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# THE 2018 STATE OF SUSTAINABILITY AND CSR IN THE MENA REGION

LEAD PARTNER: EMIRATES NBD

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# INTRODUCTION

SUSTAINABLE SQUARE IS A GLOBAL ADVISORY FIRM IN THE FIELD OF SUSTAINABILITY, CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SOCIAL IMPACT, WITH HEADQUARTERS IN DUBAI.

Through our work across the Middle East and North Africa (MENA) region, we identified that one of the main challenges preventing the evolution of sustainability and Corporate Social Responsibility is a lack of comprehensive data regarding practices among organisations in the region. In meetings and conferences, data cited is usually taken from other countries or regions, such as the United States (US) and Europe, thus failing to provide insights relevant to the MENA region and ultimately preventing effective evaluation and efficient progress in this area.

This issue has been creating a skewed perception of sustainability across the Middle East and North Africa. We realise that it is important to recognise that the comprehension and integration of sustainability in organisations is unique to each country and region.

We decided to take action on this issue and create a comprehensive database in order for ourselves, organisations and governments across the region to better understand how sustainability and CSR are currently being managed.

Not only can the findings of our study be used by organisations to better assess and benchmark their own sustainability practices on a national and regional level, they can also be used by governments as a reference point to regulate sustainability performances in the private sector and identify where improvements need to be made.

In order to collect relevant data for evaluation, we launched a survey:



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# ACKNOWLEDGEMENTS

THIS STUDY WOULDN'T HAVE BEEN POSSIBLE WITHOUT THE GENEROUS SUPPORT AND SPONSORSHIP OF



# GLOSSARY

## **SUSTAINABILITY**

The management of economic, social and environmental risks to ensure the long term sustainable growth of businesses. It is about applying conscientious, ethical and responsible practices within business operations and driving positive impact in the surrounding community.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The management of social risks and responsibilities of an organisation to ensure long-term sustainable growth. CSR in this study relates mostly to an organisation's work within its local communities. We view CSR as a part of the overall sustainability of an organisation since it is mostly focused on the "social" aspect of sustainability.

## **GLOBAL REPORTING INITIATIVE (GRI)**

GRI is the most widely adopted independent standards by organisations reporting on impact. It is an independent, international organisation that has pioneered sustainability reporting since 1997.

(Source: [www.globalreporting.org](http://www.globalreporting.org))

## **UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)**

The SDGs are the blueprint set by the UN calling for everybody from governments to individuals to work together to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, peace and justice.

(Source: [www.un.org](http://www.un.org))

## **INTEGRATED REPORT (IR)**

An Integrated Report is a concise overview of how an organisation's strategy, governance, performance and prospects lead to the creation of value over short, medium and long-term periods. The IR framework was developed by the International Integrated Reporting Council (IIRC) in 1999.

(Source: [www.integratedreporting.org](http://www.integratedreporting.org))

## **UNITED NATIONS GLOBAL COMPACT (UNGC)**

The UNGC is a framework for companies to align strategies, policies and operations with 10 principles on human rights, labour, environment and anti-corruption. The UNGC framework is aligned with the Sustainable Development Goals.

(Source: [www.unglobalcompact.org](http://www.unglobalcompact.org))



**CALENDAR PLANNER**

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
30	31	1	2	3	4
Holiday 6	7	8	Campaign 9	10	11
13	14	15	16	17	18
20	21	22	23	24	25
Marketing Plan Meeting 27	Marketing Plan Meeting 28	29	Holiday 30	1	2

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- plan for location*

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# METHODOLOGY

# METHODOLOGY

## WE DEVELOPED OUR SURVEY QUESTIONS BASED ON OUR EXPERTISE IN THE FIELD OF SUSTAINABILITY AND CSR IN THE MIDDLE EAST AND NORTH AFRICA.

The questions were specifically targeted at increasing general understanding about the current status of sustainability and CSR practices among organisations in the region, identifying the drivers behind them and recognising future outlooks.

Even though Emirates NBD has extended support for this study, the bank has not taken part of the actual research process and has not influenced the findings in any way. The entire process from planning, execution and reporting has been conducted independently through Sustainable Square. Emirates NBD's role was in providing sponsorship and presenting the findings.

The survey was conducted online and was available in both English and French. We sent it out to 1,500 organisations across 18 countries in the MENA region covering 16 sectors. Out of the 1,500 targeted organisations, 638 completed the entire survey. Therefore, our analysis is based on the 638 who answered all questions and finished the survey.

The average time it took to answer the survey was around 8 minutes. The nature of questions was mostly multiple choice, with an "other" option offered for almost every question, allowing respondents to give a more detailed response when the choices offered were not applicable to them. In order to maximise efficiency and accuracy, there were no open-ended questions.

You will notice that some questions have different number bases - meaning that not all questions are based on the answers from the original 638 organisations surveyed. This is because the survey had a cascading logic - meaning, depending on the answer a certain organisation chooses, it might get a different follow up question. So for example, organisations who have a holistic sustainability strategy will get different questions than those with an environmental strategy and so on.

