بورصة عمان
Amman Stock Exchange

Climate Related Disclosure Cost Benefit Analysis

Table of Contents

Appendix

List of Figures

Executive Summary

Jordan is making significant strides in combating climate change, with a commitment to cut greenhouse gas emissions by 31% by 2030, in line with the Paris Agreement. The Amman Stock Exchange (ASE) is playing a key role in this effort by promoting transparency and sustainability among its listed companies. This commitment is reflected by the release of sustainability reporting guidance in 2022, supporting GRI standards. Building on this, the ASE issued a climate-related disclosure regulatory framework and guidance in 2024 to implement the climate-related requirements of IFRS Sustainability Disclosure Standards, namely IFRS S2 and the climate-relevant portions of IFRS S1, reinforcing its commitment to sustainable practices. This alignment is not only strengthening Jordan's global competitiveness, but also attracting green investments.

This report provides a cost-benefit analysis (CBA) of adopting the ASE's climate disclosure guidance. We surveyed and interviewed listed companies to understand their perspectives on direct costs, such as system upgrades, staff training & hiring, and compliance, as well as indirect costs related to supply chain coordination and potential litigation risks.

Following this analysis, we have observed that adopting the guidance would result in an almost "Business as Usual" cost of reporting, as many businesses anticipate incurring costs even in the absence of new requirements.

Additionally, hiring a third-party service provider was identified as one of the highest cost drivers for implementing the climate-related disclosures guidance. This underscores the importance of building internal capabilities within the market. Furthermore, one of the most frequently identified direct benefits of implementing the guidance was the advantage of integrating sustainability information into overall business processes, including the possibility of leveraging existing data collection templates and the potential for increased investment opportunities.

The findings reveal substantial benefits from climate disclosures. Organizations anticipate increased investor confidence, improved integration of climate risks and opportunities, and a stronger corporate reputation. Additionally, sustainability reporting is expected to lead to improved internal policy updates, enhanced coordination between departments, better integration of sustainability information into overall business processes, and improved value chain collaboration. Overall, these disclosures are positioning Jordan to meet global standards, attract green investment, and ensure long-term economic resilience.

1. In Jordan's Context

1.1 Introduction

The project under the review of this cost-benefit analysis aims to develop a comprehensive climate-related disclosure regulatory framework for Jordanian listed companies. As climate change becomes an increasingly urgent global challenge, enhancing corporate transparency in sustainability reporting has never been more critical. This initiative aims to align Jordan's capital markets with international standards, providing listed companies with a clear and actionable framework for climate-related disclosures.

The primary objective of this project is to equip Jordanian companies, especially those listed on the ASE, with robust guidance for reporting on climate-related risks and opportunities. This will enable them to effectively communicate their response to climate-related risks and opportunities, in order to address evolving investor interest fostering greater accountability and transparency and attracting further investment both nationally and internationally.

A key element of the project is to conduct a detailed Cost-Benefit Analysis (CBA) to assess the financial and operational impacts of adopting these new disclosure standards. By evaluating both direct costs, such as system upgrades, staff hiring and training, and indirect costs, such as supply chain adjustments and potential litigation risks, alongside the anticipated benefits, the study aims to provide actionable insights for efficient policymaking.

Please note that although the foundations of the report have been laid, the standards are dynamic and continually evolving. In the coming years, new topics such as nature, biodiversity, and human capital will be integrated into the IFRS standards as they progress. Furthermore, it is essential to regularly consult stakeholders to identify material topics as the standards evolve, which can be done every 2 to 3 years.

1.2 Current Climate Landscape in Jordan

Jordan is actively tackling climate change and working in line with global efforts to both reduce its effects and adapt to them. As part of the Paris Agreement, the country has committed to cut its greenhouse gas emissions by 31% by 2030[1]. Jordan's National Climate Change Policy lays out its plan to achieve this, focusing on renewable energy, improving water management, and adapting to climate change[2]. With serious challenges like water shortage and desertification, Jordan has made climate action a core component of its national development plans.

