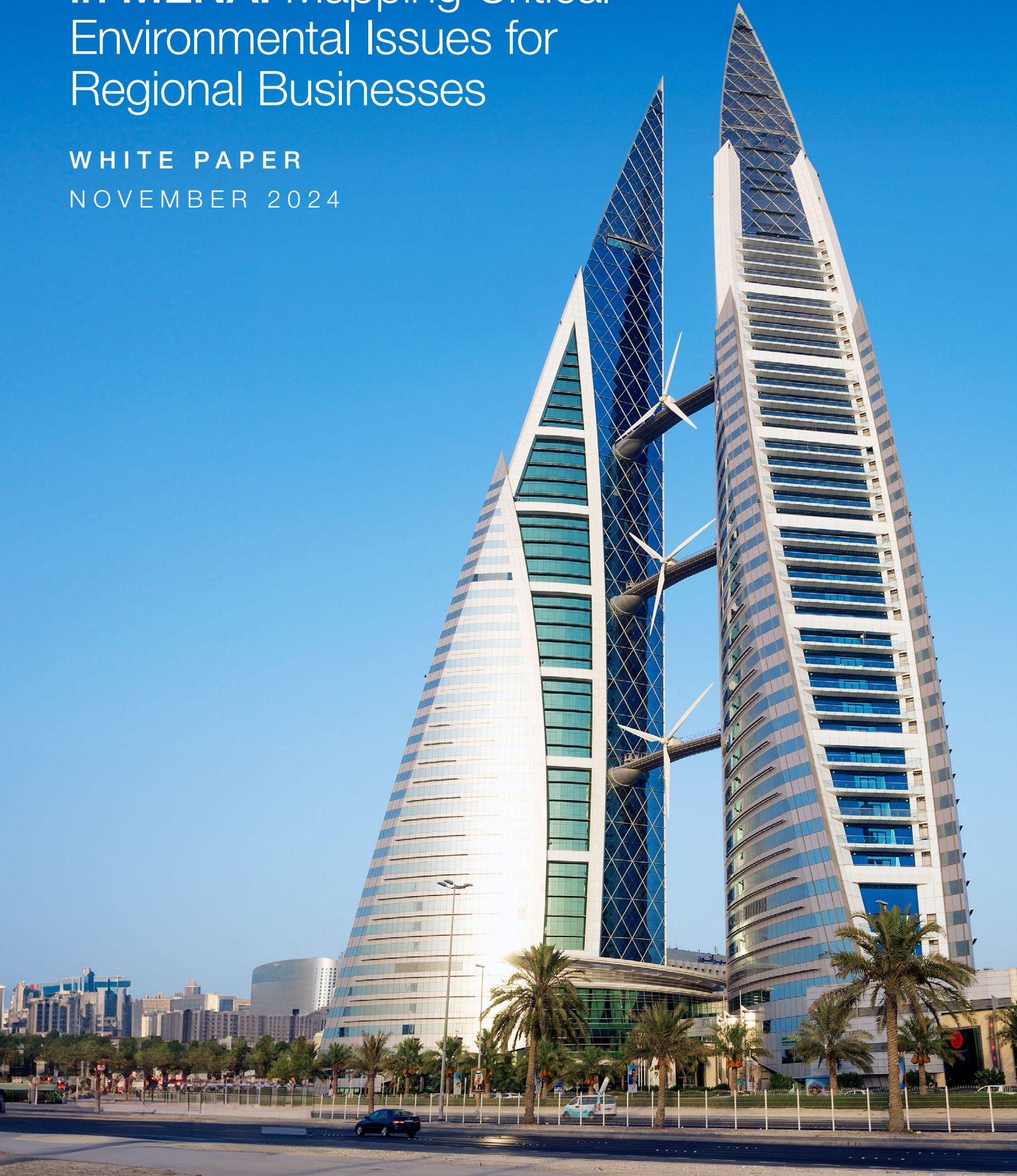


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# Prioritizing Sustainability in MENA: Mapping Critical Environmental Issues for Regional Businesses

WHITE PAPER  
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# Foreword



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At the crossroads of a rapidly changing global landscape, the Middle East and North Africa (MENA) region is at a pivotal moment in its journey towards a sustainable economy. The historic commitments made at the 28th Conference of the Parties (COP28) to the United Nations Framework Convention on Climate Change (UNFCCC) have set the stage for transformative action. Now, more than ever, it is imperative for leaders in MENA to embrace this momentum and proactively address climate action.

While the region faces considerable climate-related challenges, it is endowed with abundant access to solar and wind energy, a ready supply of capital and a long-term focus among many of its governments. As a result, it is well-placed to leapfrog traditional development phases and integrate sustainability directly into its agenda for economic diversification and growth.

Since 2022, the World Economic Forum, together with Bain & Company, has been convening the Leaders for a Sustainable MENA (LSM) – a diverse coalition of policy-makers, business leaders, financial institutions and industry experts – to help shape an ambitious sustainability agenda that works within the unique regional context of MENA in order to leave no one behind.

Realizing a transparent, resilient and equitable sustainable future in the region requires looking beyond emissions. Broader environmental issues such as water management, waste management and biodiversity must be actively integrated into the strategies of regional stakeholders.

While there are many impressive “green shoots” from some of the largest corporations, these efforts need to be expanded throughout the entire value chain for the region to truly realize the potential of its sustainable transition. This includes suppliers and small and medium enterprises that are notably lagging in these efforts, despite their critical economic role. The transition towards sustainability in MENA demands increased corporate accountability and disclosure, particularly on environmental topics, and a commitment across all businesses in the region to adopt more sustainable practices.

This report, developed with the LSM community, offers a roadmap for how diverse companies across the region can elevate their environmental disclosure practices and sustainability performance. Based on an analysis of top listed companies, as well as insights from dialogues, surveys and interviews with C-suite executives, this report brings a unique approach to environmental materiality assessments in the region, highlighting the need to develop regional disclosure mechanisms that are closely aligned with internationally recognized standards, while ensuring that local and sector specific contexts are adequately represented.

To achieve a sustainable and equitable future in MENA, it is critical to acknowledge that no single solution fits all. Sustainability strategies need to be grounded in local realities, while also aligning with global goals and ambitions. Now is the moment for bold, decisive action, with innovation and collaboration required to create lasting change.

# Executive summary

Pressure is growing on companies in MENA to accelerate their progress on sustainability. To achieve this will require regional guidelines, materiality assessments and political leadership.

Following the high-profile commitments made at the UN's Climate Change Conference in Dubai in December 2023 (COP28) and in alignment with global trends, the MENA region faces increasing pressure from different stakeholders – including investors, regulators and global markets – to enhance transparency around corporate sustainability practices and transition to more sustainable business models. The region needs to accelerate its progress and MENA companies must be prepared to remain competitive in the global economy, attract international investors and support the region's economic diversification goals.

## **Lack of region-specific guidelines**

However, corporations in the MENA region often encounter significant challenges due to the lack of clear guidelines and best practice on reporting that are tailored to the region's unique context.<sup>1</sup> Many companies are still in the early stages of their sustainability journeys, grappling with awareness and capability gaps as well as financial constraints, particularly in understanding and implementing effective reporting practices.

Additionally, the region's ambition to accelerate its progress and diversify the economy will involve the use of materials and resources, so it is crucial that this development is underpinned by robust principles of sustainability.

## **Towards effective environmental materiality assessments**

To navigate this complex landscape, companies embarking on sustainability journeys should prioritize environmental topics that most significantly impact their operations, investor decision-making and the broader ecosystem. These topics can be effectively defined through a "materiality assessment" exercise that enables companies to accurately understand and report on their sustainability performance, allowing for greater transparency among key stakeholders and more effective risk management, which in turn will result in increased investor confidence.

This report serves as a roadmap towards effective environmental materiality assessments in MENA, providing high-level guidance on material environmental topics and metrics that should be prioritized by companies based on their sector and stage in the environmental reporting journey.

Promising developments are emerging in the region, with organizations demonstrating notable progress in integrating sustainability into core business operations, recognizing the importance of sustainable development as a key driver of long-term resilience and growth. These examples can inspire organizations across MENA to contribute to a sustainable, resilient and decarbonized MENA economy, covering critical areas such as reducing greenhouse gas (GHG) emissions, decarbonizing the value chain, small and medium enterprise support and water management.

## **Government leadership is crucial**

Governments in the region play a pivotal role in developing clear policies and frameworks and providing incentives. Their leadership is crucial in setting guidelines and best practice, and creating an enabling environment that fosters sustainable business practices across all sectors, thereby driving impactful sustainability outcomes. An examination of the main sustainability policies in the MENA region reveals several innovative programmes which act as inspiration for other countries seeking to enhance their sustainability efforts and adopt effective strategies.

The shift from traditional to innovative and sustainable solutions is imperative. By focusing on key material issues, embracing knowledge sharing and fostering the combined efforts of the private and public sectors, MENA companies have the potential not only to overcome the region's most pressing sustainability challenges but also to lead in creating a new era of sustainable economic growth and innovation.

1

# The case for sustainability in MENA: post-COP28 pressure and challenges

Companies in the region need regulatory clarity and incentives from government to accelerate their sustainability reporting and actions while remaining competitive.

## 1.1 Global trend towards tighter sustainability regulations

“ The share of managed global assets with a sustainability mandate reached 35% in 2022 and is projected to hit 95% by 2030.

Sustainability has emerged as a crucial aspect of corporate strategy and global investment decisions. Companies are now expected to report on their sustainability performance, not just to meet regulatory requirements but also to meet rising stakeholder demand for transparency and accountability.

Countries representing over 70% of global GDP are expected to be subject to mandatory sustainability reporting in the coming years.<sup>2</sup> Investors and banks have increasingly factored sustainability into their decision-making processes. The share of managed global assets with a sustainability mandate reached 35% in 2022 and is projected to hit 95% by 2030.<sup>3</sup> This is driving corporations to increase their sustainability disclosures as asset managers prioritize investments with proven sustainability commitments. Furthermore, studies and market indicators show a positive correlation between sustainability efforts and financial performance. For example, global sustainability-focused exchange-traded funds (ETFs) have outperformed global stock market ETFs by 30% since 2018.<sup>4</sup>

At the same time, global markets are putting pressure on companies to reduce the carbon footprint of their products. Given the increasingly

global nature of their operations, MENA companies must be well equipped to respond.

A notable example of regulation is the Carbon Border Adjustment Mechanism (CBAM) of the European Union (EU), which will impose a carbon tariff on products imported from non-EU countries starting in 2026. Initially, CBAM will cover EU imports of cement, iron and steel, aluminium, fertilizers and electricity, which are key exports of many MENA countries to the EU. For example:

- **Aluminium:** United Arab Emirates (UAE) contributes 8% and Bahrain contributes 3% to EU import volumes.
- **Fertilizers:** Egypt contributes 21% and Algeria contributes 20% to EU import volumes.
- **Cement:** Algeria contributes 6%, Morocco contributes 5% and Tunisia contributes 3% to EU import volumes.

Looking at this situation through a cross-sector lens, the MENA countries most affected by the initial phase-in of CBAM are Egypt, Algeria, UAE and Morocco due to their significant export volumes in the initially targeted sectors.<sup>5</sup>

## 1.2 Transition to sustainability a prerequisite for all organizations

“ 70% of the region’s emissions now fall under net-zero pledges, up from 60% two years ago.

The transition towards sustainable practices is becoming less a differentiator for large players and increasingly a prerequisite for all organizations. In response to increasing global pressure, MENA governments have launched long-term national strategies with key sustainability goals and net-zero targets. Approximately 70% of the region’s emissions now fall under net-zero pledges, up from 60% two years ago.<sup>6</sup> Governments have shown an ability to move quickly on sustainability, exemplified by the UAE’s launch of 78 environmental initiatives in preparation for COP28.<sup>7</sup>

These public decision-making efforts are supported by pioneering sustainable finance initiatives. In 2023, over \$29 billion was issued through green,

social, sustainable and sustainability-linked bonds in MENA.<sup>8</sup> For instance, the Dubai-based conglomerate Majid Al Futtaim recently raised \$500 million through a green “sukuk” (Islamic bond), its fourth in about four years, setting a precedent for successful offerings in the region.<sup>9</sup> Large corporations have also set strong precedents, with companies like ACWA Power aiming for a 50% reduction in GHG intensity in electricity production by 2030 (compared to 2020). Similarly, Emirates Global Aluminium (EGA) has formed an alliance with renewable energy company Masdar to work on decarbonizing aluminium and growth opportunities for low-carbon aluminium.<sup>10</sup>

## 1.3 Barriers to MENA taking a leading role in the transition

Despite public decision-making efforts, pioneering sustainability initiatives and significant progress by large corporations, MENA companies continue to grapple with several challenges and that require tailored solutions.