**1500**

organisations



**18**

different countries  
across the MENA region



**16**

sectors



**638**

completed the  
entire survey



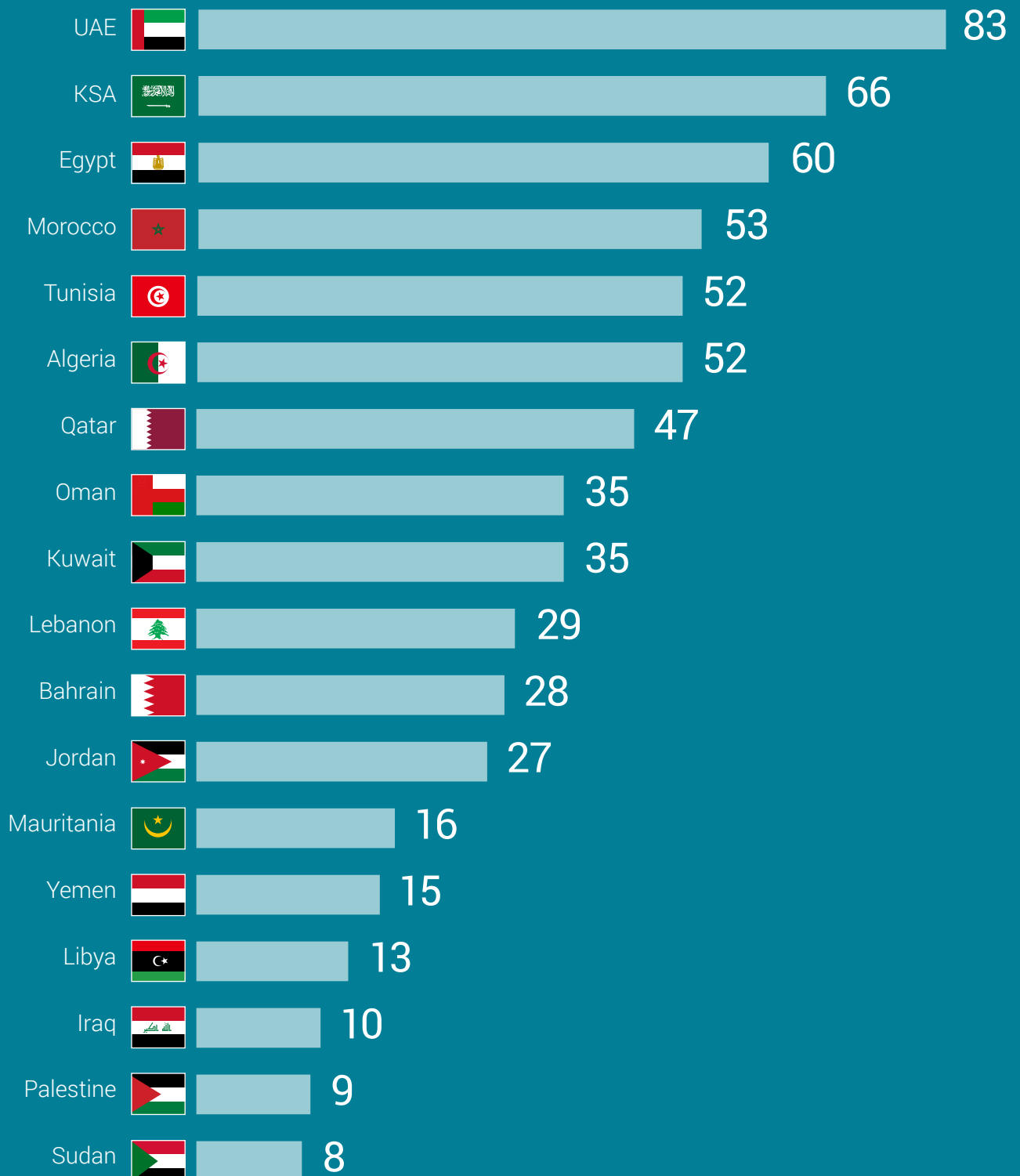
**8**

minutes to  
complete the survey



# RESPONDENTS' PROFILE

## COUNTRY

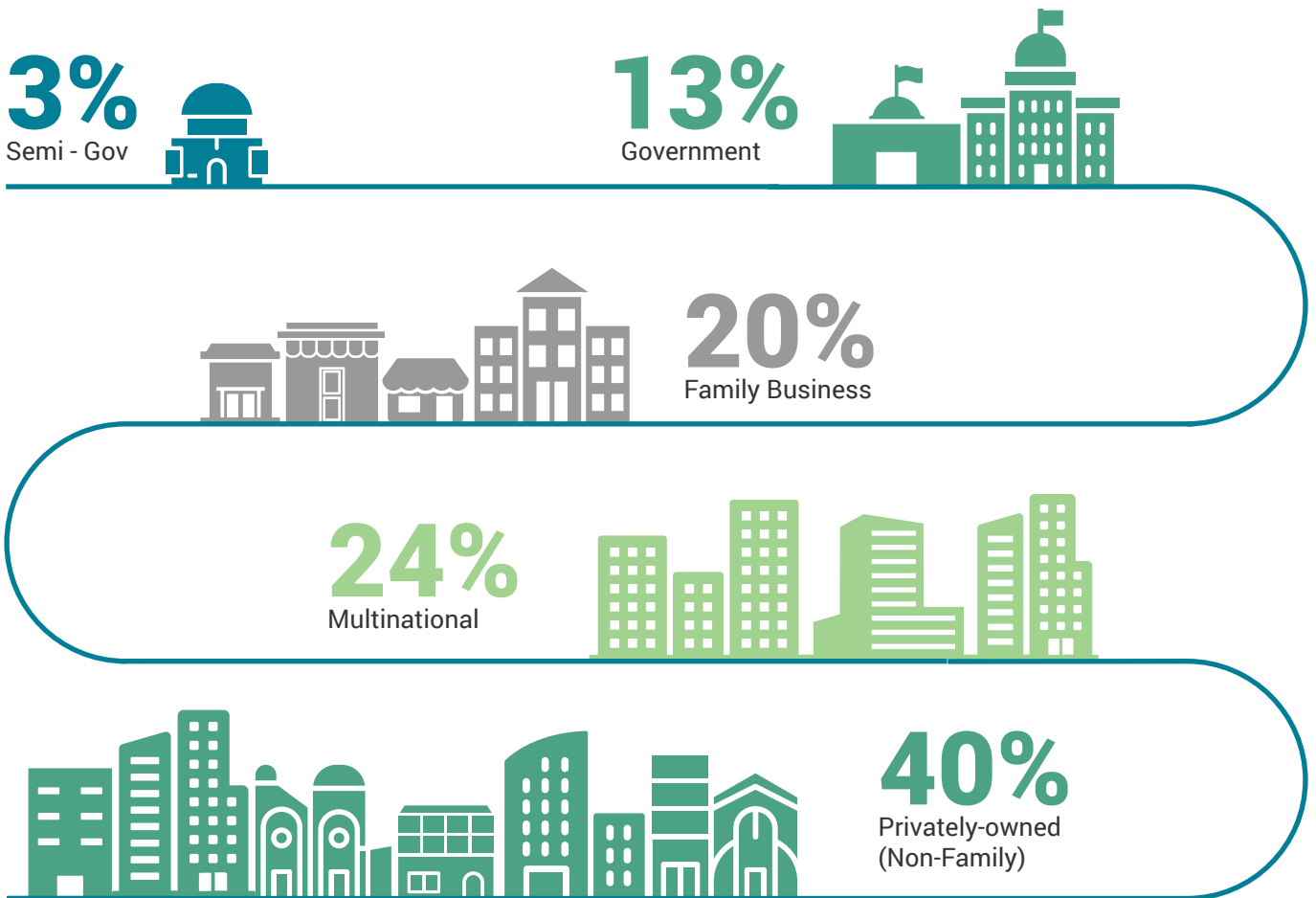


(BASED ON 638 RESPONDENTS)

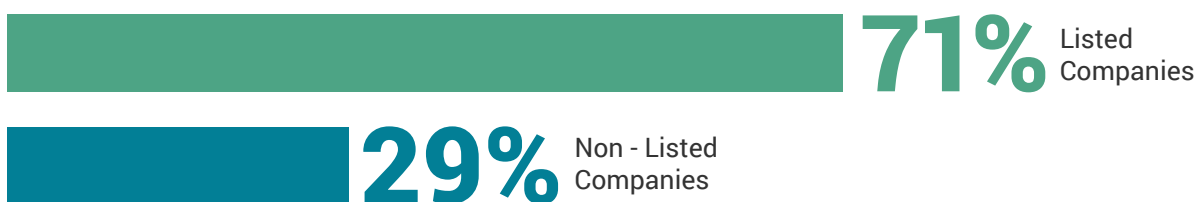


# RESPONDENTS' PROFILE

## TYPE OF ORGANISATION



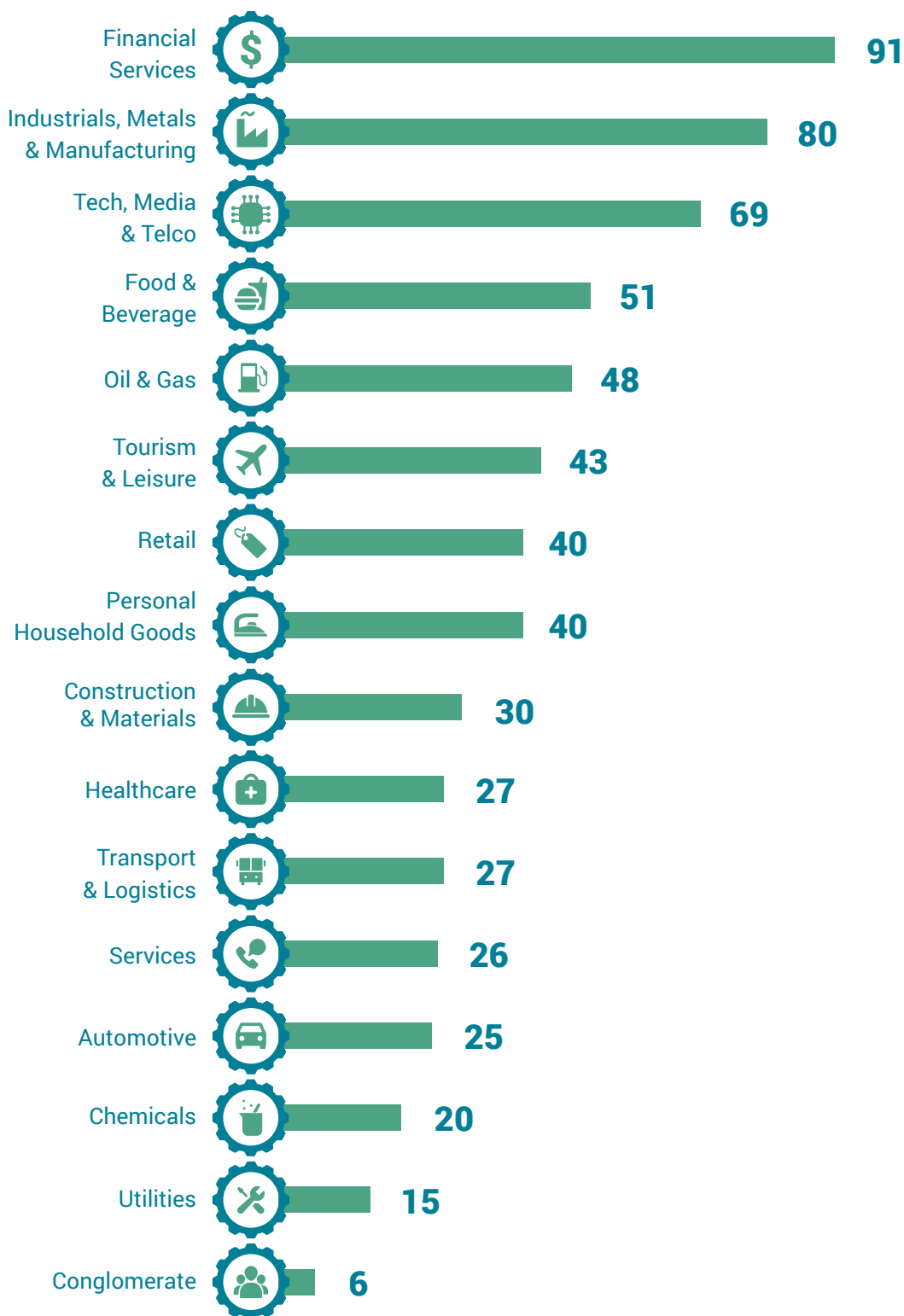
## PUBLIC LISTING



(BASED ON 638 RESPONDENTS)

# RESPONDENTS' PROFILE

## SECTOR



(BASED ON 638 RESPONDENTS)



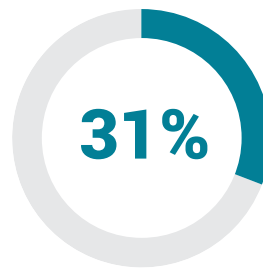
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# EXECUTIVE SUMMARY

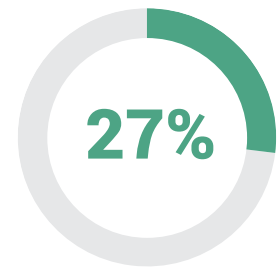
# SUSTAINABILITY INTEGRATION IN STRATEGIC PLANNING

## SUSTAINABILITY-RELATED STRATEGIES:

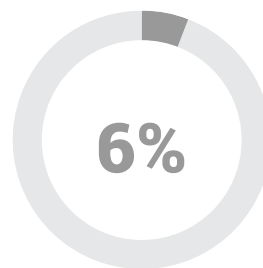
The study found that, while the majority of participating organisations do not yet have a holistic sustainability strategy in place; there is a notable evolution towards more responsible and sustainable practices:



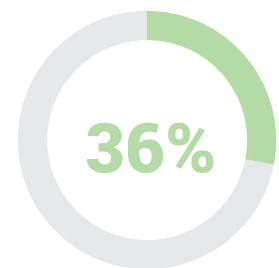
of organisations reported having a holistic sustainability strategy (which addresses sustainability topics across the entire organisation and in consideration of all stakeholders)



of organisations reported having a Corporate Social Responsibility (CSR) strategy (which focuses mostly on social topics and the local community)



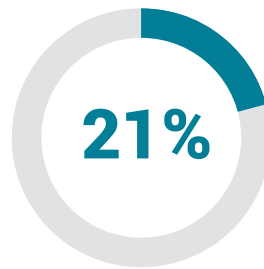
of organisations reported having an environmental strategy



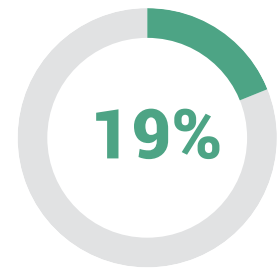
of organisations didn't have any sustainability-related strategies in place

## TOP DRIVERS FOR INVESTING IN SUSTAINABILITY:

When asked what drives organisations to invest in sustainability, the top two responses were:

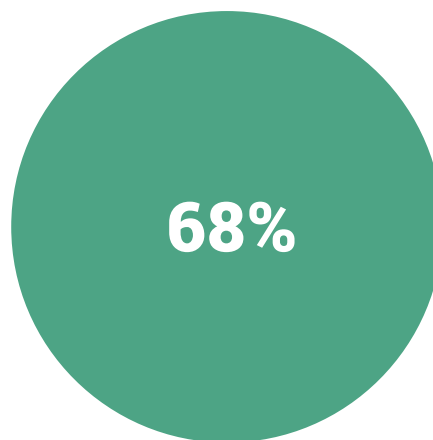


to improve reputation



out of a sense of responsibility

## SUSTAINABILITY DISCUSSIONS AT BOARD LEVEL:

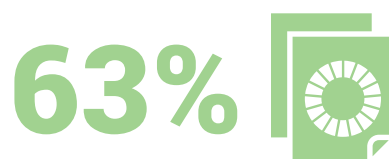


of organisations said their Board of Directors discuss sustainability risks and opportunities in meetings

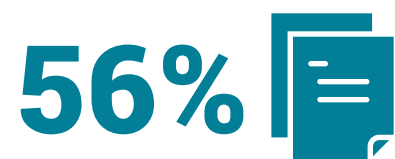
## SUSTAINABILITY REPORTING AND DISCLOSURE:



of organisations with a holistic sustainability strategy produce annual sustainability reports. The practice of sustainability reporting is less common in organisations which only have a CSR strategy or an environmental strategy, rather than a holistic, all-encompassing sustainability strategy



of organisations that reported having either a sustainability strategy or a CSR strategy in place were also aligning with at least one of the United Nations 17 Sustainable Development Goals



of organisations in the region do some kind of annual reporting on their sustainability, social responsibility or environmental performance