1.3 National and International frameworks/guidance alignment

Jordan is making significant strides in improving climate-related disclosures, aligning with international standards to better address the risks posed by climate change. This effort is largely driven by global standards, in particular by the launch of the IFRS Sustainability Disclosure Standards by the International Sustainability Standards Board (ISSB)[3], which guides companies in identifying and disclosing how they manage climate-related risks and opportunities. Recognizing the importance of transparency and evolving climate risks, the Amman Stock Exchange (ASE) aims to demonstrate a strong commitment to integrating sustainability and transparency within its listed companies by requiring ASE20 companies to comply with the ISSB's IFRS Sustainability Disclosure Standards[4] pertaining to climate-related disclosures, and by encouraging companies to go beyond climate and report on all sustainability-related risks and opportunities.

ASE's initiative for climate-related disclosures is a clear sign for Jordan's commitment to integrating sustainability into its corporate and financial landscapes. By promoting transparency and accountability, the ASE aligns Jordan with global standards and leading practice, aiding

1 Jordan | Climate Promise (undp.org)
2 Jordan | Climate Change Policy
3 IFRS – International Sustainability Standards Board
4 IFRS Sustainability Disclosure Standards

companies in better navigating climate-related risks and capitalize on opportunities[5] . The drive towards climate-related disclosures represents a transformative move for Jordan, enhancing its capacity to address climate issues and attract eco-conscious investors, thereby fueling sustainable economic development.

2. Detailed Methodology

The methodology employed for this study was designed to thoroughly assess the financial implications and overall landscape of climate-related reporting within 10 ASE20-listed companies and 5 first market listed companies, in addition to conducting interviews with investors to gauge their interest in ESG and its impact on investment decisions. The primary tool for data collection was a detailed survey, which was complemented by structured interviews. This comprehensive approach allowed for an in-depth Cost-Benefit Analysis (CBA) of adopting the ASE's newly released climate-related disclosure regulatory framework.

2.1 Rationale and objectives of ASE20 survey and interviews

The survey seeks to gather detailed information on how companies are currently managing their climate-related reporting, including the frameworks and processes they use. It explores the costs and benefits associated with transitioning to the ASE's updated disclosure requirements. This survey assessed direct costs like system updates and consultant fees, and indirect costs such as operational disruptions and extra reporting efforts. On benefits, it will highlight direct gains such as improved accuracy and transparency, and indirect advantages including better risk management, investor confidence, and corporate reputation.

2.2 Survey Methodology

2.2.1 Process of selecting and identifying key participants

The identified key participants for the survey were selected from ASE20 listed companies that will be mandated to adopt the new climate-related disclosures, and a sample participant of the first market companies to assess their readiness for future climate-related reporting, and sample participants of investors. The focus was on key decision-makers such as key sustainability officers, ESG Heads, CFOs, and strategic decision-makers within these companies.

2.2.1.1 Sustainability Maturity of ASE-listed Participants

• The starter (0 Years): Companies with no prior experience in sustainability reporting or climate-related disclosures. They are in the early stages of understanding and implementing sustainability practices.

• The emerging reporter (1-3 Years): Companies that have begun sustainability reporting but have only a few years of reporting experience. Their reporting practices are still developing, and they may face challenges in meeting comprehensive climate disclosure requirements.

• The established reporter (3-5 Years): Companies with a moderate level of experience in sustainability reporting. They have established reporting processes and are familiar with basic climate disclosure requirements but may still be refining their practices.

[5] ASE Climate-Related Disclosure Guidance

• The expert (5-10+ years): Companies with considerable or extensive experience in sustainability reporting. They have well-developed reporting systems, a deep understanding of climate disclosure requirements, and often integrate sustainability into their strategic planning.

2.2.2 Data Collection

For the Cost-Benefit Analysis (CBA) conducted for ASE climate-related disclosure adoption, data collection was carried out through both questionnaires and interviews. Here's a process that was followed:

• **Questionnaires:** A structured questionnaire was provided to key participants from listed companies, focusing on quantitative and qualitative aspects of costs, benefits, and reporting practices related to ASE's climate-related disclosures.

• **Interviews:** In-depth interviews were conducted with selected participants to gather qualitative insights, elaborate on responses from questionnaires, and capture detailed perspectives on the costs and benefits.

2.3 Engagement Surveys

The survey focuses on gathering general information about the reporting period and sectors involved, potential direct and indirect cost drivers, direct and indirect benefits, as well as detailed data on direct cost components related to adopting climate-related disclosures.