### Complexity of global sustainability reporting frameworks

The challenge of adhering to a diverse range of global reporting standards adds significant obstacles for companies and investors. Within this complex landscape, the International Sustainability Standards Board (ISSB) of the International Financial Reporting Standards (IFRS) Foundation is aiming to provide a global standard that consolidates and aligns with the progress made by similar existing frameworks. Their first standard (IFRS S1) focuses on general requirements for sustainability-related financial disclosures, while their second standard (IFRS S2) addresses climate-related disclosures in particular.<sup>11</sup>

ISSB has committed to maintaining, enhancing and evolving the work of the Sustainability Accounting Standards Board (SASB) and will continue to align SASB’s standards with the industry-based guidance

accompanying IFRS S2 climate-related disclosures. More than 20 jurisdictions, representing nearly 55% of global GDP, have already announced plans to either adopt or adapt the ISSB standards – in the latter case, issuing their own standards adapted to the regional context while using ISSB as a baseline.<sup>12</sup>

### Lack of regional regulatory clarity

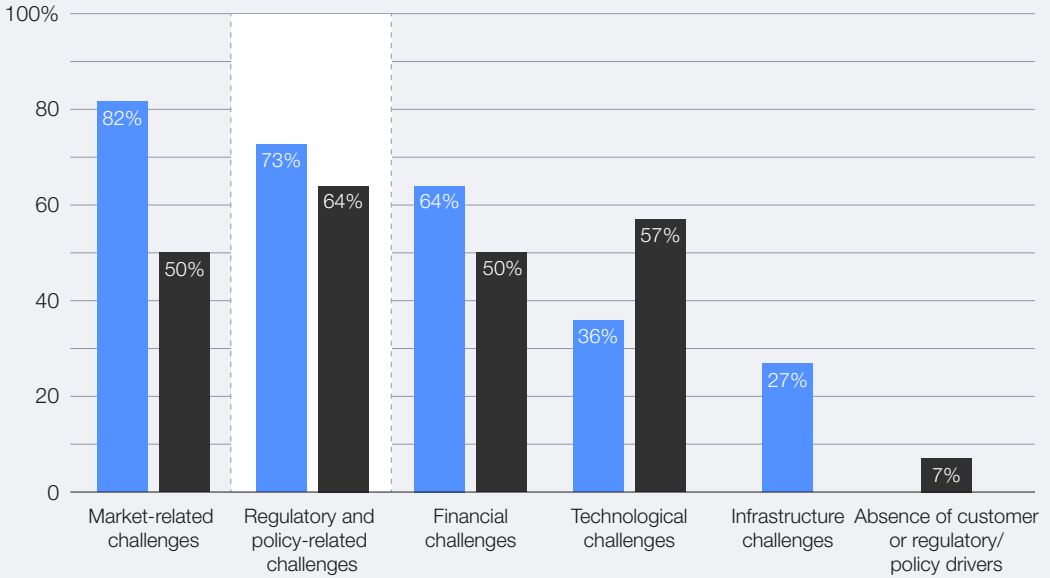
One of the main challenges for companies seeking to become more sustainable is a lack of regulatory clarity. In a 2024 survey of LSM community members (C-suite executives from some of the largest companies in the region), 73% of respondents recognized the lack of clear sustainability-related regulations as a key barrier – up from 64% in the same survey in 2023 (see Figure 1). Conversations with LSM community members in workshops and interviews delivered the same verdict, with one major financial institution highlighting the uncertainty around regional reporting and disclosure standards, as well the gap between policy direction and practical implementation. This indicates that, despite the launch of significant policies in recent years, there is a perception that regulations are still evolving and often unclear. This lack of clarity adds complexity to strategic planning and sustainability efforts.

FIGURE 1 | Key challenges to achieving sustainability, as reported by leading companies in MENA (2024)

Which external challenges have you faced in your sustainability programme implementation?

(% respondents, May-August 2024; March-June 2023).

● 2024 ● 2023



Source: World Economic Forum and Bain & Company. (2024). *Leaders for a Sustainable MENA (LSM) Executive Survey*.<sup>13</sup>

“ Nearly two-thirds of companies report they are struggling to secure adequate funding for their low-carbon transition initiatives.

### Financial constraints

More than 80% of respondents highlighted market-related challenges, such as market volatility and international competition, as barriers they face in implementing their sustainability programmes. Respondents also pointed to financial constraints, despite considerable growth in pioneering sustainable finance in the region. Even with the value of sustainability-linked bonds in 2023 reaching more than \$29 billion,<sup>14</sup> companies are not sufficiently tapping into green funding sources to fund sustainable initiatives. This financial struggle is highlighted by the fact that nearly two-thirds of

companies report they are struggling to secure adequate funding for their low-carbon transition initiatives.

The majority of surveyed executives are convinced that government interventions could help companies improve their sustainable practices, both by providing greater clarity on regulations and policies and by offering subsidies or financial investment.

The absence of metrics to gauge sustainability performance that are tailored to the region’s unique context highlight the urgent need for MENA to develop its own regional sustainability reporting guidelines and best practices.



“ 60% of executives recognize the importance of supporting their suppliers and SMEs in their decarbonization journeys and broader sustainability efforts.”

## Opportunity for MENA to tailor reporting practices to its unique needs

In this context, the MENA region is at a crossroads in its sustainability reporting practices. One executive within the LSM community labelled this the “Nokia moment of sustainability in the region” – that is, the tipping point beyond which trends gain disruptive momentum. The region can either seize the opportunity to participate in the development and adoption of global reporting practices, ensuring adequate representation of the unique regional context, or risk falling behind by adopting one-size-fits-all standards that may not fully address its specific challenges.

Interviews with small and medium enterprises (SMEs) within MENA have confirmed another key insight: the critical need to support suppliers and SMEs in their decarbonization journeys and broader sustainability efforts. According to the 2024 LMA executive survey in the region, 60% of respondents agree.

Surveyed companies have started to take actions to engage key suppliers. For instance, nearly 70% have set up sustainability procurement policies, while 40% have started training initiatives to build

capacity around sustainability issues. However, there is still much more work to be done. Interviews and discussions with SMEs and suppliers<sup>15</sup> in the region highlight the following barriers:

- **Lack of awareness** around decarbonization and broader sustainability topics: it is hard to attract the attention of management, which typically assigns a low perceived value to sustainability. “I don’t know where to start,” said one respondent.
- **Limited capabilities:** SMEs in the region have limited knowledge on sustainability topics or decarbonization pathways.
- **Insufficient finance:** SMEs lack the cash buffer to finance sustainability initiatives.

These barriers demonstrate the need for a collaborative approach between larger and smaller corporate players, supported by an accelerated adoption of concrete actions.

Addressing these challenges is imperative for MENA companies not only to comply with evolving regulatory demands but also to access necessary capital and maintain competitiveness in a global market increasingly focused on sustainability.



2

# Materiality assessments: navigating the path to environmental transparency

This chapter proposes recommendations for sector-based materiality assessments to help companies at all stages of reporting to progress towards greater transparency.

## 2.1 Key disclosure areas

When beginning their sustainability reporting journeys, organizations should disclose information across four key areas: strategy, governance, risk management and metrics/key performance indicators (KPIs).<sup>16</sup>

### Strategy



Organizations must disclose information on sustainability-related risks and opportunities that could impact their strategy or decision-making. This includes the potential impacts of these risks and opportunities on the business model, strategy, cash flow and overall financial performance.

### Risk management



The objective of risk management disclosures is to help stakeholders understand how organizations identify, assess, prioritize and monitor sustainability risks and opportunities. Required disclosures include processes for identifying climate risks and opportunities and for integrating these processes into overall risk management frameworks.

### Governance



This area includes the processes, controls and procedures used to monitor and manage sustainability risks and opportunities. Important disclosures involve identifying the governance body or individuals responsible for overseeing sustainability risks and opportunities and detailing management's role in monitoring and managing sustainability.

### Metrics/KPIs



Organizations also need to disclose the metrics/KPIs and targets used to monitor sustainability performance. Using the framework of a materiality assessment, this report contains a high-level roadmap for environmental reporting for the key sectors in the region, tailored to their stage along the sustainability reporting journey. While this report focuses on environmental sector-based topics and metrics as a first step, comprehensive sustainability disclosure should also consider socio-economic and governance factors.

## 2.2 Materiality assessments: a critical starting point

“ Materiality assessments should be embedded in a company’s strategic priorities, rather than viewed merely as a reporting exercise.

Many companies in the MENA region, particularly SMEs, struggle with understanding where to begin, when considering the complex, evolving standards for sustainability reporting. Conducting a materiality assessment – that is, identifying and prioritizing the sustainability topics that most significantly impact their operations, investor decision-making and the broader ecosystem – is crucial for companies to define clear metrics/KPIs to measure and track sustainability performance and progress.

Conducting a materiality assessment offers the following advantages:

- **Focus on critical issues:** Enables companies to manage risks and define targeted initiatives by focusing on the most crucial sustainability issues.
- **Efficient resource allocation:** Allows for accurate measurement of sustainability performance and efficient allocation of resources.
- **Strategic alignment:** Ensures alignment of strategies and effective stakeholder engagement.

- **Transparency and compliance:** Increases transparency for investors and ensures compliance with current and future regulations.
- **Innovation boost:** Drives innovation within the company.
- **Regional adaptation:** Facilitates the adaptation of sustainability practices to the specific regional context.
- **Increased value:** Companies that excel in addressing critical sustainability issues enhance business value and tend to achieve higher annual stock returns compared to their competitors.

To fully leverage these benefits, materiality assessments should be embedded in a company’s strategic priorities, rather than viewed merely as a reporting exercise. This will empower organizations not only to meet regulatory demands but also to drive significant impacts throughout their value chains, thereby enhancing overall sustainability performance.

## 2.3 Approach to materiality assessments

Using the framework of materiality assessment, this chapter contains a high-level roadmap for environmental reporting for the key sectors in the region including oil and gas, retail, financial institutions, utilities, and metals and mining. It outlines the key topics and metrics to prioritize, measure and report depending on the level of the company’s maturity in their sustainability journey.

By customizing these recommendations and highlighting regional differences, this guidance aims to set best practice for environmental materiality assessment in MENA. It is crucial for larger players at a more advanced stage in their journey to support smaller companies in progressing to the next stage.

Global sector-based standards established by SASB (currently being enhanced by ISSB)

were used as a baseline to develop the recommendations highlighted in this report. Furthermore, recent sustainability reports from over 200 leading publicly listed companies in the MENA region, as well as non-listed entities from hard-to-abate sectors, were examined to evaluate best practices in environmental reporting.

These recommendations were enhanced with insights from members of the LSM community, ensuring that guidance is tailored to the region’s unique context. The approach identifies which metrics/KPIs are most critical at each stage, depending on the maturity of a company’s sustainability reporting. The result is a MENA-specific approach to assessing the materiality of sustainability-related issues that can inform the early steps that companies take on their sustainability disclosure journey.

## 2.4 Sector-based recommendations for environmental materiality assessments

As companies progress on their environmental reporting journeys, they need to have a well-defined reporting roadmap that addresses the specific needs of both the region and their sector. Different sectors in MENA are at different stages in their journeys. For example, the retail sector features a high number of privately held companies and often lacks strong incentives for comprehensive reporting. Conversely, the oil and gas sector benefits from stringent regulations, fostering more advanced environmental reporting practices.

This section presents five sector-based strategic blueprints for assessing materiality, comprising three transformative stages depending on the maturity of a company's environmental reporting:

- **Mastering the quick wins:** Reporting priorities for all companies, but especially for those just embarking on their environmental reporting journey.
- **Bridging the gaps:** New focus areas for companies progressing along their reporting pathway.
- **Embracing full transparency:** More detailed and sector-specific metrics for leading companies with advanced environmental reporting maturity.

Each stage is designed to increase the level of transparency and detail around the data disclosed on environmental risks and opportunities. Companies should regard each issue detailed below as a minimum reporting requirement essential at the relevant stage of reporting maturity.<sup>17</sup>



# Materiality assessment for oil and gas

## Stage 1: Mastering the quick wins

- **GHG emissions and carbon intensity:** Begin by reporting GHG emissions and carbon intensity. Establishing and communicating strategies and targets to reduce emissions is crucial, as is tracking year-on-year GHG reductions.
- **Methane emissions and intensity:** Make reporting methane emissions and intensity a priority.
- **Energy consumption:** Report on both energy usage and intensity.
- **Water usage:** Monitor and manage water usage – critically important, given MENA faces significant water scarcity challenges. Even at this early stage, companies should disclose water consumed and withdrawn.

## Stage 2: Bridging the gaps

- **Air emissions:** Reporting on non-GHG air emissions such as particulate matter and volatile organic compounds (VOCs) is essential.
- **Waste management:** Report on hazardous and non-hazardous waste generated and disposed during downstream operations.