# SUSTAINABILITY FOCUS AREAS

## FOCUS AREAS TO SUPPORT LOCAL COMMUNITIES:

When asked about focus areas to support local communities, below were the most sighted areas:



### EDUCATION

was the top focus area, with **16%** of participating organisations reporting it as their key focus area when it comes to supporting their local community



### ENVIRONMENT

was in second, with **11%** stating it at their key focus area



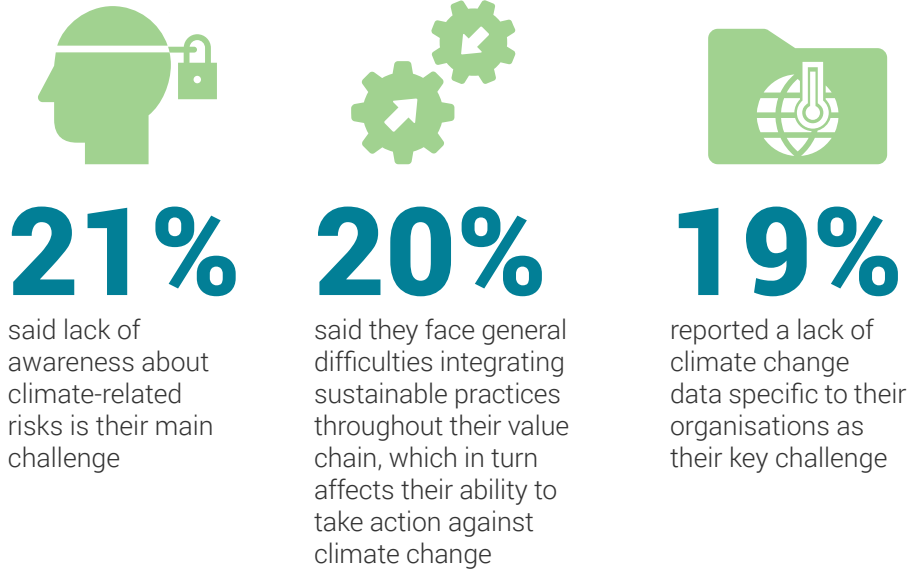
### HEALTH AND YOUTH EMPOWERMENT

came in third, with **9%** identifying these areas as their key focus

\*The question has been asked to companies with a sustainability or CSR strategy.

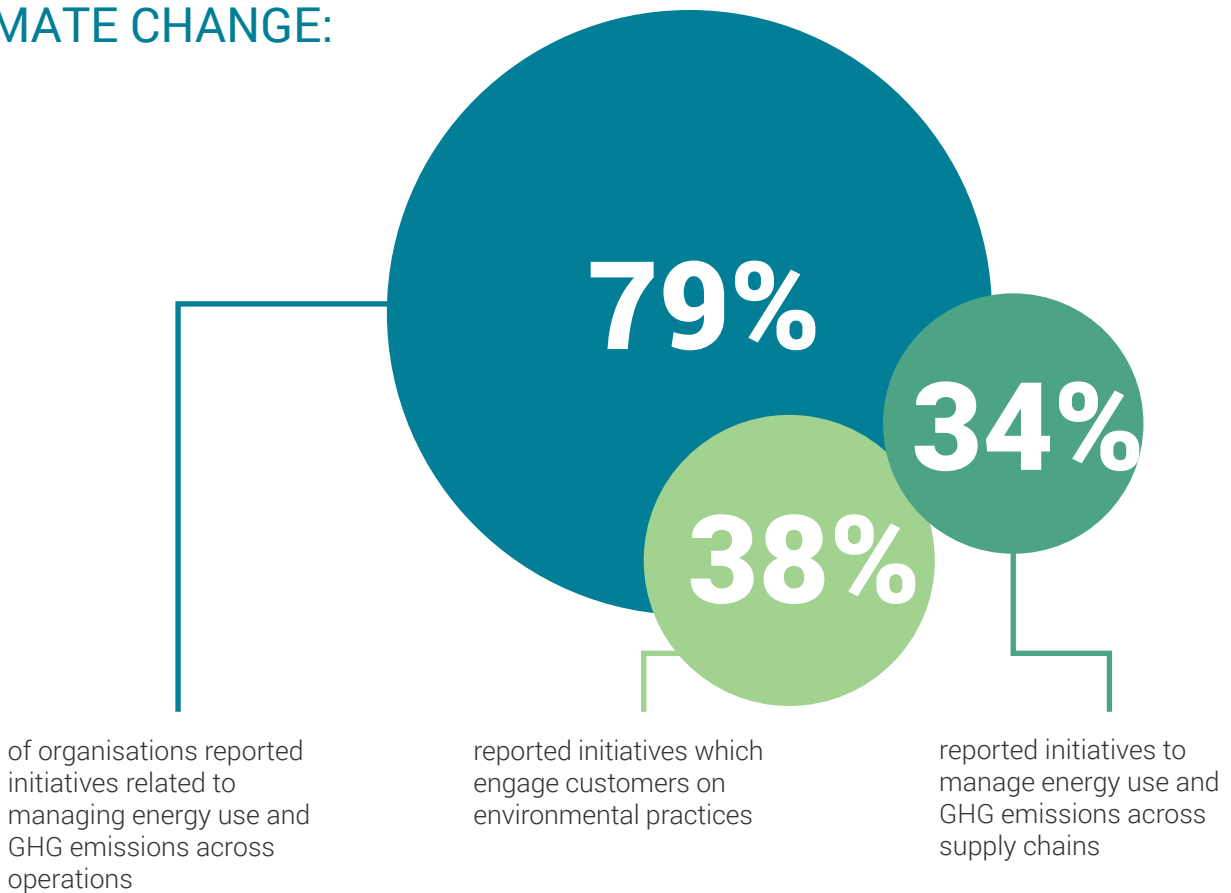
## CHALLENGES RELATED TO CLIMATE CHANGE MITIGATION:

On the right are top challenges that organisations face as they address topics impacting climate change:



## EXISTING INITIATIVES TO MITIGATE CLIMATE CHANGE:

Below are initiatives being implemented to mitigate climate change:

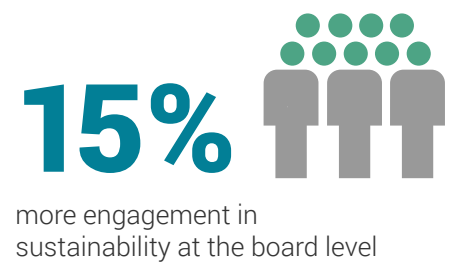
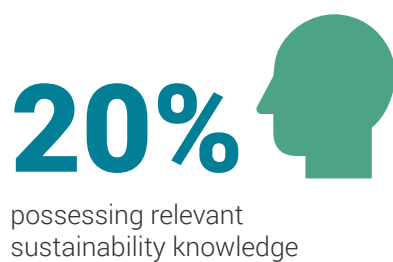
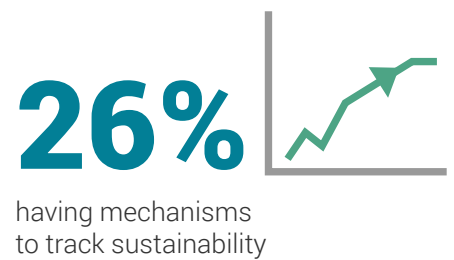


\*The question has been asked to companies with a sustainability or CSR strategy.

# FUTURE OUTLOOK

## FUTURE SUCCESS FACTORS:

When asked about success factors that organisations would like to implement in the future in order to boost their sustainability practices, the top factors reported were:



The majority of participants see 2019 as a time to increase external communications regarding their sustainability practices. However, many predict that budgets for sustainability will not increase. The intention to increase external communications when it comes to sustainability aligns with the fact that organisations reported “reputational improvement” as one of the key drivers of their investment in sustainability.

