 Agenda for Sustainable Development, was adopted by all United Nations Member States to provide a shared blueprint for peace and prosperity for people and the planet. The agenda includes the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership to be achieved by 2030. Since then, the world has witnessed an increased public discourse on the value of ESG practices and reporting among companies. This stemmed from the conviction that companies are corporate citizens that play a key role in advancing the agenda of the SDGs by mobilizing their resources, knowledge and value chains.

More recently, the frequency and severity of climate-related events, coupled with growing regulatory and societal pressure, have elevated the significance of ESG practices and disclosures. Social factors, such as labor standards, human rights and consumer protection have also become more critical. Governance issues, such as board composition, executive compensation and shareholder rights, have long been an essential element for the sustainable growth of any company.

In addition, today we see investors demanding more transparency on ESG practices to aid in their decision-making processes. Investors are increasingly looking to align their investments with their values and long-term sustainability objectives. Environmental considerations like climate change, natural resource depletion and pollution have been key drivers of this trend, along with their impact on local communities.

MSX believes that the trend towards ESG investing is set to continue, driven by a growing recognition of the materiality of ESG factors to long-term financial performance and the desire to achieve positive environmental and social outcomes.

1992 The United Nations Framework Convention on Climate Change (UNFCCC) is established

1997 The Global Reporting Initiative (GRI) is established as an international independent standards organization that helps businesses, governments and other organizations understand and communicate ESG-related topics.

2000 The United National Global Compact is launched to encourage businesses and organizations to adopt sustainable and socially responsible policies and practices

2006 The United Nations' Principles for Responsible Investment (UNPRI) reporting framework is launched

2011 The Sustainability Accounting Standards Board (SASB) is launched to standardize sustainability accounting and measurements across 77 industries

2015 The Sustainable Development Goals (SDGs) are established by the United Nations General Assembly, and the Paris Agreement is created.

2018 The Intergovernmental Panel on Climate Change (IPCC) releases its Special Report on Climate Change.
The Task Force on Climate-related Financial Disclosures (TCFD) is established, providing guidance for companies to disclose their climate-related risks and opportunities.

2020 COVID-19 highlights the importance of key ESG topics such as health, safety, wellbeing, supply chain sustainability and community prosperity.

2023 The International Sustainability Standards Board (ISSB) issues its inaugural standards—IFRS S1 and IFRS S2-ushering in a new era of sustainability -related disclosures in capital markets worldwide. The Standards aim to improve trust and confidence in company disclosures about sustainability to inform investment decisions.

APPENDIX D

Global ESG Disclosure Standards and Frameworks

Global Reporting Initiative (GRI)

The GRI is a globally recognized, independent standards organization that supports businesses, governments, and other entities in comprehending and reporting on their impacts related to issues such as climate change, human rights and corruption. The GRI provides general and sector-specific disclosure guidelines, enabling organizations to effectively communicate their sustainability performance and disclose the information relevant to their industry.

Sustainability Accounting Standards Board (SASB)

The SASB Standards serve as a comprehensive guide for companies to disclose financially material sustainability information to their investors. These standards are applicable to 77 industries and help identify the subset of environmental, social and governance issues that are most relevant to financial performance in each industry.

International Integrated Reporting Council (IIRC)

The International Integrated Reporting Framework and Integrated Thinking Principles have been globally adopted, with 75 countries leveraging their benefits to enhance communication about value creation, preservation and erosion.

By adopting an integrated approach to reporting and thinking, companies can streamline their capital allocation process, promoting efficient and productive use of resources. This can act as a catalyst for both financial stability and sustainable development.

International Financial Reporting Standards (IFRS) Foundation

The IFRS Foundation is a non-for-profit organization committed to creating clear, enforceable, high-quality accounting and sustainability disclosure standards that are widely accepted globally. These standards are developed by two standard-setting boards: the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB).

CDP (formerly the Carbon Disclosure Project)

CDP is a non-for-profit organization that operates a global disclosure system for investors, companies, cities, states, and regions to effectively manage their environmental impacts. With over 20 years of experience, they have developed a system that has led to unprecedented engagement on environmental issues worldwide.

Task Force on Climate-Related Financial Disclosures (TCFD)

The TCFD has issued recommendations on how companies can disclose climate-related financial information, with the aim of providing investors and other stakeholders with better information to support informed capital allocation. The TCFD's framework is widely recognized as a valuable tool for companies to understand and disclose their climate-related risks and opportunities.

The disclosure recommendations are structured around four thematic areas that represent core elements of how companies operate: governance, strategy, risk management and metrics and targets.

United Nations Global Compact (UNGC)

The UNGC is a voluntary initiative that is based on the commitment of CEOs to implement ten universally accepted sustainability principles. These principles cover various areas, including human rights, labor, environment and anti-corruption measures.

United Nations Sustainable Development Goals (SDGs)

The UN SDGs are a collection of seventeen interlinked objectives designed to serve as a "shared blueprint for peace and prosperity for people and the planet, now and into the future".

Principles for Responsible Investment (PRI)

The objective of the PRI is to assess the impact of sustainability on investment decisions and assist signatories in integrating these issues into their ownership practices and investment decision-making. By adhering to these principles, signatories contribute to the development of a more sustainable global financial system.

The Equator Principles (EP)

The EP is a risk management framework utilized by financial institutions to identify, evaluate, and manage environmental and social risks in project finance. In order to ensure responsible risk decision-making, the International Finance Corporation (IFC) has developed a set of standards and principles on social and environmental sustainability, providing a minimum standard for due diligence. This development has drawn attention to social and environmental responsibility, and consequently promoted the integration of ESG risks into investment decisions. The principles serve as a means for financial institutions to uphold these standards, contributing to the creation of a more sustainable global financial system.