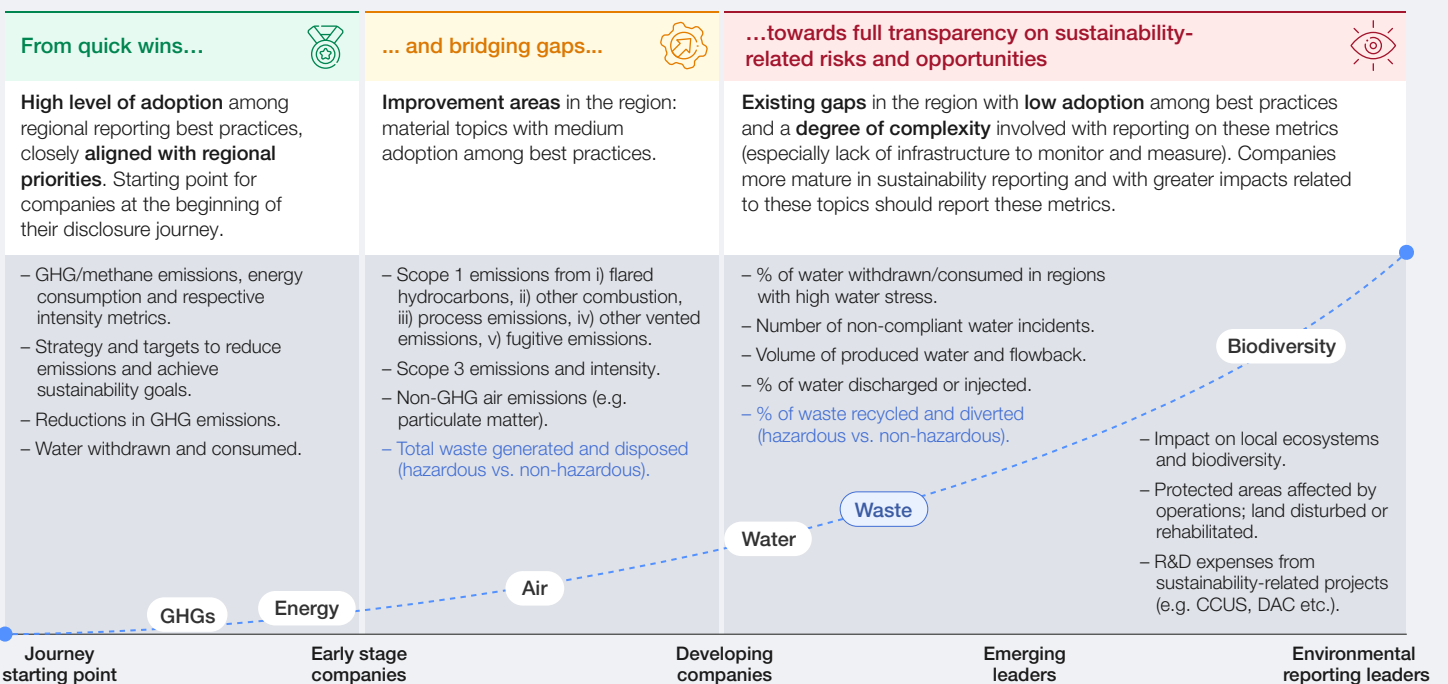
- **Emissions segmentation:** Provide a detailed analysis of emissions from various sources, including flared hydrocarbons, other combustion processes and fugitive emissions. Companies also need to report scope 3 emissions and intensity.

## Stage 3: Embracing full transparency

- **Advanced water management:** Focus on reporting water withdrawal and consumption in high-stress regions, non-compliant water incidents and the amount of “flowback” generated (mixture of water and chemicals returned to the surface, following hydraulic fracking), among other important water-related metrics.
- **Comprehensive waste management:** Report on the percentage of hazardous and non-hazardous waste recycled and incinerated, especially for downstream operations.
- **Biodiversity:** Disclose data on local ecosystem impacts, protected areas affected by operations and land rehabilitation efforts.
- **Research and development (R&D):** Sector leaders in sustainability should report R&D into transition pathways such as renewable energy, carbon capture utilization and storage (CCUS), direct air capture (DAC) and clean hydrogen.

FIGURE 2 Materiality assessment for oil and gas

Depending on the current stage of their environmental reporting journey, companies need to identify which of these material topics and metrics to prioritize and report, based on their strategic priorities.



Source: Bain analyses, considering regional adoption of best practices and ease of reporting.

Notes: Blue text = metric more relevant for downstream operations. CCUS = carbon capture, utilization & storage. DAC = direct air capture.

# Materiality assessment for retail

## Stage 1: Mastering the quick wins

- **Scope 1 and 2 emissions:** Begin by reporting scope 1 and 2 emissions, including transport GHG emissions, and outline strategies to reduce those emissions in line with specific targets.
- **Energy and water risk management:** Disclose energy consumption (including transport-related energy) and the company’s water risk management approach.

## Stage 2: Bridging the gaps

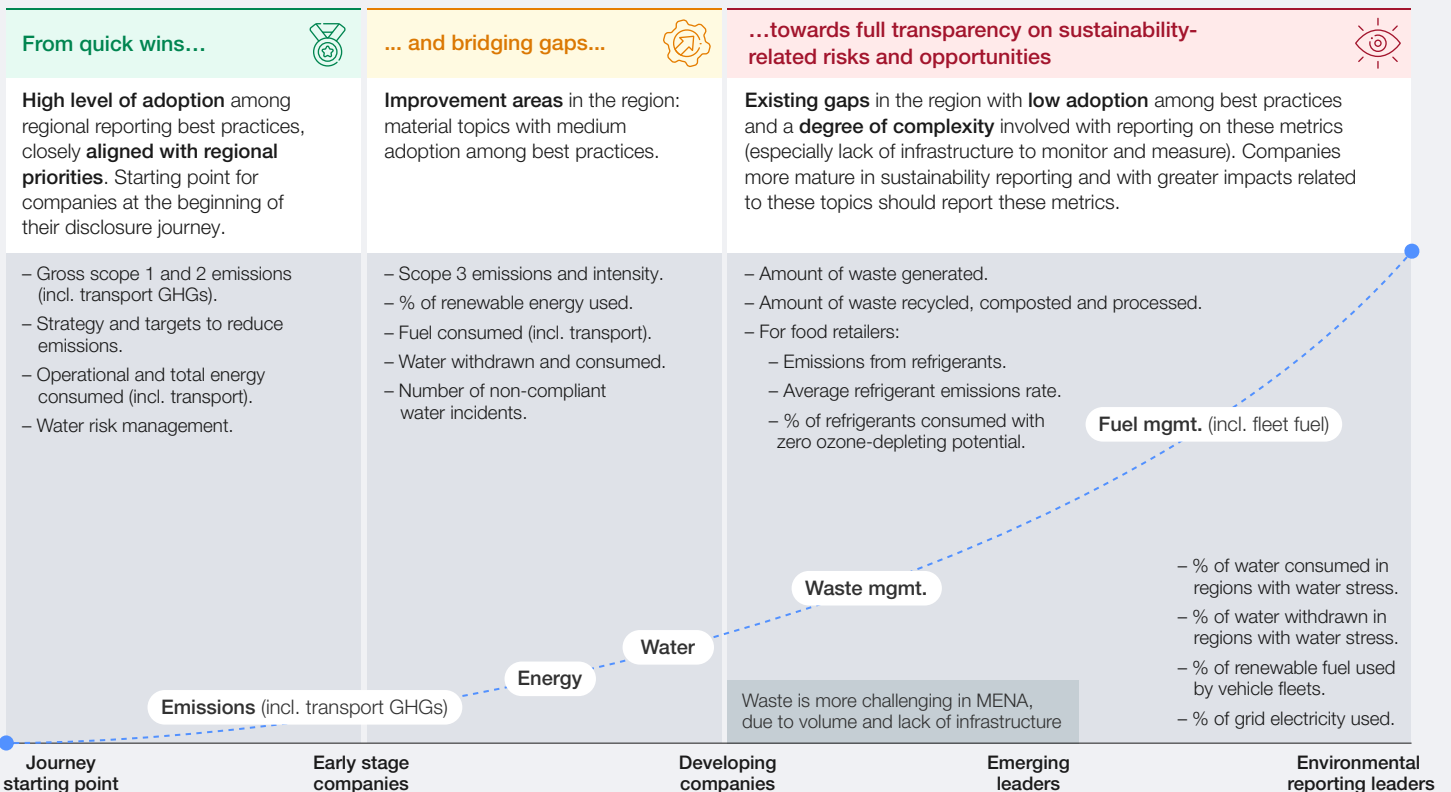
- **Comprehensive energy management:** Provide more detailed analysis of emissions and energy consumption. Report scope 3 emissions and intensity, the percentage of renewable energy used and fuel consumed, including transportation fuels.
- **Water stress mitigation:** Report on water withdrawal and consumption – critically important, given MENA faces significant water scarcity challenges. Document and address non-compliant water incidents.

## Stage 3: Embracing full transparency

- **Waste management:** Report on waste generation, recycling, composting and processing methods. Transparency in this area is a vital priority, given the region’s high waste volumes and limited recycling infrastructure.
- **Advanced food retail metrics:** Specialized metrics such as refrigerant emissions, average emission rates and the use of refrigerants with zero ozone-depleting potential are key indicators of environmental responsibility for the food retail sector.
- **Advanced water metrics:** Report on the percentage of water consumed and withdrawn in regions experiencing water stress; demonstrate deep commitment to sustainable water management.
- **Enhanced energy reporting:** Transparency in energy use includes detailed reporting on percentage of renewable fuel used by vehicle fleets and grid electricity usage.

FIGURE 3 Materiality assessment for retail

Depending on the current stage of their environmental reporting journey, companies need to identify which of these material topics and metrics to prioritize and report, based on their strategic priorities.



Source: Bain analyses, considering regional adoption of best practices and ease of reporting.

## Stage 1: Mastering the quick wins

- **Scope 1 and 2 emissions:** Begin by reporting on scope 1 and 2 emissions.
- **Sustainability risks from internal operations:** Report on other sustainability risks, such as water and energy consumption.

## Stage 2: Bridging the gaps

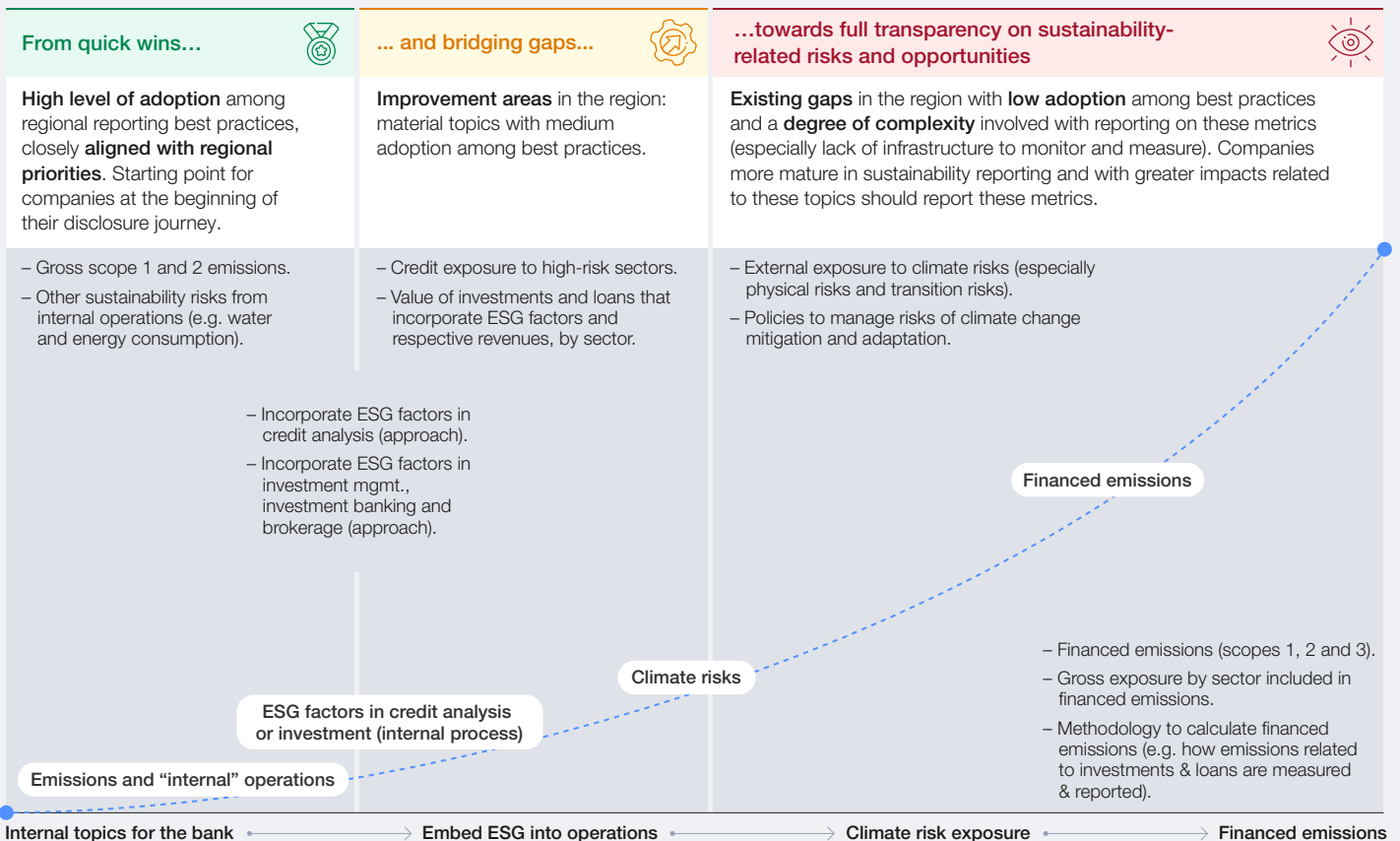
- **Sustainability factors in credit analysis and investment management:** Disclose how sustainability factors are incorporated into credit analysis and investment management.
- **Credit exposure to high-risk sectors:** Provide insights into the exposure of credit to high-risk environmental sectors.
- **Value of investments or loans integrating sustainability factors:** Disclose the value of investments or loans that integrate sustainability factors, along with respective revenues by sector.