2.3.1 Development of Survey Questions

Questions for the survey were framed to address areas mentioned in the objectives. Accordingly, a total of 53 questions were prepared cutting across focused themes:

• **Cost drivers:** Cost drivers are factors that influence and cause a change in the cost of an activity. The survey examines various cost drivers and provides a breakdown of expenses incurred in preparing for these disclosures. This approach helps in understanding the financial implications and resource requirements associated with the adoption of mandatory ASE's climate-related disclosure.

• **Direct costs:** Direct costs are expenses that can be directly traced to a specific cost object. The survey helps in understanding of the direct costs related to determining the topics for organization's sustainability disclosures, and the methods organization plans to deploy in the first five years of adopting the ASE climate-related disclosure guidance. The activities listed range from internal processes to external consultations and engagements.

• **Indirect costs:** The questions framed around the indirect costs include the costs incurred by different parts of the value chain, such as partners and suppliers, which can ultimately impact other areas of an organization (trickle down costs). This may also include litigation costs related to legal proceedings, such as penalties, remediation costs for external parties, as well as the potential impact of competitive advantage (competitive position) compared to local or international competitors.

• **Direct benefits:** This section captures the anticipated direct benefits of adopting the ASE Climate-Related Disclosure Guidance, including increased investments, cost savings from reduced ad hoc requests, improved risk management, and potential synergies and efficiencies in integrating sustainability information and leveraging existing processes.

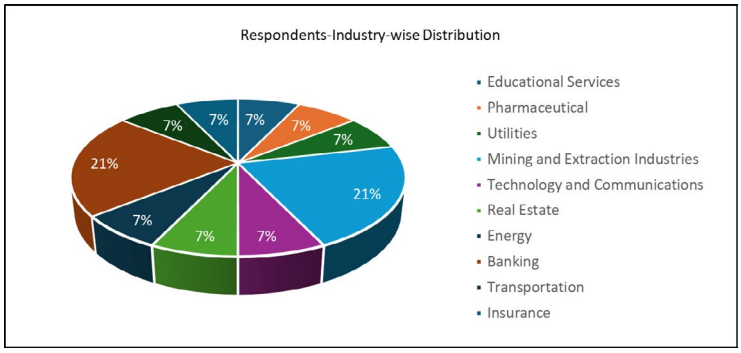
• **Indirect benefits:** The question themes focus on indirect benefits of the Climate-Related Disclosure Regulatory Framework, including its impact on organizational behavior, risk management, internal coordination, sustainability profile, strategy integration, policy revisions, and value chain cooperation.

3. Detailed Insights

3.1 Details of participants

The survey encompassed a spectrum of industries representative of listed companies on ASE and reflecting a diverse range of sectors such as Educational Services, Pharmaceuticals, Utilities, Technology & Communications, Mining, Energy, Banking, Real Estate, Insurance, and Transportation. This ensures that the analysis captures a comprehensive view of sustainability practices across various fields, highlighting sector-specific challenges and advancements.

Figure 1- Distribution of Respondents by Industry



Geographically, most of the companies included in this survey are headquartered in Amman, the capital city, which serves as a central hub for business operations. Notably, participants from the utilities, mining and banking sectors also have significant presence in other areas, including Balqa, Zarqa, Madaba, Karak, and Aqaba.

3.1.1 Alignment with Sustainability reporting standards

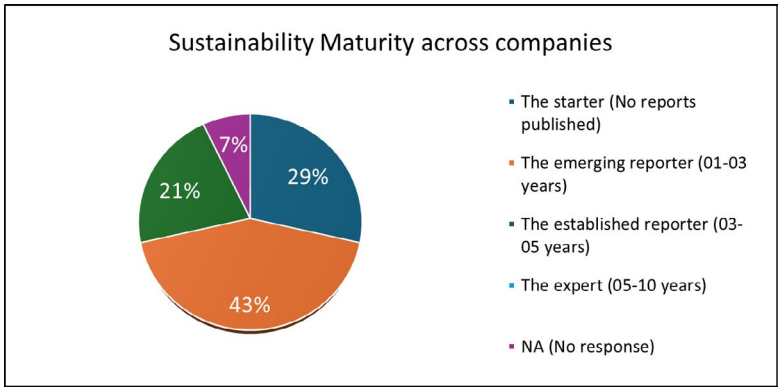
Figure 2- Alignment with Sustainability Reporting Standards

Based on the recent survey results, sustainability reporting among the selected ASE20-listed companies have primarily followed the standards set by the Global Reporting Initiative (GRI). The GRI framework has been instrumental in guiding their reporting practices, ensuring the adherence of sustainability disclosures set by ASE, thus creating a future roadmap for integrating comprehensive, transparent, and standardized reporting practices[6].