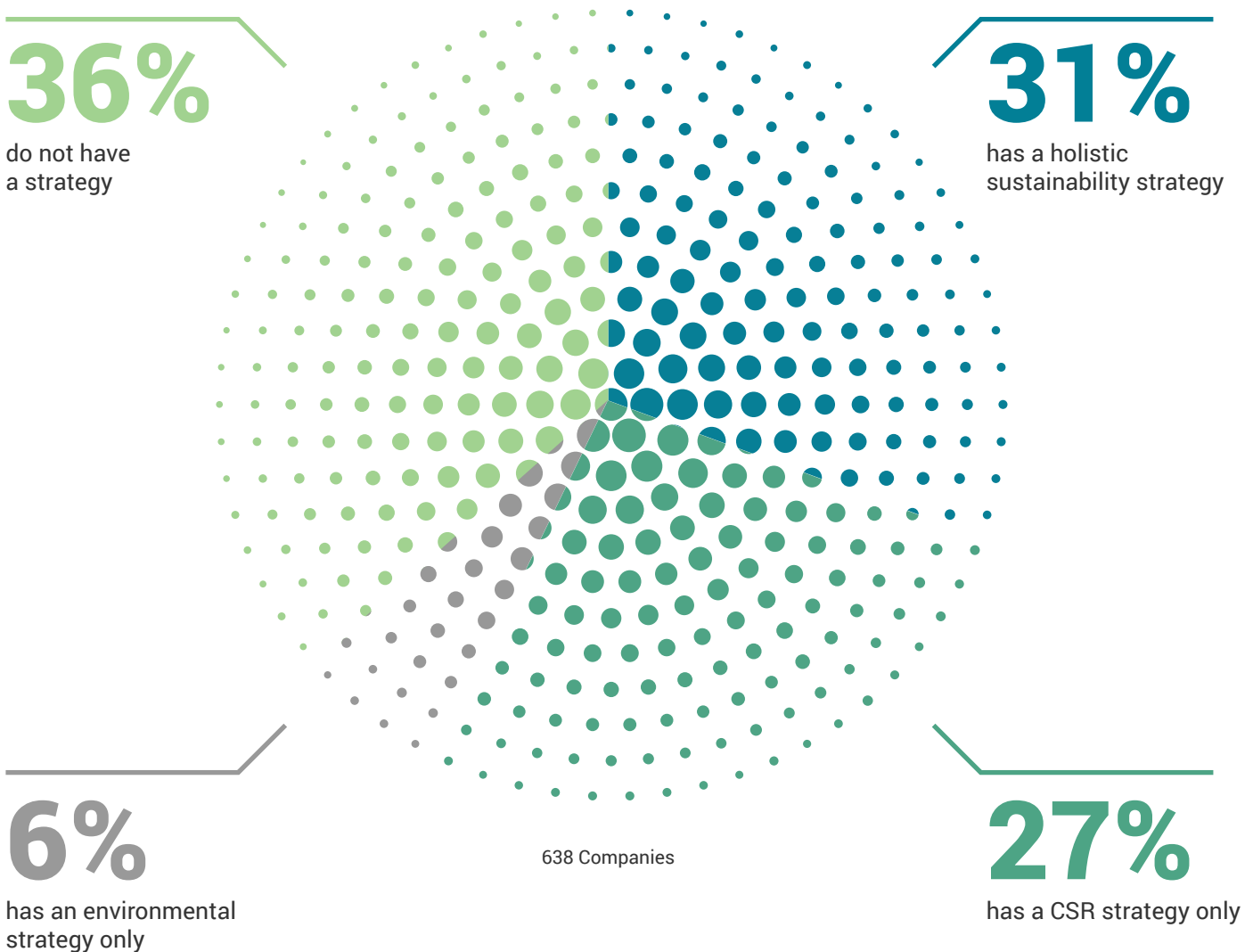


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# STUDY FINDINGS

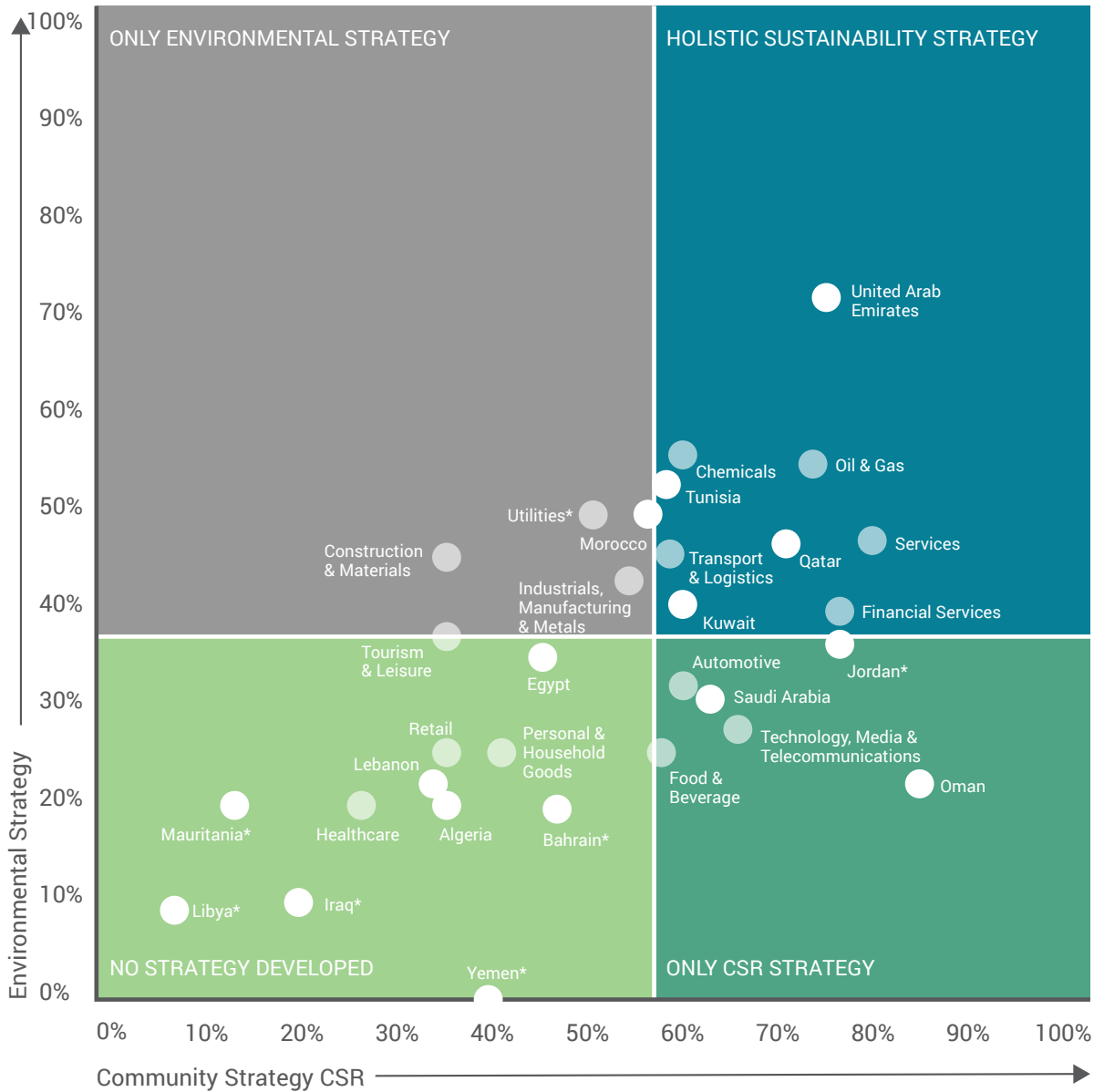
# WHAT STRATEGIES ARE BEING ADOPTED?

BELOW, THE PERCENTAGE OF RESPONDENTS DISCLOSING ON THE STRATEGY ADOPTED IN THEIR COMPANY.





# WHAT STRATEGIES ARE BEING ADOPTED?



\* Low base (under 30) – indicative results | \*\*The axis represent the average results across all industries and countries

- The UAE currently has the most companies adopting holistic sustainability strategies, most often by companies in the Oil & Gas and Services industries
- Technology, Media and Telco companies are more focused on CSR strategies.
- Few companies from our sample have only environmental strategies in place. Mainly, companies in the Constructions, Materials, Industrial and Manufacturing industries fall under this category.
- Healthcare, Retail, Personal/Household Goods, and companies in North Africa and Levant are behind in terms of adoption of holistic approaches for sustainability.

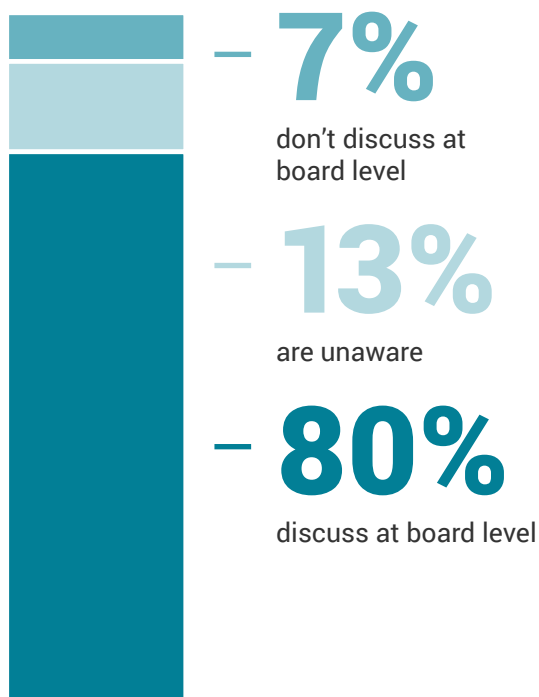
# STRATEGY DISCUSSIONS & TOP DRIVERS

ORGANISATIONS WERE DIVIDED INTO THREE CATEGORIES: THOSE WITH A HOLISTIC SUSTAINABILITY STRATEGY, THOSE WITH ONLY A CSR STRATEGY AND THOSE WITH ONLY AN ENVIRONMENT STRATEGY. FOR EACH CATEGORY, WE ASKED 1) WHETHER THE STRATEGY IS DISCUSSED AT BOARD LEVEL; AND 2) WHAT THE TOP 5 DRIVERS TO INVEST IN SUSTAINABILITY ARE.

## HOLISTIC SUSTAINABILITY STRATEGY

### DISCUSSIONS AT BOARD LEVEL

Base: 196 Companies



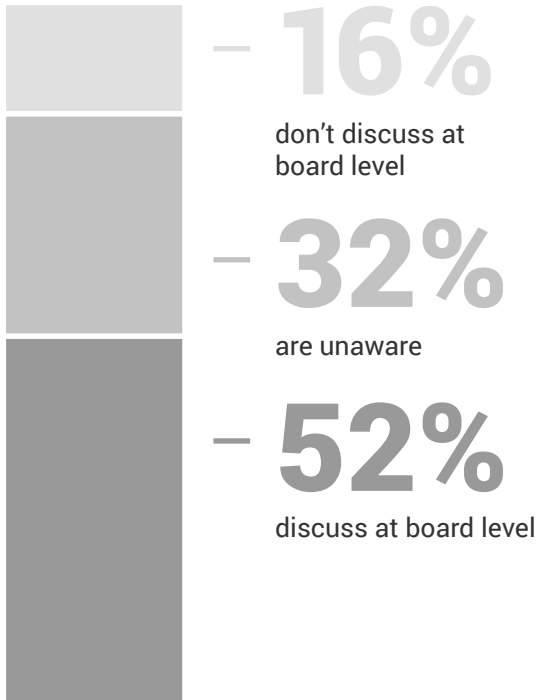
### TOP 5 DRIVERS TO INVEST IN SUSTAINABILITY



ENVIRONMENTAL STRATEGY ONLY

DISCUSSIONS AT BOARD LEVEL

Base: 38 Companies



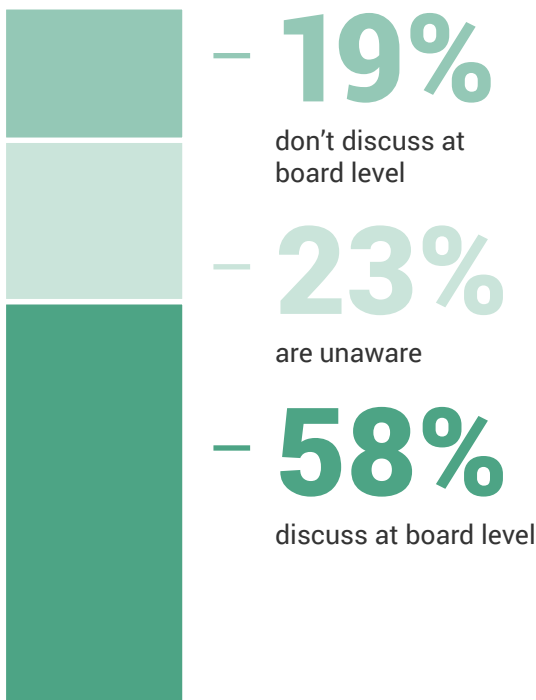
TOP 5 DRIVERS TO INVEST IN SUSTAINABILITY