## Stage 3: Embracing full transparency

- **External exposure to climate risks:** To achieve full transparency on sustainability-related risks and opportunities, companies should report on external exposure to climate risks, especially physical and transition risks.
- **Policies for managing climate change risks:** Develop and report on policies for managing and mitigating climate change risks.
- **Financed emissions reporting:** Report financed emissions, including scope 1, 2 and 3 emissions related to activities financed by the company or institution. Measuring financed emissions requires robust data collection and consistent methodologies, so it is important to detail the methodology used to calculate financed emissions. This is particularly relevant given that MENA lacks regional standardized frameworks for financed emissions reporting.

FIGURE 4 Materiality assessment for financial institutions

Depending on the current stage of their environmental reporting journey, companies need to identify which of these material topics and metrics to prioritize and report, based on their strategic priorities.



Note: ESG = environmental, social and governance.

Source: Bain analyses, considering regional adoption of best practices and ease of reporting.

# Materiality assessment for metals and mining

## Stage 1: Mastering the quick wins

- **Scope 1 and 2 emissions management:** Begin by reporting scope 1 and 2 emissions and carbon intensity. Establish strategies and targets to reduce these emissions.
- **Air emissions and energy management:** Disclose air emissions, energy consumption and the percentage of renewable energy used.
- **Waste management:** Report on total waste generated and recycled, distinguishing between hazardous and non-hazardous waste and disclose waste management policies.

## Stage 2: Bridging the gaps

- **Advanced emissions and energy management:** Provide a detailed analysis of emissions, including scope 3 emissions and intensity. Report the percentage of grid electricity used.

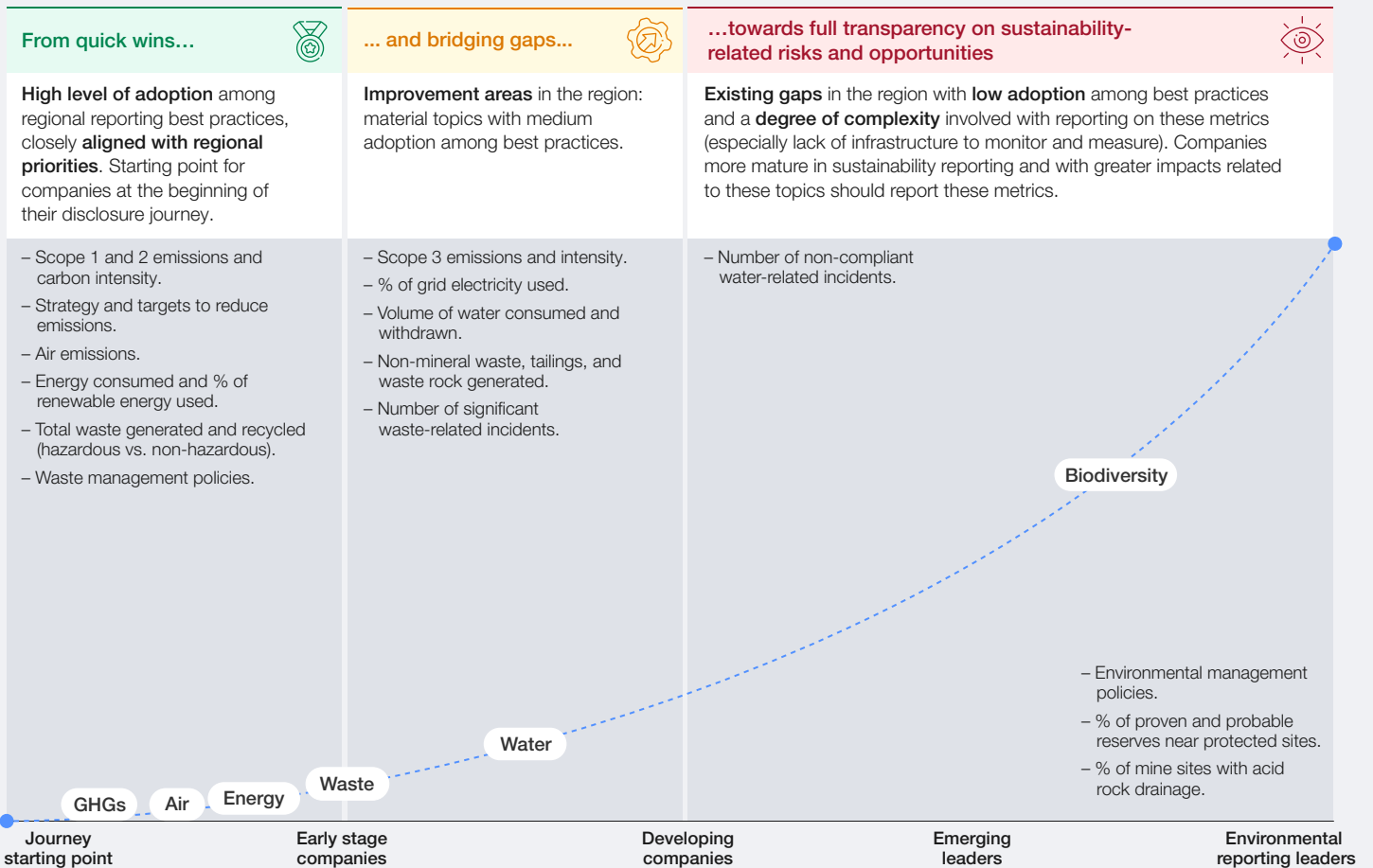
- **Comprehensive water and waste management:** Address water stress in specific regions, by reporting on the volume of water consumed and withdrawn. Report on non-mineral waste generated, tailings and waste rock, as well as documenting significant waste-related incidents.

## Stage 3: Embracing full transparency

- **Advanced water management:** Report on management of non-compliant water-related incidents and environmental management policies.
- **Biodiversity:** Report on the percentage of proven and probable mineral reserves near protected sites and the percentage of mine sites with acid rock drainage. Provide detailed reports on environmental management policies, to showcase a holistic approach to sustainable practices.

FIGURE 5 Materiality assessment for metals and mining

Depending on the current stage of their environmental reporting journey, companies need to identify which of these material topics and metrics to prioritize and report, based on their strategic priorities.



Source: Bain analyses, considering regional adoption of best practices and ease of reporting.

# Materiality assessment for utilities

## Stage 1: Mastering the quick wins

- **Scope 1 and 2 emissions management:** Begin by reporting scope 1 and 2 emissions for both power generation and water desalination. Establish strategies and targets to reduce these emissions.
- **Energy and water management:** Disclose energy consumed and the volume of water consumed and withdrawn. Report on water management risks and the percentage of renewable energy used.
- **Water stress mitigation:** Report on the volume of water consumed and withdrawn, ensuring practices align with sustainable water management principles.

## Stage 2: Bridging the gaps

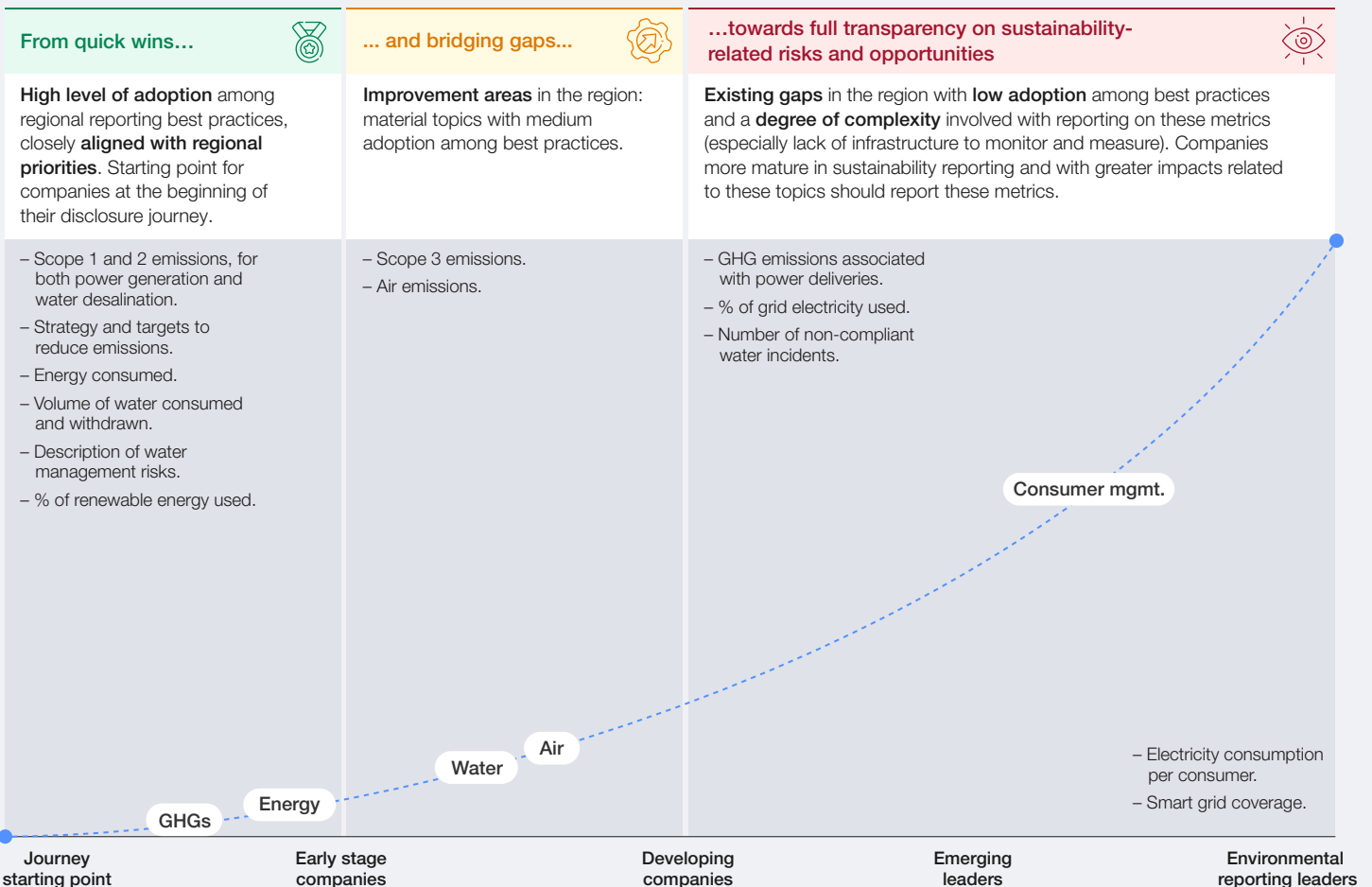
- **Comprehensive emissions management:** Provide a detailed analysis of emissions, including scope 3 emissions and air emissions. Improve reporting on these areas to align with best practices.

## Stage 3: Embracing full transparency

- **Advanced emissions and electricity management:** Manage GHG emissions associated with power deliveries and report the percentage of grid electricity used. Transparency in these areas demonstrates a strong commitment to sustainability.
- **Advanced water and consumer management:** Report on non-compliant water incidents, electricity consumption per consumer and smart grid coverage.

FIGURE 6 Materiality assessment for utilities

Depending on the current stage of their environmental reporting journey, companies need to identify which of these material topics and metrics to prioritize and report, based on their strategic priorities.



Source: Bain analyses, considering regional adoption of best practices and ease of reporting.



3

# Regional sustainability policy landscape

National progress on sustainability can be measured by assessing the policy ambition and enabling environment in each country.

Governments across the MENA region have been refining sustainability policies and regulatory frameworks to support and enhance private sector efforts. They are actively expanding national

strategies to address climate change, focusing on areas such as decarbonization, energy transition, financial incentives, environmental conservation and sustainable supply chains.

## 3.1 Policy ambitions and enabling environments

To gain a comprehensive understanding of the national efforts of nine countries in the region, this report examines sustainability policies through two key dimensions (see Table 1):

- **Policy ambition** – including:
  - National strategy
  - Decarbonization/emissions reduction
- **Enabling environment** – encompassing:
  - Energy transition/renewables/energy efficiency (e.g. adoption of EVs, CCUS, hydrogen)

- Financial regulations/incentives (e.g. reporting guidelines, green finance frameworks)
- Environmental initiatives (e.g. protected areas, recycling targets, water treatment programmes)
- Support for value chain/suppliers

As a result, this approach goes beyond simply emissions to provide a comprehensive perspective on each country's sustainability policies and the main frameworks and programmes supporting their implementation.