However, none of the surveyed companies reported incorporating the Sustainability Accounting Standards Board (SASB) standards, the Task Force on Climate-related Financial Disclosures (TCFD) guidance, or the Corporate Sustainability Reporting Directive (CSRD) into their reporting process. This may indicate a reliance on more established frameworks like GRI, potentially signaling a slower adoption of newer, more specialized investor-focused standards. This indicates a gap in preparedness that limits their ability to expand their reporting frameworks beyond GRI at this stage.

3.1.2. Sustainability-related maturity of respondent companies

Figure 3-Sustainability Maturity of Participants



• **The Starter (No Reports Published):** In this survey, 29% of companies fall into this category.

• **The Emerging Reporter (1-3 Years):** There are 43% in this group, indicating a significant number of entities are in the early stages of building their reporting capabilities.

• **The Established Reporter (3-5 Years):** They have established reporting processes and are familiar with basic disclosure requirements but are still refining their practices. This category includes 21% of companies.

• **The Expert (5-10+ Years):** This group would typically include companies with extensive experience in sustainability reporting. However, none of the companies surveyed fall into this category, reflecting that there is no representation of entities with 5 or more years of advanced reporting experience in the current data.

• **Not Applicable (NA):** 7% did not provide information relevant to their sustainability reporting experience, leaving their experience level undetermined.

[6] ASE listed companies complying with sustainability reporting

In the conducted survey, the largest group, at 43%, comprises of **Emerging Reporters** with 1-3 years of sustainability reporting experience, indicating that a significant portion of companies are in the early stages of building their sustainability reporting capabilities. This is followed by **Starters** (29%) who are yet to publish reports, and **Established Reporters** (21%) with 3-5 years of experience, suggesting a gradual progression towards more robust reporting. Interestingly, no companies in the survey fall under the **Expert category**, highlighting a gap in advanced reporting expertise. This lack of long-term experience could imply that companies are still adjusting to sustainability frameworks and that, for many, the costs associated with reporting (as captured in the CBA analysis) may be higher initially due to the initial set up stage and learning curve.

3.2 Insights on Cost drivers

Understanding the varying levels of sustainability reporting maturity among the surveyed companies provides context for assessing the cost implications of adopting ASE climate-related disclosures. As companies evolve from 'Starters' to 'Established Reporters,' their financial investments in training, staff allocation, and third-party services are expected to reflect their growing sophistication in managing sustainability efforts. The following sections will explore how these maturity levels influence the key cost drivers—both initial and recurring— costs associated with sustainability reporting, offering insights into the financial impact of enhancing reporting capabilities.

Figure 4- Cost Drivers considered for adoption of ASE's climate disclosure guidance