CSR STRATEGY ONLY

DISCUSSIONS AT BOARD LEVEL

Base: 170 Companies



TOP 5 DRIVERS TO INVEST IN SUSTAINABILITY



# CORPORATE SOCIAL RESPONSIBILITY PRIORITIES

## TOP RATED

Education



**16%**

of organisations surveyed rated Education as their most supported CSR topic

Environmental Topics



**11%**

of organisations place Environmental Topics as their priority area

Youth Empowerment



**9%**

of organisations tied youth empowerment in third place

Health



**9%**

of organisations tied youth empowerment in third place

## BOTTOM RATED

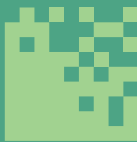
Gender Equality



**3%**

of organisations supported this area with most ratings coming from Tunisia

Digital Society



**3%**

of organisations supported this area with most ratings coming from Lebanon

Religious Donations



**2%**

of organisations supporting this area with most ratings coming from Saudi Arabia

Child Labor



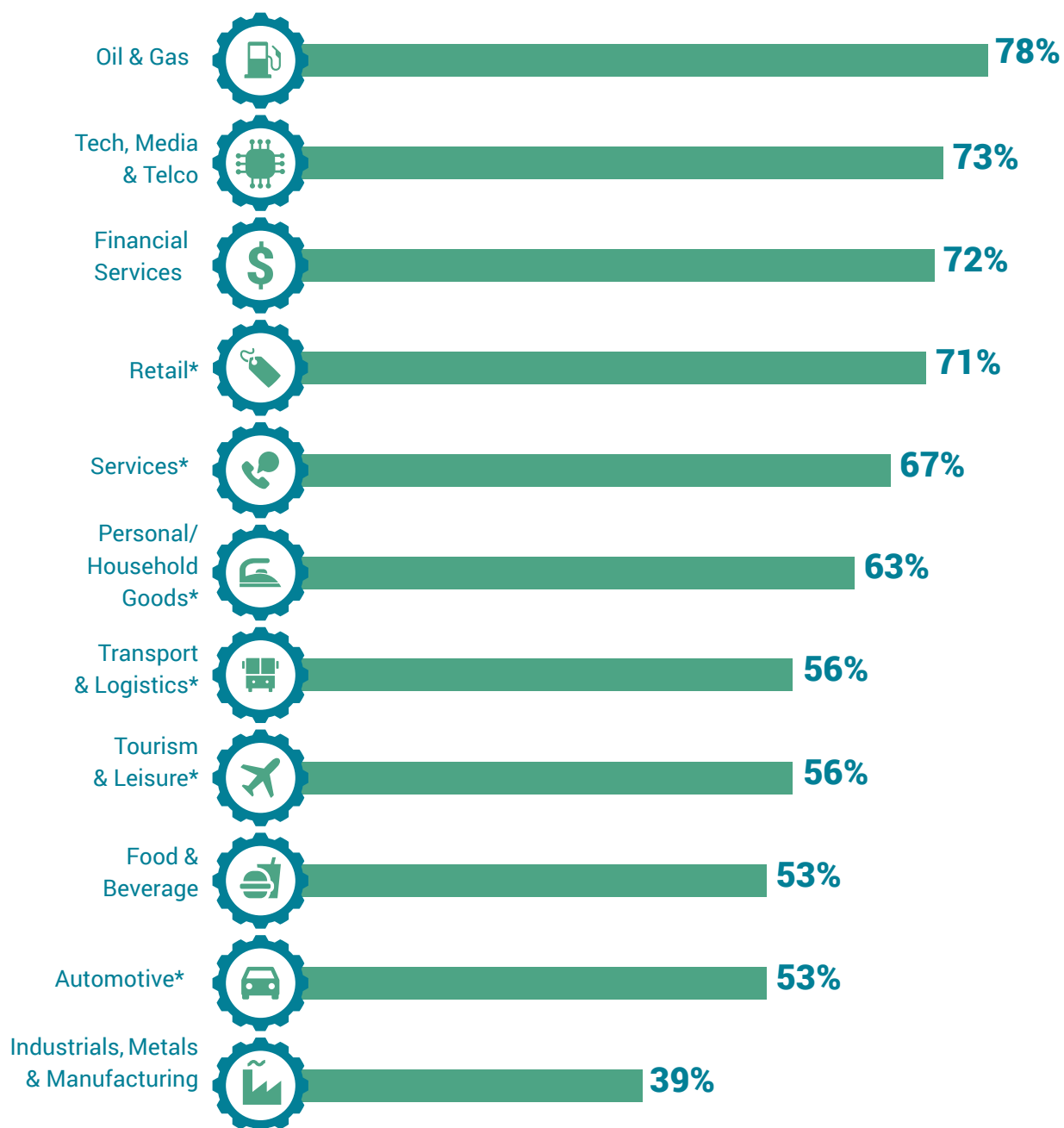
**1%**

of organisations support this social issue

# ALIGNMENT WITH THE SDGs

Across several sectors, almost half of the organisations surveyed were not aligned with any of the 17 goals. (source: www.un.org)

% organisations aligned with at least one of the SDGs | 366 Organisations

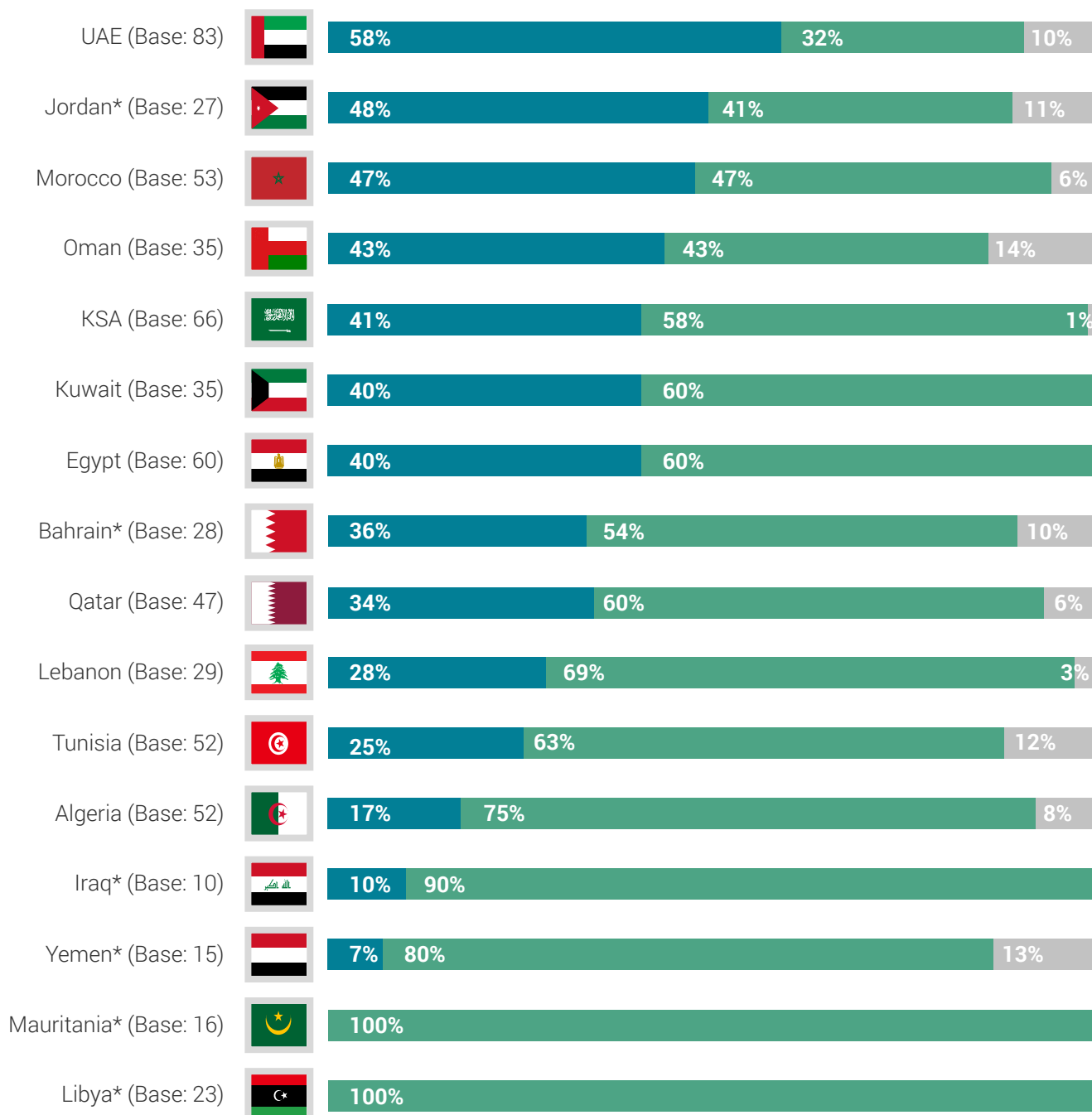


\* Low base (under 30) – indicative results | \*\*Industries with very low base not shown



# ALIGNMENT WITH SDGs BY COUNTRY

% organisations aligned with at least one of the SDGs



\* Low base (under 30) – indicative results | \* \*Industries with very low base not shown

● Aligned ● Not aligned ● I don't know

The UAE has the most organisations taking a holistic approach to sustainability. It is also the country with the highest percentage of organisations currently in alignment with at least one of the SDGs. Organisations that do not have a sustainability project/team in place have been considered as not in alignment with the SDGs. Overall, more than half of the organisations surveyed are not aligned with any of the SDGs.

# ENVIRONMENTAL STRATEGY CHALLENGES

## TOP RATED

Lack of awareness of climate-related risks



21%

of organisations reported this reason as the number one challenge in taking action against climate change

Lack of relevant climate change data specific to our organisation



20%

of organisations reported this reason as the second challenge in taking action against climate change

Difficulties integrating sustainability into the value chain



20%

of organisations who have a holistic sustainability strategy reported this reason as the number one challenge in taking action against climate change

## BOTTOM RATED

Weak regulatory incentives



19%

of organisations, with only an environmental strategy in place, state weak regulatory incentives as a challenge

Limited budget



13%

of organisations state that limited budgets is a challenge to mitigate climate change