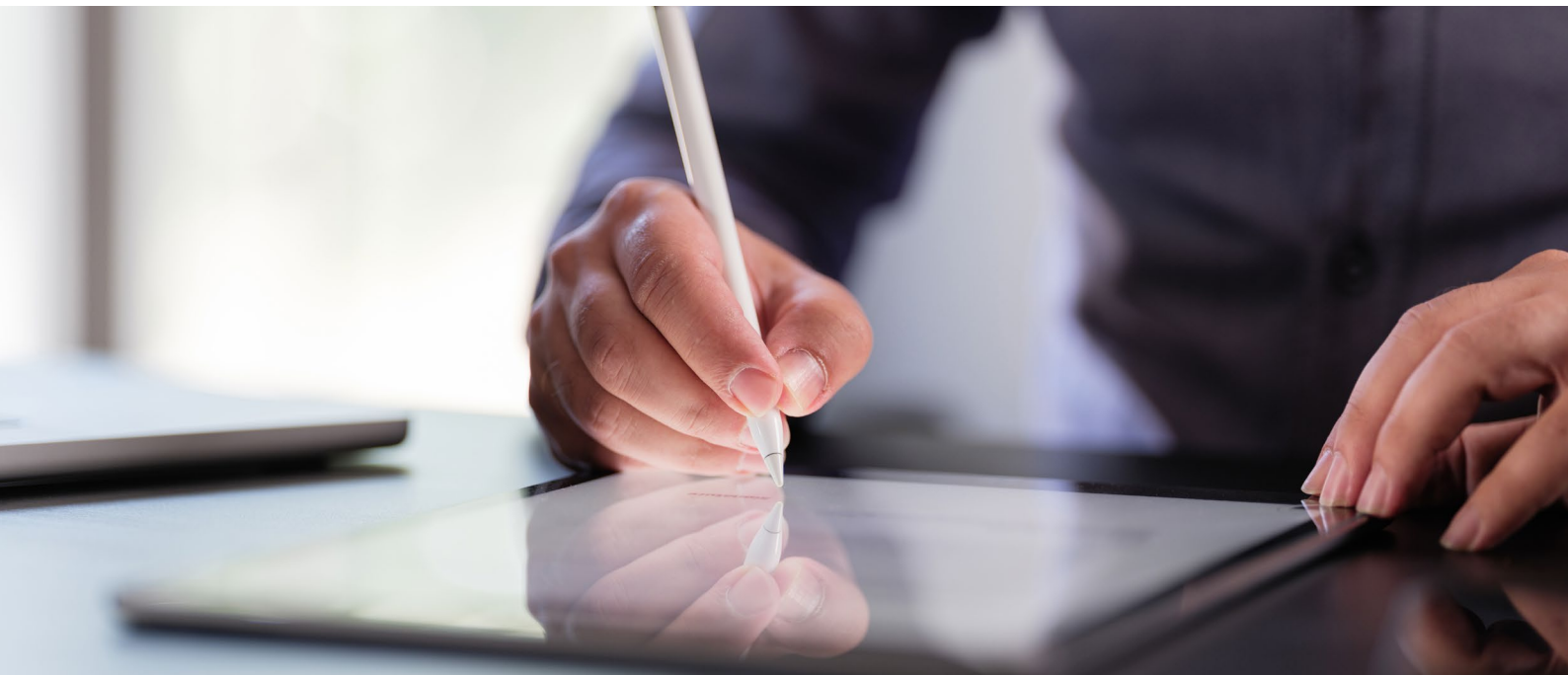


TABLE 1 | Assessing the sustainability policy landscape in MENA

Parameters		
Policy ambition	National strategy	1 Is there a national net-zero commitment?
		2 How progressive is the country's net-zero commitment? (E.g. year of national net-zero commitment showing how aggressive or passive the country's timeline is).
	Decarbonization/ emissions reduction	3 Has the country set specific emissions reduction targets by 2030? (Baseline: Paris Agreement).
		4 How progressive is the national decarbonization strategy? (E.g. scopes 1 and 2).
		5 Has the country set specific sectoral targets for high-emitting sectors? (E.g. percentage of sectors with targets).
		6 Has the country committed to and implemented zero-flaring policies? (E.g. zero routine flaring by 2030 target of the World Bank).
		7 Has the country developed agriculture policy for low-carbon practices?
Enabling environment	Energy transition (renewables/ energy efficiency)	8 What is the target share of clean/renewable energy mix by 2030?
		9 Is there a specific target for energy efficiency improvements or electricity reduction?
		10 What is the level of government support for energy transition technologies? (E.g. CCUS, hydrogen etc.).
		11 What is the adoption of EVs/zero-emission vehicles (ZEVs)? (% of new sales).
		12 What is the coverage and density of EV/ZEV charging stations? (E.g. number of charging stations / 100 km).
		13 Are there any policies on energy performance standards? (E.g. buildings, equipment etc.).
	Financial regulations/ incentives	14 Has a reporting and disclosure standard been established?
		15 What is the current stage of development for the reporting and disclosure standard?
		16 Is there any sustainable finance framework from authorities?
		17 Are there any public funds/financial tools for sustainable projects?
	Environmental	18 What percentage of the country's landmass is designated for protected areas or ecosystems?
		19 Are there recycling/circular economy policies present?
		20 What is the target recycling rate? (Incl. plastic, metal etc.).
21 What is the target reuse rate of treated water?		
22 What is the target reduction for water demand?		
23 Is there any financial support for SMEs/suppliers to achieve sustainability/energy efficiency/ decarbonization?		
Support for value chain/ suppliers	24 Is there any technical/educational support for SMEs/suppliers to build capabilities and awareness for sustainability?	
	25 Are there any government procurement policies that consider the level of sustainability/emissions of suppliers?	
	26 Has a reporting and disclosure standard been established?	

“ Research on MENA’s sustainability policy landscape reveals that the Kingdom of Saudi Arabia and the United Arab Emirates (UAE) are pioneering leaders with comprehensive initiatives, while many other MENA countries are ambitious developers.

Based on this research, four country archetypes emerge (see Figure 7):

- **Pioneering leaders:** Countries with comprehensive sustainability strategies, strong policy ambition and mature enabling environments. They utilize advanced financial tools, technologies and regulatory frameworks to achieve their sustainability goals. These include mandatory reporting regulations, circular economy policies, dedicated green finance frameworks and a foundation for green energy technology research.
- **Ambitious developers:** Countries with robust policies and ambitious targets, still actively evolving their capabilities, financial tools and technological development to enhance their sustainability efforts and enablers. These include voluntary reporting guidelines or some support in sustainable finance.
- **Progressive builders:** Countries with strong enabling environments that are maturing with growing support frameworks. These nations have implemented relevant sustainability policies and are setting emerging targets. Their primary focus is on advancing these policies to drive the adoption of renewable technologies and enhance energy efficiency. As they continue to refine and expand their policy frameworks, they are building the foundation for more ambitious sustainability goals.
- **Emerging starters:** Countries at the emerging stages of developing national strategies and sectoral targets for sustainability. They are in the process of constructing the financial and technological infrastructure required to advance their sustainability ambitions. These countries are laying the groundwork for future progress, focusing on the initial implementation of basic policies and the development of essential support systems.

FIGURE 7 MENA country archetypes in relation to policy landscape parameters

**Pioneering leaders**

- Progressive policies with detailed strategies
- Extensive financial tools and advanced technologies
- Robust regulatory and support frameworks

**Ambitious developers**

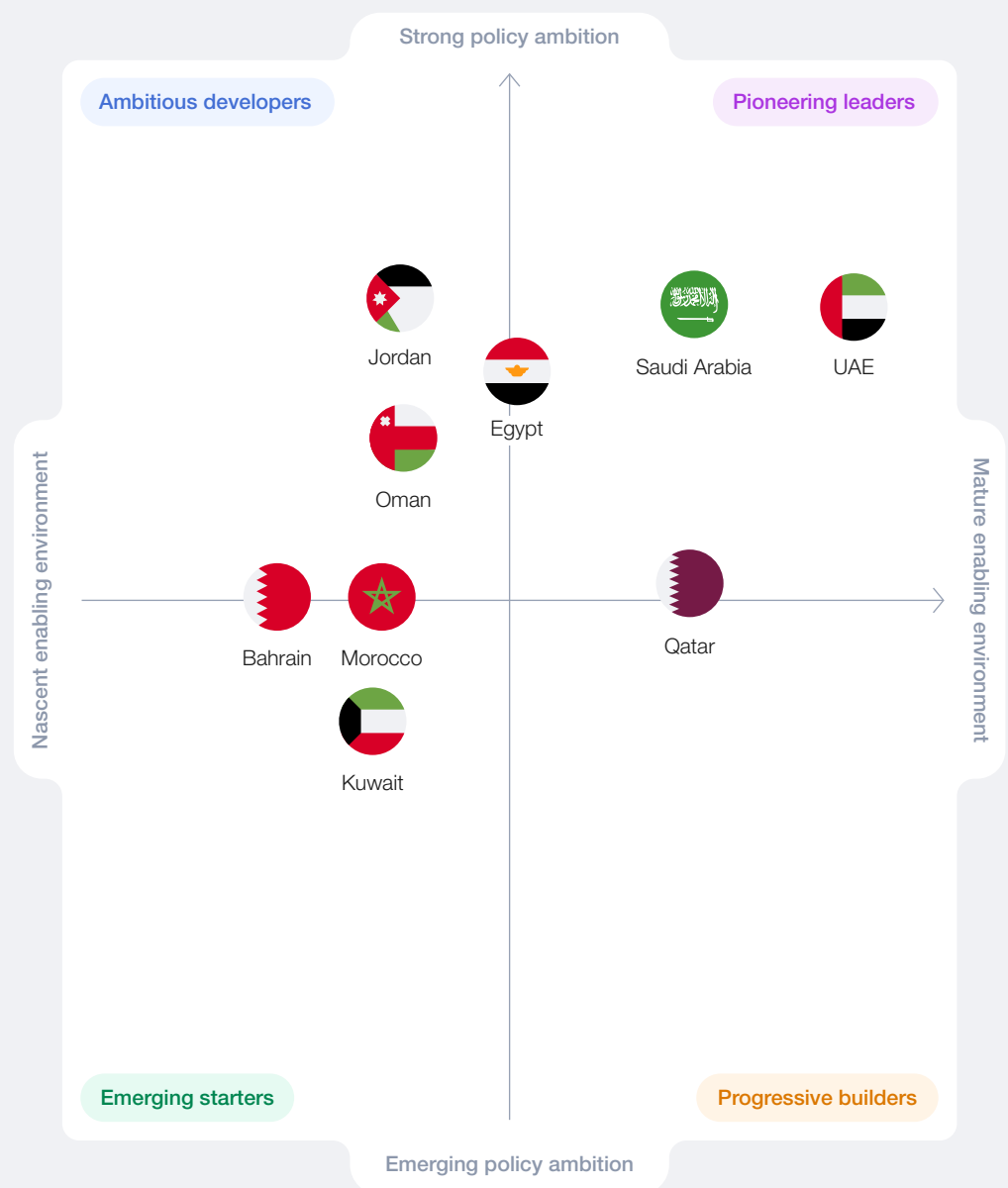
- Strong national policies and ambitious targets
- Developing financial tools and support
- Evolving technological frameworks

**Progressive builders**

- Clear policies with emerging targets
- Developing renewable energy and efficiency initiatives
- Increasing support frameworks

**Emerging starters**

- Early-stage national strategies
- Initial sectoral targets
- Building financial and technological support





“ Countries with lower emissions may require fewer targeted sustainability policies and enablers, while those with higher emissions must implement a more comprehensive and robust regulatory landscape.

Given that countries in the region have significantly varied economic contexts (e.g. resource availability, GDP per capita) and emissions intensities (per capita and per unit of GDP), two distinct country groupings emerge: members of the Gulf Cooperation Council (GCC) and non-GCC countries.

GCC countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UAE) generally have significantly higher per capita CO<sub>2</sub> emissions than non-GCC countries (e.g. Egypt, Morocco, Jordan). Moreover, GCC countries tend to exhibit higher CO<sub>2</sub> emissions per unit of GDP PPP (purchasing power parity), which reflects the carbon intensity of economies largely driven by the oil and gas sector and accompanied by higher energy consumption per capita.<sup>18</sup> This distinction is important, as countries with lower emissions may require fewer targeted sustainability policies and enablers, while those with higher emissions must implement a more comprehensive and robust regulatory landscape.

This analysis provides a more dynamic understanding of each country’s sustainability policy landscape and how they can accelerate their sustainability agenda, which in turn results in the following recommendations:

- **Diverse approaches to sustainability:** While countries in the region are at varying stages of policy development and implementation – given their economic context, development needs and unique environmental challenges – they remain focused on achieving the common overarching goal of driving forward their sustainability

agenda. Achieving success in sustainability therefore requires a balanced approach, where ambitious common goals are underpinned by practical, well-supported frameworks.

- **Importance of an enabling environment:** Countries that are more advanced in their sustainability efforts not only have ambitious policies but also robust enabling environments. Some GCC countries are particularly focused on creating this environment, as they tend to have higher per capita emissions and greater carbon intensity compared to non-GCC countries. They often push beyond commitments, emphasizing the importance of financial incentives, technological innovations and effective frameworks in achieving sustainability goals. This can be reflected by the amount of investment in specific green initiatives and new regulations around energy efficiency standards or the circular economy.
- **Collaboration and knowledge sharing:** The varying positions of countries indicate significant opportunities for regional collaboration. Countries further along the sustainability spectrum can share best practices and insights with those at earlier stages, promoting collective regional progress. This could be the opportunity to work towards regional reporting sustainability standards and fostering a unified approach that not only aligns with global sustainability goals but also enhances the region’s capacity to meet the evolving demands of economic transformation and environmental stewardship.

4

# Case studies and best practices

Ten regional case studies from a diverse range of sectors demonstrate innovative, replicable solutions making a positive impact on corporate growth and sustainability.