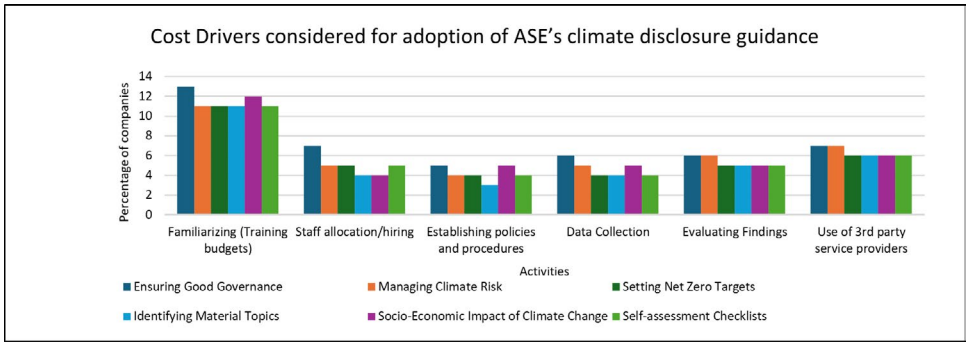
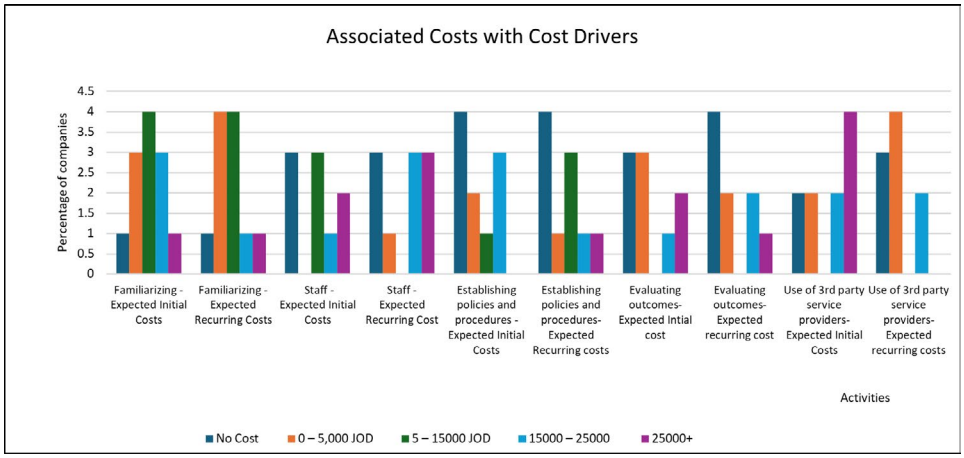


Figure 5-Associated Costs with Drivers



Familiarizing Activities (Training Budgets)

Prioritized Actions: 93% of the companies place high priority on staff training and familiarizing activities with an emphasis on 'Ensuring Good Governance'. This projection indicates a commitment to both internal governance and understanding the broader impacts of climate change. The focus on training reflects a strategic investment in building foundational knowledge to enhance overall sustainability practices.

Cost Implications:

• **Expected Initial Costs:** Companies are anticipating to typically allocate around 5-15,000 JOD for initial training activities, indicating a substantial investment in setting up comprehensive training programs.

• **Expected Recurring Costs:** Ongoing costs will be generally managed within the range of 0 – 15,000 JOD, suggesting a cost-effective approach for maintaining training programs.

• **BAU Factor:** 36% of the participants would incur a small percentage (0%-10%) of the costs for familiarizing activities regardless of ASE guidance. In addition, 28% of the participants would incur 60%-90% range of these costs irrespective of the new standards, demonstrating that training investments are somewhat independent of ASE climate-related disclosure guidance.

Staff Allocation and Hiring Priorities:

Prioritized Actions: 50% of the companies place high priority on staff allocation and hiring. The focus on staff allocation and hiring reflects a strategic investment in building a capable team to support sustainability and climate change initiatives.

Cost Implications:

• **Expected Initial Costs:** Most companies responded with either no anticipated costs for staff allocation or hiring initially, or an estimated initial cost ranging from 5,000 to 15,000 JOD. Additionally, there was a lower rate for costs exceeding 25,000 JOD and an even lower rate for those between 15,000 and 25,000 JOD.

• **BAU factor:** Approximately 43% of the companies would bear 0%-10% of staff allocation and hiring costs regardless of ASE guidance, suggesting that staffing needs are generally driven by ongoing requirements rather than adhering to the new regulations.

Establishing Policies and Procedures:

Prioritized Actions: Few of the companies placed a priority for anticipated costs on establishing policies and procedures, which could indicate a commitment to in-house development of structures and guidelines to support sustainability practices.

Cost Implications:

• **Expected Initial Costs:** The anticipated costs are minimal (0) reaching to 25,000 JOD in certain cases.

• **Expected Recurring Costs:** Recurring expenses are also typically minimal (0 – 15,000) JOD range.

• **BAU factor:** Around 43% of the companies would incur 0%-10% of these costs regardless of ASE guidance, while 28% of participants anticipate bearing 60%-70% or 90%-100% of the costs, indicating some degree of policy and procedure changes are inevitable even without the new standards.

Evaluating Findings:

Prioritized Actions: 43% of the companies place a significant interest on evaluating findings, to ensure focus on strategic investment in understanding and responding to climate-related challenges effectively.