Lack of commitment by management

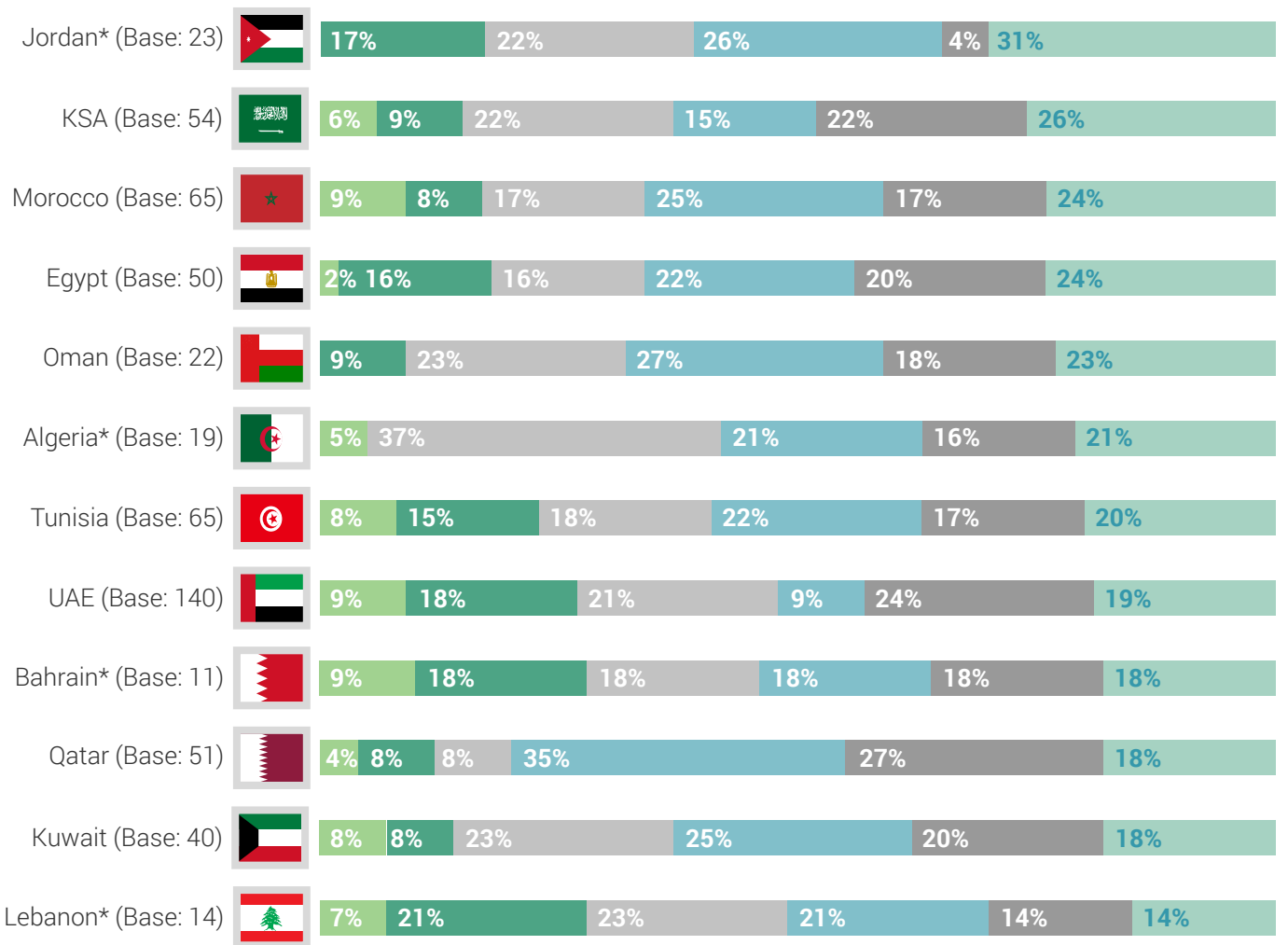


6%

of organisations chose lack of commitment from senior management as a challenge

# ENVIRONMENTAL STRATEGY CHALLENGES BY COUNTRY

## Top challenges by %



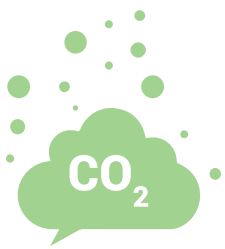
● Lack of commitment by senior management
 ● Limited budget
 ● Weak regulatory incentives
 ● Lack of relevant climate change data specific to our organisation
 ● Difficulties in integrating sustainability throughout the value chain
 ● Lack of awareness of climate-related risks

\* Low base (under 30) – indicative results | \*\* Countries with very low base not shown

Across all countries, the main challenges in implementing environmental strategies are related to a lack of awareness and relevant data that is applicable to the specific organisation. Budget is seen as a secondary issues for the majority of countries.

# INITIATIVES TO ADDRESS CLIMATE CHANGE

Out of the 234 organisations that have an environmental and a holistic sustainability practice in place, the majority of actions are aimed at managing energy usage and GHG emissions in operations, mainly adopted by organisations in Construction and Industrial sectors. Utilities, Retail and Service organisations are more keen on engaging their customers on environmental practices. Personal Household Goods and Food & Beverage organisations invest more than others in managing energy use and GHG emissions in their supply chains. Oil & Gas and Chemical organisations are investing the most in renewable energy, while Chemical and Transport/Logistic organisations are focused on setting science-based targets for energy use and GHG emissions which they can monitor. For this question, respondents had the possibility to choose between 1 to 3 answers.



**79%**

of organisations with an environmental strategy choose to:

## MANAGE ENERGY USE AND GHG EMISSIONS IN OPERATIONS

Construction/Materials*	59%
Industrial/Material/Manufacturing	53%
Household Goods*	45%
Utilities*	43%
Transport & Logistics	42%
Financial Services	42%
Tourism & Leisure	41%
Food & Beverages	41%
Automotive*	40%
Tech/Media/Telco	36%
Services*	33%
Oil & Gas	33%
Chemicals	28%
Retail*	24%



**38%**

of organisations with an environmental strategy choose to:

## ENGAGE CUSTOMERS IN ENVIRONMENTAL PRACTICES

Utilities*	36%
Retail*	29%
Services*	28%
Financial Services	24%
Tech/Media/Telco	23%
Automotive*	20%
Transport & Logistics	19%
Oil & Gas	19%
Food & Beverages	19%
Industrial/Material/Manufacturing	15%
Tourism & Leisure	14%
Construction/Materials*	14%
Chemicals	13%
Household Goods*	9%

234 Companies | \* Low base (under 30) – indicative results | \*\*Industries with very low base not shown

# INITIATIVES TO ADDRESS CLIMATE CHANGE

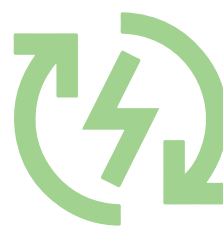


**34%**

of organisations with an environmental strategy choose to:

## MANAGE ENERGY USE AND GHG EMISSIONS IN OPERATIONS

Household Goods*	32%
Food & Beverages	30%
Automotive*	27%
Oil & Gas	19%
Industrial/Material/Manufacturing	19%
Chemicals	19%
Construction/Materials*	18%
Tourism & Leisure	17%
Tech/Media/Telco	16%
Retail*	14%
Financial Services	11%
Services*	11%
Transport & Logistics	8%
Utilities*	7%



**33%**

of organisations with an environmental strategy choose to:

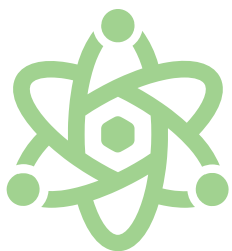
## ENGAGE CUSTOMERS IN ENVIRONMENTAL PRACTICES

Oil & Gas	25%
Retail*	24%
Chemicals	22%
Tourism & Leisure	21%
Transport & Logistics	19%
Financial Services	18%
Services*	17%
Tech/Media/Telco	16%
Utilities*	14%
Household Goods*	14%
Automotive*	13%
Industrial/Material/Manufacturing	11%
Food & Beverages	11%
Construction/Materials*	5%

234 Companies | \* Low base (under 30) – indicative results | \*\* Industries with very low base not shown



# INITIATIVES TO ADDRESS CLIMATE CHANGE



## 12%

of organisations with an environmental strategy choose to:

### SET SCIENCE-BASED TARGETS

Chemicals	19%
Transport & Logistics	12%
Services*	11%
Retail*	10%
Tech/Media/Telco	9%
Tourism & Leisure	7%
Construction/Materials*	5%
Financial Services	4%
Oil & Gas	2%
Industrial/Material/Manufacturing	0%
Household Goods*	0%
Automotive*	0%
Food & Beverages	0%
Utilities*	0%

234 Companies | \* Low base (under 30) – indicative results | \*\*Industries with very low base not shown



# DISCLOSURE & REPORTING

A SUSTAINABILITY REPORT IS A REPORT PUBLISHED BY A COMPANY OR ORGANISATION DISCLOSING INFORMATION ON THEIR ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACT PERFORMANCE.

A sustainability report also presents the opportunity for an organisation to express ITS values and governance model and demonstrate the link between ITS strategy and commitment to being part of a sustainable global economy. There are several reporting standards and frameworks:

## ORGANISATIONS PRODUCING AN ANNUAL SUSTAINABILITY REPORT

# 75%

of organisations with a holistic sustainability strategy produce annual sustainability reports, while this is less common for organisations which only have a CSR strategy or an environmental strategy.

404 organisations

# 75%



of organisations with a Holistic Sustainability Strategy produce an annual sustainability report

# 38%



of organisations with a CSR Strategy only produce an annual sustainability report

# 34%

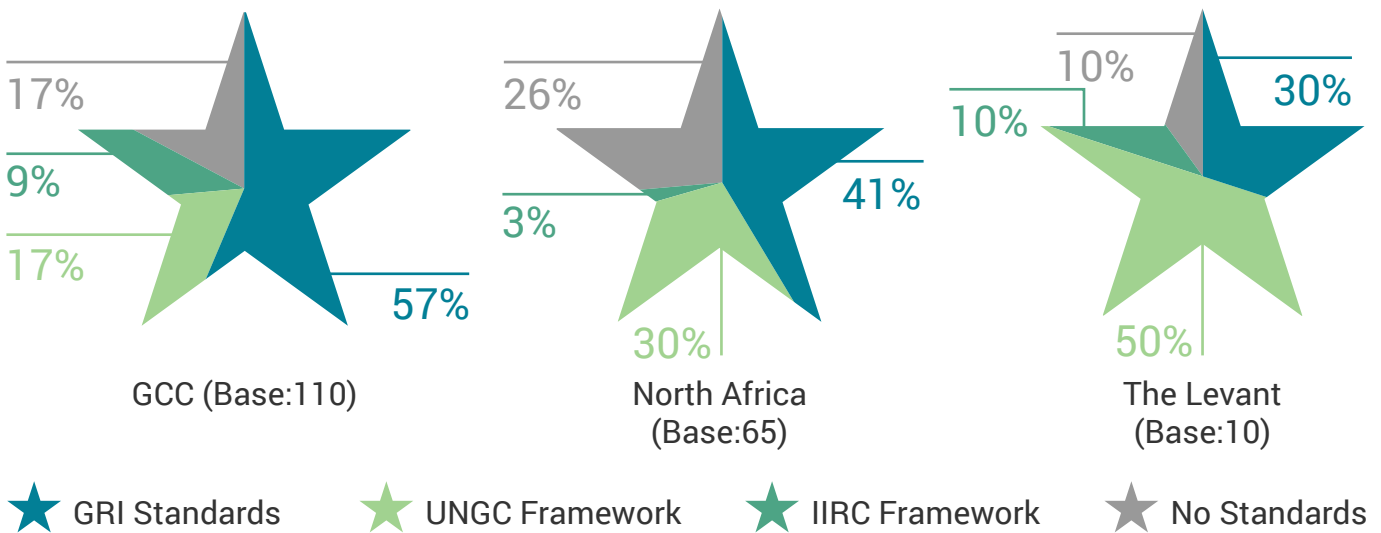


of organisations with an Environmental Strategy only produce an annual sustainability report