As sustainability becomes increasingly integral to business success, the MENA region is witnessing a wave of promising developments. This chapter presents a collection of 10 case studies to demonstrate this transformative journey,

highlighting how various institutions in the region – from both private and public sectors – are not only embedding sustainability into their core operations but also using their influence to transition towards more sustainable business models.

## 4.1 Private sector case studies

Selection of these case studies has been guided by specific criteria aimed at showcasing the most high-impact and scalable sustainability initiatives in the region, demonstrating how stakeholders have risen to the challenges and made significant progress in their sectors. These criteria include:

- **Sectoral diversity:** Ensuring representation across key industries in the region – including sectors with a high share of emissions – to provide a comprehensive overview of how sustainability can be integrated into company priorities across various sectors.

- **Innovation and replicability:** Highlighting initiatives that not only address sustainability challenges in innovative and effective ways but also offer solutions that can be replicated and scaled-up across different organizations.

- **Impact on core operations:** Focusing on examples where sustainability is integrated into the core operations of companies, demonstrating that profitability and growth can go hand-in-hand with sustainable practices.





Majid Al Futtaim is a leading conglomerate in the retail, hospitality and real estate sectors across the Middle East, Africa and Asia and a significant player in the MENA economy. The company has made significant strides in its sustainability agenda, including reducing scope 1 and 2 emissions by 24%<sup>19</sup> from its 2019 baseline and securing over \$2.75 billion<sup>20</sup> in sustainability-linked loans. The company aims to become net positive in carbon and water by 2040.

## Sustainable procurement policy

### Overview and objective

- Majid Al Futtaim has developed a sustainable procurement policy as a central component of its strategy to minimize its carbon footprint and promote ethical business practices. Until the end of 2025, the policy will focus on working with tier 1 suppliers with strict environmental and social standards.

### Key success factors

- The success of the policy is underpinned by Majid Al Futtaim's proactive engagement with suppliers. The company began surveying, informing and training suppliers about its sustainability strategy and expectations two years before the policy's official launch in 2019. This communications strategy – which continues to this day – has allowed the company to gauge response and improve supplier engagement.
- Majid Al Futtaim supported its new policy with a comprehensive supplier training programme – first conducted by the company itself, then later in cooperation with the Carbon Disclosure Project (CDP) – which supports the company and its suppliers throughout their disclosure processes.
- The company will also be working with other service providers to cover areas such as diversity, equity

and inclusion (DE&I), human rights and a focus on comprehensive sustainability metrics.

### Relevant outcomes

- The sustainable procurement policy aims to improve supply chain sustainability.
- Majid Al Futtaim's ongoing education and engagement efforts with suppliers have set new standards for ethical business practices in the region, making the policy a model for others to emulate.

## Green sukuk (Islamic bond)

### Overview and objective

- Majid Al Futtaim's green sukuk integrates sustainability with finance, aiming to advance corporate sustainability goals by aligning financial and environmental objectives.

### Key success factors

- Strong leadership support.
- The ability to navigate initial challenges such as the need for an ESG rating.
- The sukuk's alignment with the company's broader sustainability strategy has been crucial.

### Relevant outcomes

- The green sukuk has significantly accelerated the company's sustainability objectives, serving as a powerful enabler of sustainability within the company.
- Its successful launch in a short timeframe highlights the potential for innovative financial instruments to drive sustainability in the region.

24%

reduction

in scope 1 and 2 emissions (from 2019 baseline)

\$2.75

billion

secured in sustainability-linked loans

**Metals****Emirates Global Aluminium, United Arab Emirates**

Emirates Global Aluminium (EGA) is a leading company in the global aluminium industry and the largest industrial entity in the UAE outside the oil and gas sector. EGA accounts for about 4% of global aluminium production. The company is focused on sustainability, having produced 66,000 tonnes of low-carbon “solar aluminium” in 2023. It is committed to expanding its recycling operations, including the construction of the UAE’s largest aluminium recycling facility.

**CelestiAL****Overview and objective**

- Generating the electricity required for aluminium production accounts for 60% of the industry’s greenhouse gas emissions. EGA uses solar power to produce CelestiAL – green aluminium with a reduced environmental footprint. This initiative marks a significant step towards sustainable manufacturing in the region.

**Key success factors**

- The initiative’s success depends on EGA’s cooperation with the local electricity industry in both Dubai and Abu Dhabi. EGA has also formed a strategic alliance with Masdar, a leader in renewable energy. Their collaboration focuses on identifying suitable renewable energy sources, investing in the necessary infrastructure and leveraging expertise in low-carbon technologies.

**Relevant outcomes**

- The CelestiAL initiative has demonstrated the feasibility of large-scale green manufacturing in the MENA region. This project can set a new standard for sustainable practices in the metals industry.

**Green finance framework****Overview and objective**

- In 2024, EGA established its green finance framework to issue bonds (including private placements) and loans. These finance or refinance decarbonized aluminium projects (in the primary and secondary aluminium space) and initiatives that contribute to EGA’s energy transition journey.

**Key success factors**

- EGA collaborated with three leading financial institutions with expertise in green financing, especially to identify the taxonomy most appropriate for the specificities of the region and industry.
- The group identified the Transition Pathway Initiative (TPI)<sup>21</sup> which examines how industries, such as aluminium, can make the transition to a low-carbon economy. EGA used TPI’s “below 2 degrees” scenario to set the benchmark for aluminium production and GHG emissions.

**Relevant outcomes**

- The green finance framework enables EGA to advance its sustainability goals by accessing a broad range of funding options for loans and bonds. This can potentially lower borrowing costs and ensure greater transparency.
- The recent acquisition of the European speciality foundry Leichtmetall was fully financed through EGA’s first green loan facility. Leichtmetall uses renewable energy to produce up to 30,000 tonnes of aluminium billets annually at its plant, with secondary aluminium comprising about 80% of the input material.





Gulf International Bank (GIB) is a leading financial institution in the banking sector, headquartered in Bahrain with a significant presence across the GCC and UK. The bank is primarily owned by the governments of GCC countries and focuses on supporting economic growth in the region. GIB has been increasingly focusing on sustainable finance, aligning with global best practices to support environmental and social governance initiatives.

## Sustainable finance framework

### Overview and objective

- GIB has established a sustainable and transitional finance framework to classify and manage sustainable finance transactions. GIB's framework includes clear environmental, social and transition criteria based on international best practices.
- A significant aspect of this framework is the inclusion of “blue” categories that support sustainable ocean and marine resources. According to GIB, the framework is designed to be an internal tool, as well as a client engagement resource that helps clients understand GIB's sustainable offerings.

### Key success factors

- The framework's success is driven by its clear criteria and rigorous implementation, which includes frequent updates and second-party reviews.
- GIB's ability to engage clients and align the organization around a unified sustainability vision has been crucial to its impact.

### Relevant outcomes

- GIB's sustainable finance framework enables better sustainability performance, attracting environmentally conscious stakeholders and setting guidelines for sustainable finance in the region.

## Sustainability-linked loan (SLL)

### Overview and objective

- In October 2021, GIB closed a \$625 million sustainability-linked loan (SLL), making it the first Bahrain-headquartered and majority Saudi-owned bank to achieve such a milestone.
- This financial product ties loan terms to a borrower's performance on predefined sustainability targets, promoting sustainability practices among borrowers.
- GIB's SLL included goals related to emissions reductions, sustainability disclosures and gender balance. These metrics demonstrate the robustness of GIB's sustainability efforts.

### Key success factors

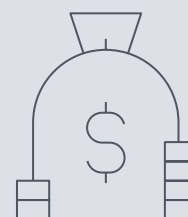
- The key to the SLL's success was the careful selection of relevant KPIs, supported by robust data collection and measurement mechanisms. There should be a story behind each KPI and effective data collection and measurement mechanisms must be in place.
- It is also critical to understand how green financing intersects with other topics, such as gender and circularity.

### Relevant outcomes

- GIB's SLL promotes sustainability practices among borrowers, demonstrating the bank's commitment to integrating sustainability into its financial products. The success of the SLL has positioned GIB as a leader in sustainable finance within the region.

**\$625**  
million

sustainability-linked loan closed in 2021







ACWA Power is a leading company in the energy sector, specializing in the development, investment and operation of power generation, water desalination and green hydrogen projects. A key player in Saudi Arabia's transition to renewable energy, ACWA Power has ambitious plans to triple its assets under management (AuM) to \$250 billion by 2030.<sup>22</sup> Under this plan, more than 75% of power additions will come from renewables. ACWA Power is actively participating in projects that focus on reducing carbon emissions, including the development of one of the world's largest green hydrogen projects.

## Partnership with International Renewable Energy Agency

### Overview and objective

- ACWA Power has partnered with the International Renewable Energy Agency (IRENA)<sup>23</sup> to accelerate the global adoption of renewable energy, particularly in the MENA region. The collaboration aims to enhance ACWA Power's ability to implement large-scale, economically viable renewable energy projects, aligning with global sustainability goals.

### Key success factors

- The partnership's success hinges on the alignment of shared goals, IRENA's global expertise in renewable energy and ACWA Power's experience in executing large projects. Their combined efforts focus on knowledge exchange, best practices and leveraging innovative technologies to advance clean energy solutions.

### Relevant outcomes

- The partnership has facilitated the development of significant renewable energy projects, such as the Sudair Solar PV plant in Saudi Arabia.
- This collaboration strengthens ACWA Power's leadership in the renewable energy sector and contributes to the global energy transition.

## Initiative to increase renewable energy capacity

### Overview and objective

- ACWA Power is committed to expanding its renewable energy generation capacity to transition towards a low-carbon portfolio. This initiative supports global efforts to mitigate climate change by increasing the proportion of renewables in its energy mix.<sup>24</sup>

### Key success factors

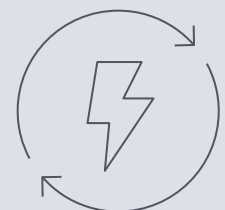
- Key to this initiative's success are ACWA Power's strong financial backing, expertise in large-scale project development and strategic partnerships with governments and financial institutions. The focus is on developing new solar, wind and other renewable energy projects across key markets.

### Relevant outcomes

- ACWA Power has successfully launched several major renewable projects, including the 1,500 MW Sudair Solar PV plant, significantly reducing its carbon footprint and diversifying the region's energy mix. This initiative cements ACWA Power's role as a leader in clean energy.

**\$250**  
billion

planned assets under management by 2030



## Mining

### OCP Group, Morocco



As the world's top producer of phosphate rock and phosphate-based fertilizers, OCP Group is a major player in the global market for soil and plant nutrition solutions. The company is the custodian of the largest reserves of phosphate globally and operates a vertically integrated business that spans mining, chemical processing and fertilizer production, making it crucial to global agriculture and food production. OCP's sustainability strategy focuses on responsible mining practices and investing in technologies that enhance the sustainability of its operations, such as improving phosphorus recovery rate from low content phosphates and increasing recycling rates from the by-products of mining processes.

## Green investment programme

### Overview and objective

- OCP Group has launched a \$13 billion green investment programme for the period 2023-2027 to enhance sustainability in its operations.<sup>25</sup> This programme focuses on reducing environmental impact, improving resource efficiency and supporting sustainable agriculture and innovation, while increasing the production of green fertilizers from 15 million tonnes to 20 million tonnes annually, in alignment with Morocco's energy transition strategy.

### Key success factors

- The programme is driven by OCP's commitment to sustainability, substantial R&D investments and collaborations with international partners enabling the implementation of energy-efficient technologies and innovative practices.
- Key initiatives include producing 1 million tonnes of green ammonia by 2027 (with plans to increase to 3 million tonnes by 2032), generating 5 GW of clean energy in 2027 (meeting 100% of OCP's energy needs and increasing to 13 GW by 2032), increasing seawater desalination capacity to 560 million m<sup>3</sup> by 2027 and optimizing local value chains. These investments will enable OCP to achieve carbon neutrality in operations and energy sources (scope 1 and scope 2) by 2030.

### Relevant outcomes

- The programme is designed to strengthen local value chains in the group's industrial and mining sites and promote green growth in the agriculture sector. It has led to reduced energy consumption and lower GHG emissions in its production processes.
- In supporting the emergence of an innovative national industrial ecosystem, this programme supports around 600 SMEs in the energy, agricultural and industrial sectors and aims to create 25,000 direct and indirect jobs.



**Oil and gas**

Saudi Aramco, Kingdom of Saudi Arabia



Saudi Aramco is a leading company in the global energy sector, recognized as the world's largest oil producer and the most profitable company globally. The company is primarily state-owned by the Saudi government, which holds 97.6% of all shares (including those owned by PIF, the country's sovereign wealth fund),<sup>26</sup> making it a cornerstone of the kingdom's economy. Aramco has launched a \$1.5 billion sustainability fund aimed at investing in technologies that support a stable and inclusive energy transition, making it one of the largest sustainability-focused venture capital funds globally.

**Taleed programme****Overview and objective**

- Saudi Aramco's Taleed programme is a strategic initiative designed to empower SMEs in Saudi Arabia. The programme provides essential support through funding, mentorship and access to Aramco's extensive resources to enhance SMEs' operational excellence and sustainability practices.