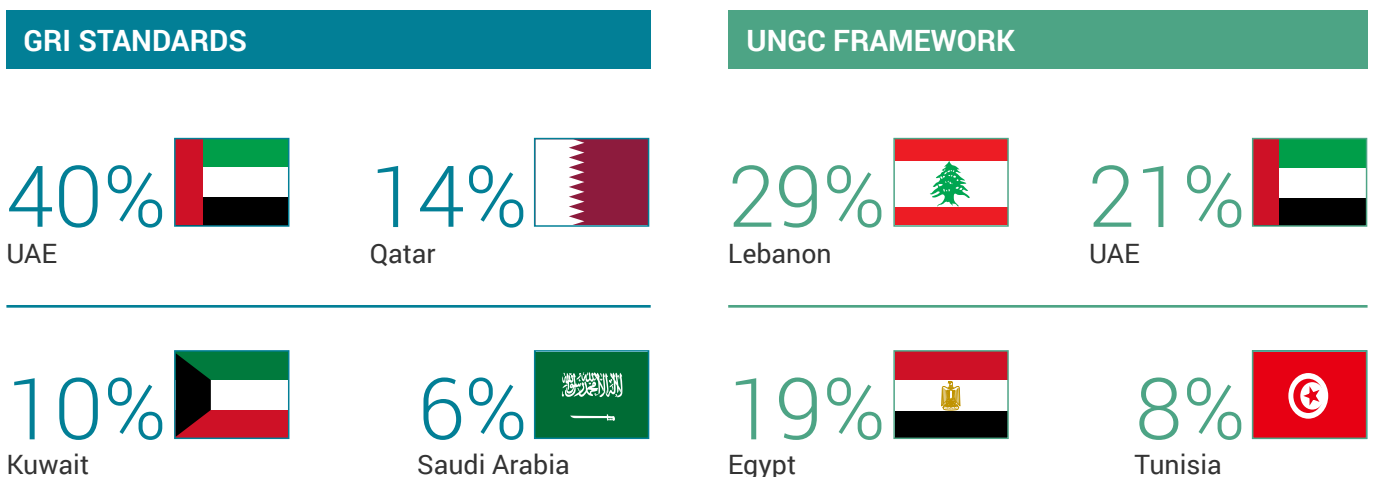
# DISCLOSURE & REPORTING

## REPORTING STANDARDS USED FOR ANNUAL SUSTAINABILITY REPORTS

Within GCC countries, the GRI Standards are the most widespread. While, despite the lower sample, in The Levant, the UNGC Framework is mostly used.



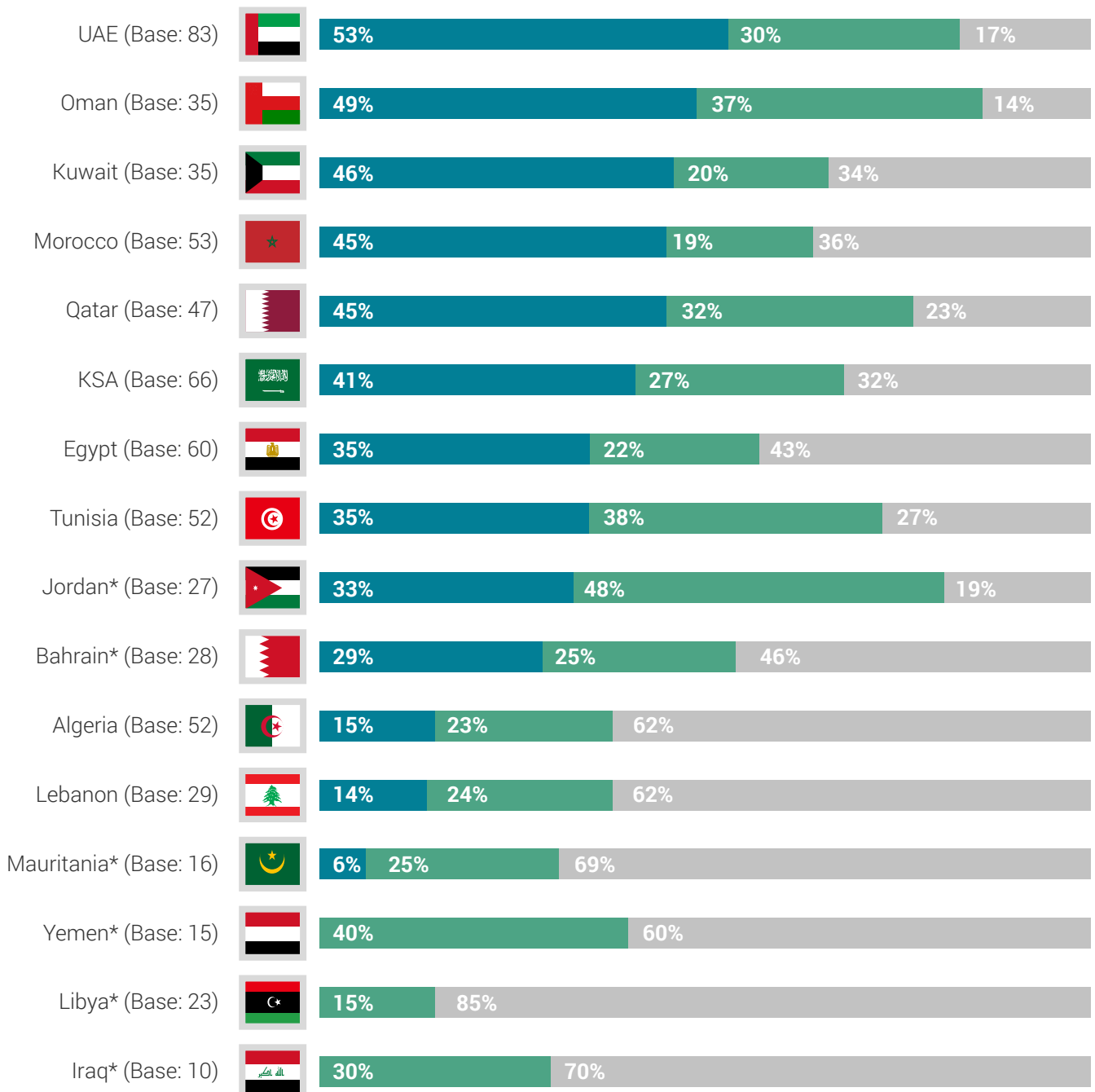
## HIGHER NUMBER OF PARTICIPANTS BY COUNTRY IN MENA:



\*Source: GRI & UNGC Databases

# DISCLOSURE AND REPORTING BY COUNTRY

## % Organisations Producing an Annual Sustainability Report



\* Low base (under 30) – indicative results | \*\*Industries with very low base not shown

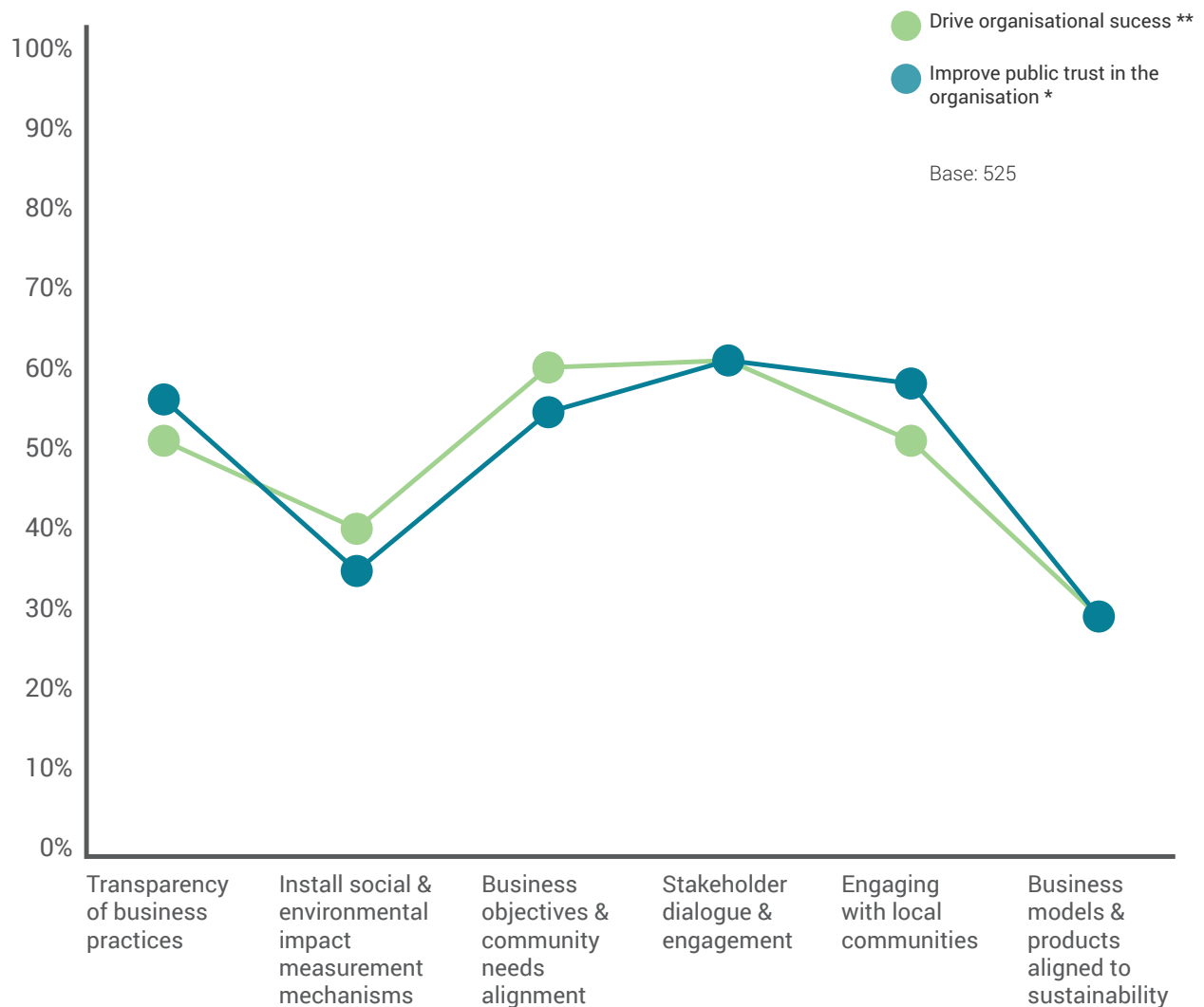
● Yes ● No ● No Strategy

Overall, the UAE ranks top in terms percentage of organisations annually reporting on sustainability. Oman and Kuwait follow. In North Africa, Morocco is the country with the highest percentage of companies producing an annual sustainability report.

# DRIVING THE SUSTAINABILITY AGENDA

## KEY FACTORS TO DRIVE PUBLIC TRUST AND ORGANISATIONAL SUCCESS

Respondents' answers reflect that the key factors that drive organisational success and improve public trust are completely in alignment. Communicating and engaging with stakeholders was the top factor driving both of these points.



\*The most important actions that you believe can improve public trust in your organisation (choose a maximum of 3).

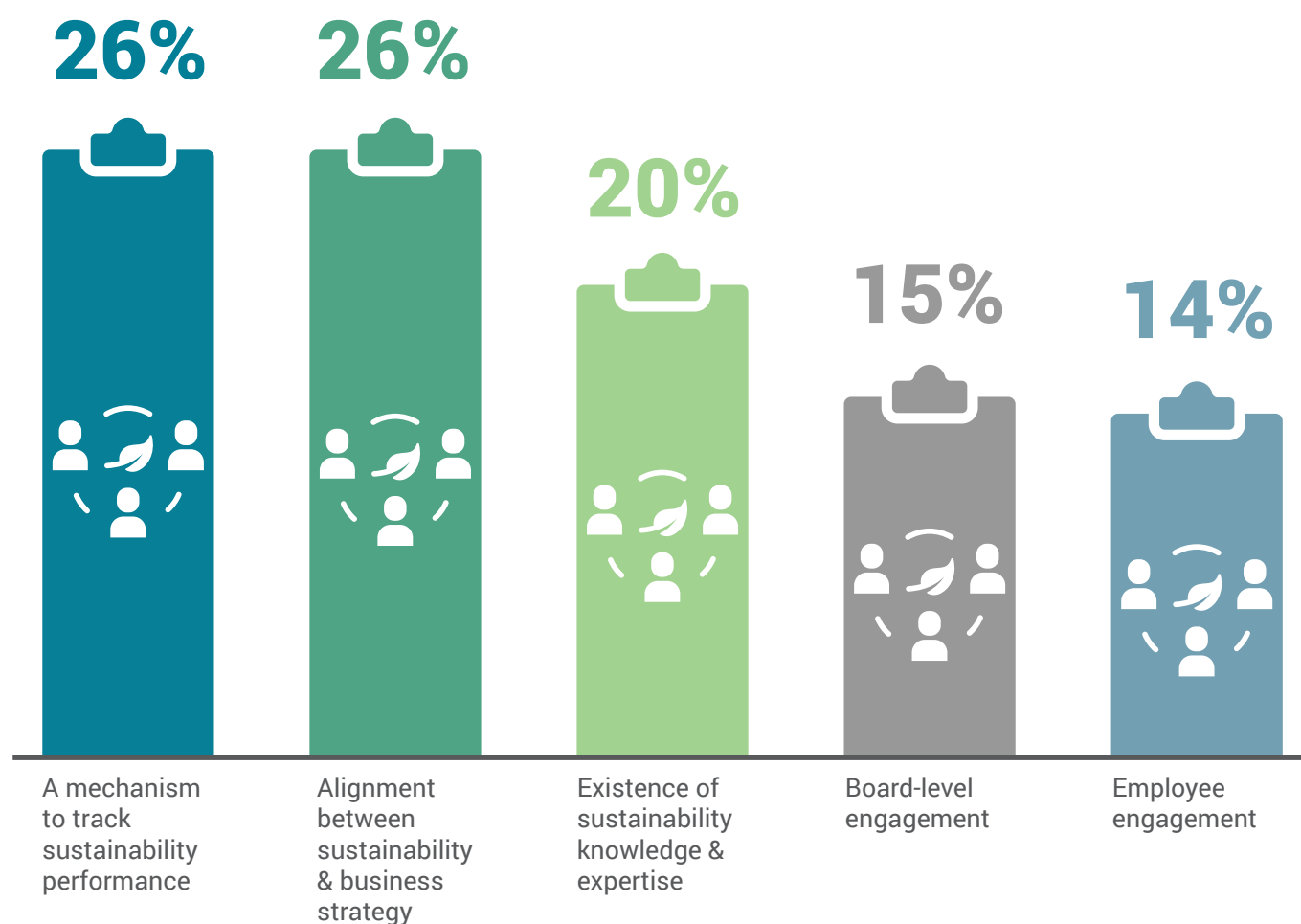
\*\*Drivers that have contributed the most to the success of your organisation today (choose a maximum of 3).

# DRIVING THE SUSTAINABILITY AGENDA

## WHAT MAKES A SUSTAINABILITY STRATEGY SUCCESSFUL?

The results below were consistent across all industries, countries and organisations with different types of sustainability-related strategies. Tracking the performance is as crucial as aligning sustainability with the business direction.

Base: 525

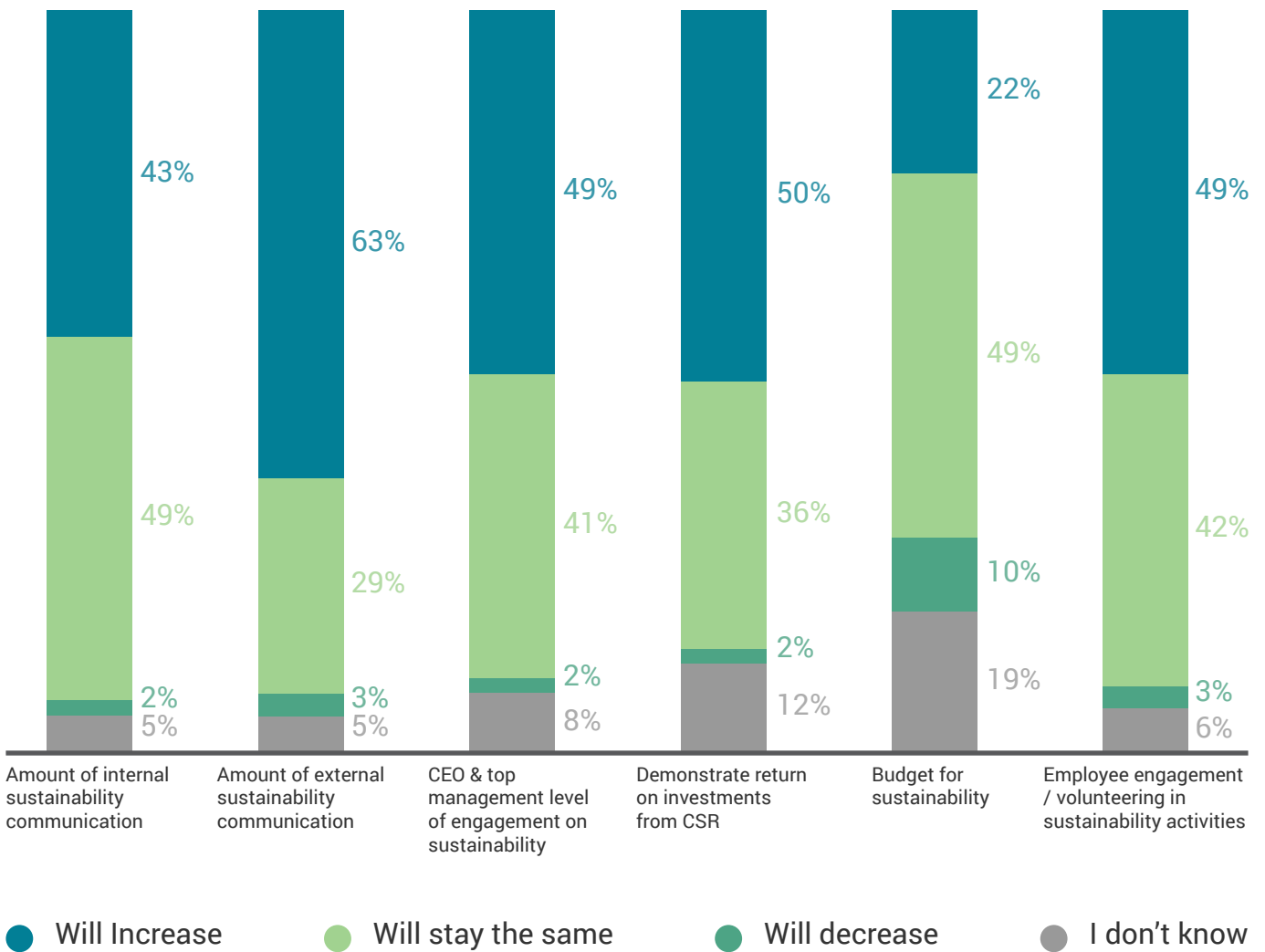


# FUTURE OUTLOOK

## HOW RESPONDENTS PREDICT THEIR SUSTAINABILITY PRACTICES TO EVOLVE OVER THE NEXT 12 MONTHS

As we found out from previous answers, the main reason organisations are currently investing in sustainability is for reputational reasons. This is aligned with the main increase we see in this table, where most participants say their external sustainability communications will increase. There is an overall level of optimism in terms of the visibility of sustainability practices, both internally and externally. However, in terms of budget, respondents are less optimistic, with half of participants believing budgets will not increase.

Base: 638





An aerial, dark-toned photograph of a city, likely Dubai, featuring a prominent multi-lane highway with light trails from traffic. The city skyline includes several high-rise buildings. A network of thin white lines connects several circular location pin icons scattered across the cityscape. A thick white horizontal line is positioned above the main text.

# **ABOUT SUSTAINABLE SQUARE & EMIRATES NBD**

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# ABOUT SUSTAINABLE SQUARE

SUSTAINABLE SQUARE IS AN ADVISORY FIRM THAT DELIVERS IMPACT THROUGH REDEFINED SOLUTIONS IN THE FIELD OF SOCIAL INVESTMENT, SUSTAINABILITY AND ENVIRONMENTAL PRACTICES.

We support organisations in identifying sustainability risks, empowering them to be more resilient, drive and up-scale their impact and assist them in conducting their operations in a responsible and inclusive manner. Driven by our motto #Impact\_redefined, we focus on developing new practices in the field, while challenging existing models. We endeavor to innovate strategic solutions for the benefit of our clients, partners and the industry at large.

[www.sustainablesquare.com](http://www.sustainablesquare.com)

#Impact\_Redefined

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# ABOUT EMIRATES NBD

EMIRATES NBD IS A LEADING BANKING GROUP IN THE REGION. AS AT 31ST DECEMBER 2018, TOTAL ASSETS WERE AED 500.3 BILLION, (EQUIVALENT TO APPROX. USD 136 BILLION).

The Group has a significant retail banking franchise in the UAE and is a key participant in the global digital banking industry, with over 90 per cent of all financial transactions and requests conducted outside of its branches. The bank was declared the Most Innovative Financial Services Organization of the Year at the 2017 BAI Global Innovation Awards.

[www.emiratesnbd.com](http://www.emiratesnbd.com)


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# CONTACT US



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