**Key success factors**

- The programme's success lies in its comprehensive support system which includes targeted workshops on carbon net zero, taxation and operational efficiency.
- Partnerships with consulting firms provide SMEs with crucial guidance on strategy and ESG, ensuring they can achieve sustainable growth.
- The simplification of financing processes has also been a critical factor in enabling SMEs to scale-up operations and innovate.

**Relevant outcomes**

- Since its inception, the Taleed programme has supported over 1,200 SMEs, with more than 550 SMEs benefitting from a dedicated net-zero programme.

- These efforts have significantly contributed to the decarbonization of SME operations, positioning them for success in a low-carbon economy and enhancing their long-term competitiveness.

**Sustainability fund****Overview and objective**

- Aramco's \$1.5 billion sustainability fund, launched in October 2022, is focused on investing in projects and start-ups that advance sustainable technologies including carbon capture, reducing GHG emissions, digital sustainability and low-carbon fuels.

**Key success factors**

- The fund's success is driven by its long-term investment perspective, focusing on market disruption and the reduction of technology costs. Strategic investments in start-ups such as EnerVenue, Rondo and Xpansive exemplify this approach, with a strong emphasis on scaling-up effective technologies.
- The company's sustainability investments tend to be longer-term with a focus centred not on immediate net present value but rather on the potential for the company to disrupt the market or to reduce the cost of the technology in a timely manner.

**Relevant outcomes**

- The sustainability fund is supporting key start-ups, contributing to advancements in sustainable technologies. These investments are expected to accelerate the adoption of sustainable practices, reinforcing Aramco's commitment to global sustainability goals.

# 1,200+

SMEs

supported by Taleed programme

# \$1.5

billion

sustainability fund launched in 2022, focused on investing in projects and start-ups that advance sustainable technologies

## 4.2 Public sector case studies

Government policies and interventions play an important role to incentivize MENA businesses to improve their organizational sustainability practices. Several countries have taken significant steps to support sustainability efforts, the results of which are already bearing fruit. These success stories can inspire countries across MENA to contribute effectively to a sustainable, resilient and decarbonized MENA economy. The selection of case studies is guided by three key criteria:

- **Impact and scalability:** Emphasis is placed on initiatives that demonstrate significant, measurable impact in areas such as emissions reductions, resource efficiency and job creation. These initiatives also possess the potential for scalability across different sectors or regions.

- **Demonstrated results and cross-sectoral engagement:** These programmes have tangible outcomes that involve collaboration across multiple sectors, including government, private industry and local communities, ensuring broad and inclusive sustainability efforts.
- **Innovation and catalytic potential:** The focus is on initiatives that bring innovative solutions and have the potential to drive broader transformations in policy or industry, setting new standards and encouraging widespread adoption of sustainable practices.

### CASE STUDY 7

## Sustainability Champions

Ministry of Economy and Planning, Kingdom of Saudi Arabia



### Overview and objective

- The Sustainability Champions programme is a knowledge-transfer initiative that aims to enhance the adoption of sustainability across the private sector by mobilizing the expertise of Saudi Arabia's leading companies. This initiative is part of the country's ongoing efforts to develop inclusive and sustainable economic growth pathways.
- Nineteen leading corporations across seven core sectors serve as "Sustainability Champions" and support other entities to enhance their sustainability practices. These mentors are not only leaders in their respective industries but are already at the forefront of integrating sustainable practices into their own operations.
- The seven core sectors are: energy and utilities; banking and financial services; minerals and petrochemicals; telecoms, media and technology; real estate and construction; food and agriculture; and family businesses.
- The programme is part of Saudi Arabia's approach to addressing environmental challenges and accelerating its transition towards a green economy.

### Key success factors

- The programme aims to provide companies with the necessary tools and techniques to improve how they adopt and report on sustainability, via the provision of shared insights within their sectors and across the value chain.
- Each champion commits to mentoring at least three other companies, thereby creating a ripple effect that extends sustainable practices throughout the corporate landscape.

### Expected outcomes

- Over 60 corporations, supported by the champions, are expected to establish their own sustainability practices and reporting. Champions will also enhance their own sustainability performance and reporting.
- Still in its early stages after launching in April 2024, the initiative is a promising example of how networks can facilitate leading industries to employ their resources to increase sustainability efforts across value chains.



As we look ahead, let us take a smarter, more pragmatic approach to deliver more tangible progress. Let us prioritize the challenges we can address now and fast, so that we can unlock more capabilities, more energy and more hope.

H.E. Faisal F Alibrahim, Minister of Economy and Planning, Kingdom of Saudi Arabia

## National Initiative for Smart Green Projects (NISGP)

Ministry of Planning, Economic Development and International Cooperation, Egypt



### Overview and objective

- The National Initiative for Smart Green Projects (NISGP) – launched at COP27 in Sharm El-Sheikh – is a nationwide movement that mobilizes local solutions to combat climate change. The initiative invites innovative smart green projects across Egypt's 27 governorates, fostering a culture of environmental stewardship and technological innovation at a grassroots level.
- By focusing on diverse project categories – ranging from large-scale industrial endeavours to small, community-led initiatives – NISGP ensures inclusivity and broad-based participation in the green transition.

### Key success factors

- NISGP's success is underpinned by strategic partnerships with national and international entities, transforming climate challenges into viable economic and investment opportunities. Supported and promoted at the highest levels of government, the initiative has established collaborations with various multilateral organizations and financial institutions to support project implementation and scaling-up.
- NISGP's comprehensive capacity-building programmes, including numerous training sessions and workshops, have equipped thousands of participants with the skills and knowledge necessary to drive sustainable projects.

### Relevant outcomes

- The NISGP highlighted Egypt's green innovation potential with 12,000 project submissions over two rounds and 3,817 qualifying for further stages. These projects cover various sectors, including waste management, renewable energy, climate adaptation, sustainable agriculture, emissions reduction and pollution control.

- Notably, while 36 projects were selected as winners, over 500 received additional support – of which more than 60% are currently operational, illustrating the initiative's significant impact.
- Through NISGP, the winning projects have been linked with donors, financial institutions and international organizations, providing them with critical technical support and investment. They were also highlighted at international forums, including COP27 and COP28.

### Key projects highlighting the initiative's impact

- **Egypt Waste Bank:** To date, this project has resulted in the transformation of 50 million tonnes of agricultural and municipal waste into valuable resources and the creation of over 27,000 direct and indirect job opportunities. Key initiatives include converting worn-out tyres into rubber powder (Bidaya Factory) and developing an app to streamline waste management.<sup>27</sup>
- **Engazaat:** As Egypt's first independent power and water producer, Engazaat offers renewable energy and water services without upfront costs, investing \$51 million in Egypt and Lebanon. The project has offset 461,214 tonnes of CO<sub>2</sub> and produced 15 million m<sup>3</sup> of water annually, creating 500 jobs.
- **Bab Rizq Scrap:** This project empowers women, including those with special needs, to recycle scrap materials to produce innovative clothing, furniture and art. It has trained more than 25,823 individuals and produced 40,000 diverse pieces, contributing to both economic growth and environmental preservation.
- **3D Cutter:** Addressing electronic waste, this project employs women to recycle e-waste using the "MINI CNC Machine" to create 3D designs and spare parts. It has trained approximately 700 women, providing them with sustainable employment and contributing to environmental sustainability.

50  
million tonnes

waste converted into useful resources

27,000

direct and indirect job opportunities created

## Circular Economy Policy

Ministry of Climate Change & Environment, United Arab Emirates



### Overview and objective

- Rapid growth in the UAE's economy and population has increased the demand for resources such as energy, food, materials and water.
- The UAE's Circular Economy Policy 2021-2031 aims to mitigate these impacts by promoting the sustainable use of resources, ensuring the well-being of current and future generations and transitioning from a traditional linear economy to a regenerative circular economy.

### Key success factors

- The UAE has identified four priority sectors that are crucial for the transition to a circular economy due to their significant roles in the national economy and potential for stimulating circular practices:
  1. *Sustainable manufacturing*: Encourages the design, manufacture, repair, reuse, remanufacture and recycling of products to minimize waste and maximize resource efficiency.
  2. *Green infrastructure*: Focuses on the sustainable design, construction and demolition of buildings to reduce waste and enhance the productivity of urban environments.
  3. *Sustainable transportation*: Aims to reduce carbon emissions and improve efficiency in the transportation sector through integrated, low-carbon mobility solutions.
  4. *Sustainable food production and consumption*: Seeks to enhance food security, reduce waste and promote the use of regenerative agricultural practices.

### Relevant outcomes

- Since the policy's implementation, there has been a shift towards circular practices across various sectors. A key

lesson learned is that clear policy direction and priorities enable swift mobilization of both public and private stakeholders, leading to the development of projects aligned with circular economy principles.

- The policy's effectiveness is further shown through tangible examples of circular economy practices highlighted and published in the *UAE Circular Economy Landscape Report 2023*<sup>28</sup> that have resulted in significant environmental benefits, summarized below.

### Key projects highlighting the initiative's impact

- **The Waste Lab, composting food waste**: Reducing landfill waste and turning organic waste into valuable compost for agriculture.
- **Emirates Global Aluminium, converting bauxite waste into soil**: Transforming industrial waste into a resource for soil enhancement, contributing to land restoration.
- **Majid Al Futtaim's communities, recycling water in households**: Implementing water recycling systems that reduce water consumption and promote sustainability in residential communities.
- **Environmental Authority of Abu Dhabi, restoring marine ecosystems**: 7,500 hectares of mangroves, seagrass and coral ecosystems have been restored, with 4,500 more to be restored by 2030. Protecting and rehabilitating these crucial marine ecosystems plays a vital role in carbon sequestration and biodiversity.
- **Udrive, providing sustainable transport options**: Offering eco-friendly transportation alternatives that reduce carbon emissions in urban areas.
- **Bee'ah and Masdar, developing a landfill site into a 120 MW solar farm**: Transforming a former waste site into a renewable energy source, demonstrating the potential for circular solutions to address environmental challenges.



## EU-Morocco Green Partnership

### European Union and the Kingdom of Morocco



#### Overview and objective

- In 2022, the EU and Morocco embarked on a ground-breaking initiative to forge the first green partnership between the EU and another country focused on energy, climate and the environment. Announced ahead of COP27, this partnership signifies a pivotal shift towards sustainable development and climate resilience in the MENA region. It is expected to become a model for similar partnerships with countries outside the EU.
- The partnership aims to accelerate the renewable energy transition, enhance climate adaptation strategies and promote environmental protection. Aligning with the objectives of the European Green Deal and Morocco's National Sustainable Development Strategy, the programme will intervene in the four pilot regions of Tetouan/Tangier/Al Hoceima, Beni Mellal/Khenifra, Draa-Tafilalet and L'Oriental.
- This high-level partnership has encouraged the design of innovative initiatives and the implementation of large-scale projects to support the green transition.

#### Key success factors

- The EU-Morocco Green Partnership is underpinned by a series of cooperation frameworks agreements that facilitate sustainable electricity trade between the European internal market and North Africa. It is a unique example of international collaboration to achieve sustainability goals.
- The programme is designed not only to address environmental challenges, but also to create economic opportunities and improve social well-being, creating a “win-win” scenario for both partners.
- Renewable energy sector development is expected to generate numerous jobs, fostering local expertise and technical skills.

- By reducing reliance on traditional energy sources, Morocco can diversify its economy and boost exports of green energy.
- Improved access to clean energy and water resources will enhance quality of life and reduce socio-economic disparities.

#### Relevant outcomes

- A €50 million programme entitled “Green Energy” is stimulating the greening of the Moroccan economy and its energy sector, by supporting the completion of regulatory reforms for a more open and flexible electricity market and for local energy production, strengthening integration with the European electricity market and improving governance of the Moroccan electricity market.
- “Terre Verte” – This programme, worth a total of €115 million, supports the research and development, training, support and mentoring for sustainable, resilient and inclusive management of agricultural and forest ecosystems in Morocco. It aims to boost meaningful employment, green entrepreneurship and social provision for workers in rural regions, while enhancing agricultural resilience and productivity.

#### Key initiatives supporting the partnership

- **National Energy Strategy:** Aims for 52% of power generation via renewable sources by 2030.
- **Green Generation Plan (2020-2030):** Promotes sustainable agricultural practices.
- **New Investment Charter:** Incentivizes green investments.
- **Moroccan Industrial Acceleration Plan (PAI):** Promotes transition to sustainable industries such as renewable energy.

# €115

million

investment into “Terre Verte” programme to develop sustainable agricultural practices

# €50

million

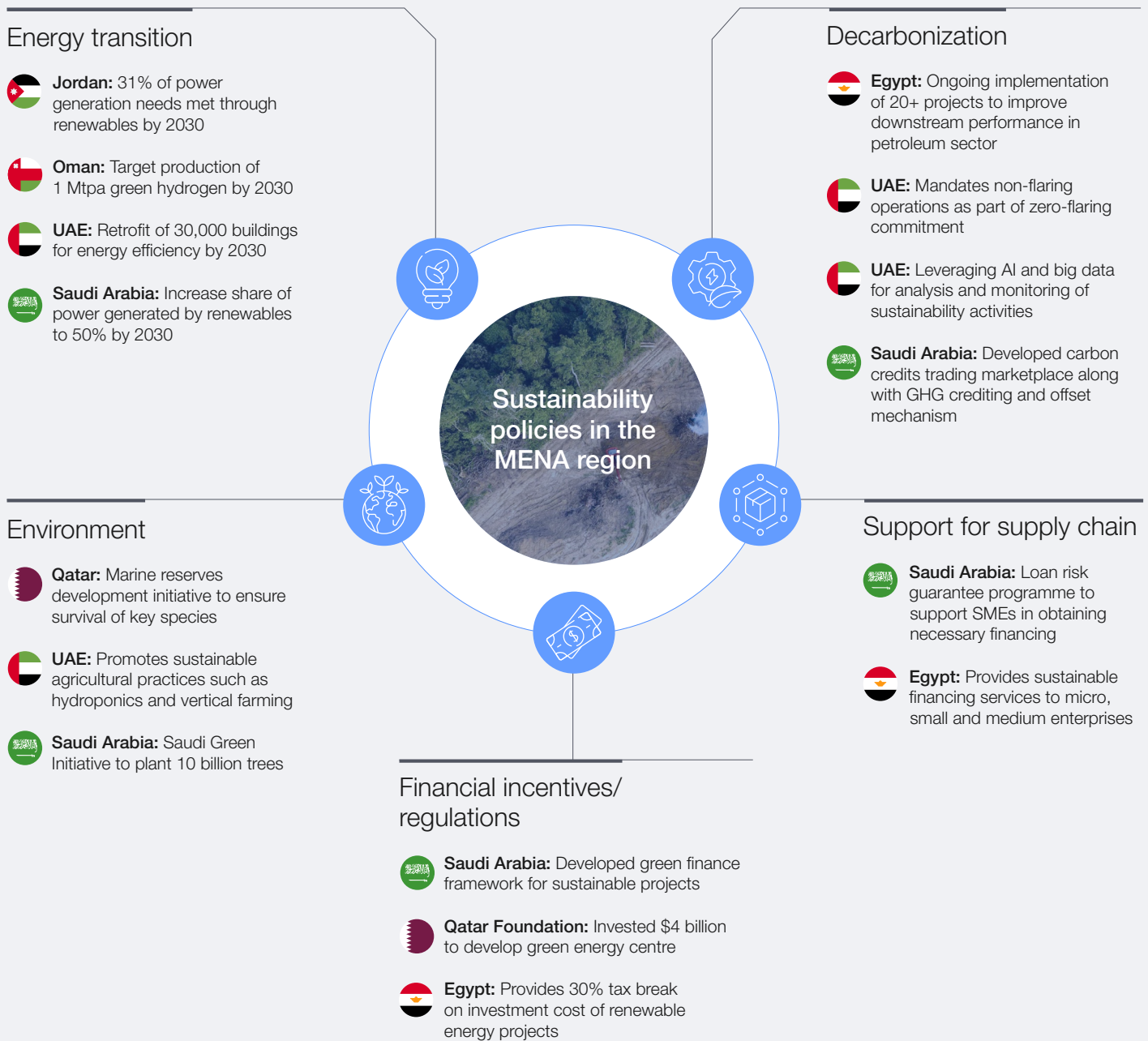
investment into greening Morocco energy sector

## 4.3 Other best practices for regional reference

Other promising initiatives are emerging across key areas including decarbonization, energy transition, financial incentives, environmental protection and biodiversity, and support for the supply chain

(see Figure 8). The examples below demonstrate how targeted strategies can yield significant environmental and economic benefits.

FIGURE 8 Best practice sustainability policies in MENA



Note: This list of policies is not exhaustive.





# 31%

target share of renewables in Jordan's power generation capacity by 2030.

## Energy transition

Significant investments are being made to shift towards renewable energy and improve energy efficiency. Key initiatives include:

- **Jordan's Renewable Energy and Energy Efficiency Fund (REEEF):**<sup>29</sup> The fund aims to ensure that renewable energy supplies 31% of Jordan's power generation needs by 2030, from less than 1% in 2014.<sup>30</sup>
- **Oman's green hydrogen production:** Oman aims to be one of the world's largest producers of green hydrogen, producing over 1 million tonnes annually by 2030.<sup>31</sup> Projects worth \$11 billion have already been awarded.<sup>32</sup>
- **UAE's Etihad Energy Service Company:** This company aims to retrofit 30,000 buildings by 2030, enhancing energy efficiency and reducing overall energy consumption.<sup>33</sup>
- **Saudi Arabia's national renewable energy programme:** This programme seeks to increase the share of renewable energy to reach 58.7 GW by 2030,<sup>34</sup> supporting the kingdom's transition to a more sustainable energy mix.

## Decarbonization

Several countries in the MENA region are improving emissions reductions through innovative and strategic programmes. Key initiatives include:

- **Egypt's petroleum sector modernization programme:** This programme implements over

20 projects aimed at improving downstream performance in the petroleum sector, ensuring more efficient and sustainable operations.<sup>35</sup>

- **UAE's zero-flaring commitment:** UAE now mandates non-flaring operations as the norm as part of its zero-flaring commitment, significantly reducing emissions from gas flaring.<sup>36</sup>
- **UAE's EARTH Platform:** UAE has launched a smart platform to leverage AI and big data for sustainability activities analysis and monitoring.<sup>37</sup>
- **Saudi Arabia's carbon credits trading:** Saudi Arabia has launched a marketplace for carbon credits trading along with a greenhouse gas crediting and offsetting mechanism to help entities voluntarily offset their emissions.<sup>38</sup> This initiative supports the kingdom's broader decarbonization goals.

## Support for supply chain

Enhancing sustainability within the supply chain is vital for comprehensive environmental progress:

- **Saudi Arabia's Kafalah programme:** This provides guarantees for up to 80% of the loan amount for banks to finance SMEs, including those investing in sustainability and energy efficiency. This programme supports SMEs in adopting sustainable practices.<sup>39</sup>
- **Egypt's micro, small and medium enterprises development agency:** This supports 173,000 MSME projects and aims to provide finance totalling \$700 million, promoting sustainability across various sectors.<sup>40</sup>

# 600

million

tree-planting target by 2030 under Saudi Arabia's green initiatives.

## Financial incentives

Financial mechanisms and regulations are being established to encourage green investments. Key initiatives include:

- **Qatar Foundation's R&D investment:** Qatar plans to invest \$4 billion in a green energy research and development centre in the UK and Qatar, promoting innovation in sustainable energy solutions.<sup>41</sup>
- **Saudi Arabia's Public Investment Fund (PIF):** The PIF has established a green finance framework to support sustainable development projects.<sup>42</sup>
- **Egypt's Investment Law No. 72 of 2017:** This law provides a 30% tax deduction on investment costs for renewable energy projects and SMEs, incentivizing green investments.<sup>43</sup>

## Environmental protection

Some countries in the region are focusing on advanced agricultural technologies and large-scale reforestation and conservation efforts:

- **Qatar's marine ecosystem conservation:** Established a national programme to conserve coastal ecosystems, designating 2.5% of the country's area as marine reserves.<sup>44</sup>
- **UAE's hydroponics and vertical farming:** The UAE adopts technologies like hydroponics and vertical farming,<sup>45</sup> along with desalination and solar-powered irrigation systems in the agricultural sector. For example, Bustanica Farm produces over 1 million kg of leafy greens annually while using 95% less water than traditional farming methods.<sup>46</sup>
- **Saudi Arabia's green initiatives:** These initiatives aim to plant 10 billion trees across the country.<sup>47</sup> The interim target is 600 million trees by 2030 and 43.9 million trees were planted in 2023.

## 4.4 What does this mean for MENA?

The MENA region is making strides towards sustainability through the collaborative efforts of both private and public sectors. By fostering innovation, optimizing resource utilization and enhancing transparency, institutions across the region are transitioning to sustainable solutions that drive profitability, growth and long-term economic resilience. However, challenges remain, particularly in areas where regulations are not yet clear or tailored to the unique context.

The region's growth trajectory is on an upward path, necessitating the use of resources, materials and minerals. Sustainability must be at the forefront, with a strong emphasis on decarbonization in every process. As these innovative initiatives evolve, they contribute to regional goals and offer valuable lessons, showcasing the potential benefits of a unified, sustainable approach while also highlighting areas that require further attention for a more resilient future for the entire region.



# Conclusion: next steps in MENA's sustainability journey

To drive better sustainability performance, companies will need to identify material topics – from emissions and decarbonization plans to water stewardship, waste management and biodiversity.

The Middle East and North Africa region is at a pivotal moment in its sustainability journey, driven by increasing global pressure for enhanced corporate transparency around sustainability risks and opportunities. With countries representing over 70% of global GDP poised to require sustainability reporting in the near future, MENA companies must be prepared to remain competitive, attract international investments and support the region's economic diversification goals.

MENA presents unique challenges, including an evolving regulatory landscape with diverse and complex reporting standards and the spectre of high-cost implementation without much practical guidance. These obstacles highlight the need for tailored solutions and increased government interventions to help MENA companies improve their organizational sustainability practices. As the initial focus of sustainability policies expands from disclosing emissions and decarbonization plans towards broader environmental issues such as water stewardship, waste management and biodiversity, companies will need to identify their material sustainability topics to drive better sustainability performance.

The proactive adoption of sustainability practices, supported by clear regulatory frameworks and incentives, is essential for the MENA region to

navigate this complex landscape successfully.

The actionable insights derived from this report – summarized below – are designed to empower and inspire corporate leaders, policy-makers and other stakeholders across the region to take concrete steps in their sustainability journeys.

## Actionable insights from this report

### Materiality assessments will accelerate sustainability

Conducting a materiality assessment is an essential first step for companies to identify and prioritize the sustainability issues that have the most significant impacts across operations, investor decisions and the broader ecosystem. Defining clear metrics/KPIs to measure and track sustainability performance is key to monitoring progress. By focusing on these core areas, companies can more effectively manage risks, allocate resources and integrate sustainability into their strategic priorities, in alignment with stakeholder expectations. Embedding sustainability into strategic priorities, rather than treating it as a separate reporting process, is critical to generating long-term value and enhancing business performance.

“ Embedding sustainability into strategic priorities, rather than treating it as a separate reporting process, is critical to generating long-term value and enhancing business performance.

## Government policies tailored to the local context will prove pivotal

Governments across MENA play a pivotal role in shaping the sustainability landscape through clear policies, financial incentives and regulatory frameworks. *The UAE Energy Strategy 2050*<sup>48</sup> and Saudi Arabia's *Vision 2030*<sup>49</sup> are models of ambitious national strategies that integrate renewable energy targets, waste management and ecosystem conservation.

However, sustainability efforts in the region vary significantly, particularly between GCC and non-GCC countries. GCC countries have a higher emissions intensity (CO<sub>2</sub> emissions per capita) and tend to exhibit higher CO<sub>2</sub> emissions per unit of GDP (PPP). This reflects the carbon intensity of their oil- and gas-dependent economies, which require more comprehensive and robust regulatory frameworks. This divergence underscores the need for tailored sustainability strategies that consider each country's unique economic context, resource availability and environmental challenges.

## Collaboration and knowledge-sharing are essential to leverage best practice

Promising developments are emerging in the region, with organizations demonstrating notable progress integrating sustainability into core business operations. The importance of sustainable development is increasingly being recognised as a key driver of long-term resilience and growth.

These progressive organizations provide valuable inspiration and instructive insight for others in the region. In particular, their innovative approaches illustrate how leading companies are integrating sustainability into their strategic priorities. These practices underscore the importance of adopting comprehensive sustainability frameworks while engaging stakeholders.

Regional collaboration and knowledge-sharing are essential for leveraging best practices and addressing common challenges. Initiatives such as Egypt's National Initiative for Smart Green Projects, Morocco's EU-Morocco Green Partnership and Saudi Arabia's Sustainability Champions programme demonstrate the power of collaborative efforts in mobilizing local solutions, enhancing sustainability reporting and supporting SMEs, all of which create ripple effects across the region.

## Next steps to boost sustainable performance

To translate these insights into actions, sustainability must be prioritized across all organizational activities. Companies and policy-makers should consider taking the following steps:

- **Integrate sustainability ambitions with strategic priorities:** Embed sustainability into the core of the organization to meet market demands and stakeholder expectations in a rapidly evolving landscape.
- **Conduct comprehensive materiality assessments:** Regularly evaluate and prioritize sustainability topics that are most relevant to the organization and its stakeholders, ensuring alignment with strategic objectives – versus treating sustainability reporting as a standalone compliance process.
- **Establish metrics/KPIs and report progress:** Develop transparent mechanisms for tracking and communicating sustainability performance, allowing for continuous improvement and accountability. Work towards the establishment of regional sustainability reporting guidelines and best practices, adapted to the unique context, to provide clear guidance for tracking and improving performance.
- **Engage with policy-makers and promote public-private partnerships:** Actively participate in policy dialogues and advocacy to shape supportive regulatory environments and leverage government incentives for sustainable development. Foster partnerships between the global innovation ecosystem and MENA companies to fast-track solutions through collaboration.
- **Include all stakeholders, foster regional partnerships and learn from best practice:** Collaborate with local and regional stakeholders, including hard-to-abate sectors, academic institutions and non-governmental organizations, to share knowledge and resources and enhance overall sustainability efforts.

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# Endnotes

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