Cost Implications:

• **Expected Initial Costs:** Costs are predominantly no cost and 0 – 5,000 JOD.

• **Expected Recurring Costs:** Companies have reported no recurring costs on evaluation finding once the systems and processes are in place.

• **BAU factor:** 36% of the participants anticipate that they would incur minimal evaluating outcomes costs (0%-10%) regardless of ASE guidance, whereas 21% participants suggests that they would incur substantial costs (60%-70% or 90%-100%), reflecting potential existing evaluation processes.

Use of Third-Party Service Providers:

Prioritized Actions: 50% of the companies place a high priority on the use of third-party service providers. The significant investment in third-party services highlights the importance of specialized external expertise in achieving comprehensive climate-related disclosures. The high cost reflects the value of expert assessments and consultancy services in ensuring thorough and accurate reporting.

Cost Implications:

• **Expected Initial Costs:** Predominantly in the range of 25,000+ JOD.

• **BAU factor:** 29% of the companies are expected to incur 0%-10% of costs from 3rd party service providers regardless of ASE guidance. However, 21% of the participants suggest that they would face 60%-70% or 90%-100% of such costs, indicating that third-party services play a critical role in compliance and evaluation

3.3 Direct costs associated with determining topics to include in the respondent's disclosures

Figure 6- Methods expected to be deployed

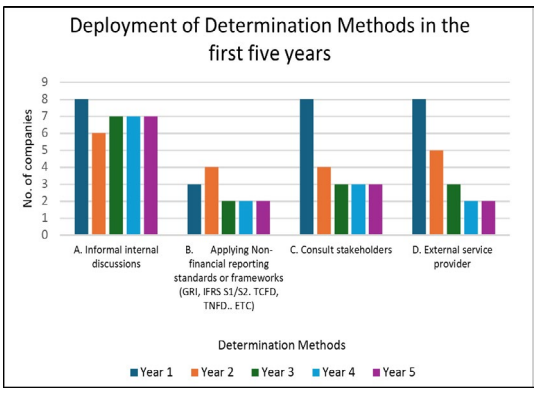
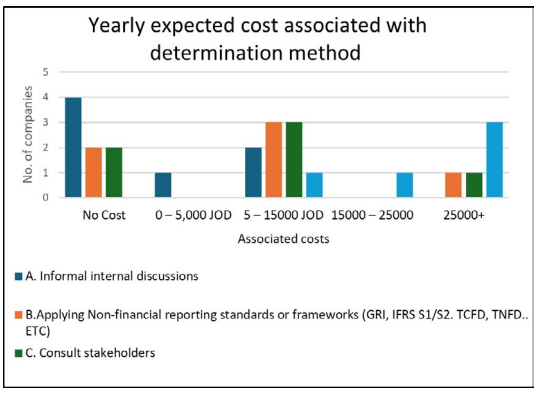


Figure 7- Yearly expected cost associated with methods



On analysing the figures 6 and 7, we can summarize that overall, companies are actively engaging in determination methods with a strategic approach to costs, focusing on internal discussions and stakeholder engagement initially, and stabilizing the use of external service providers and reporting standards over time.

• **Most Popular Methods:** Informal internal discussions, consulting stakeholders, and hiring external service providers are highly favored methods which will be considered in the first year, demonstrating a proactive approach to setting up robust processes. Over five years, these methods gradually decrease as companies become more established and efficient.

• **Reporting Standards:** The application of non-financial reporting standards starts lower but remains consistent after the second year, indicating that once implemented, the need for deploying this method does not fluctuate much.

• **Cost Considerations:** Informal internal discussions are the most cost-effective method, with the majority of companies incurring no cost. In contrast, hiring external service providers is the most expensive, with a notable percentage of companies expecting to incur costs above 25,000 JOD.

• **Trend Over Time:** There is an encouraging trend that the survey suggests: companies are initially willing to invest heavily in methods like informal internal discussions, consulting stakeholders, and hiring external service providers. These efforts in the first year reflects a strong commitment to establishing effective processes early on. Over time, as companies become more mature at managing ASE guidance, the deployment of these methods gradually decreases, indicating a successful transition to more self-sufficient operations.

• **Sustainability Efforts:** The data reflects a commitment to sustainability and climate disclosure efforts, with companies willing to invest in various methods to comply with ASE guidance, despite the costs involved.

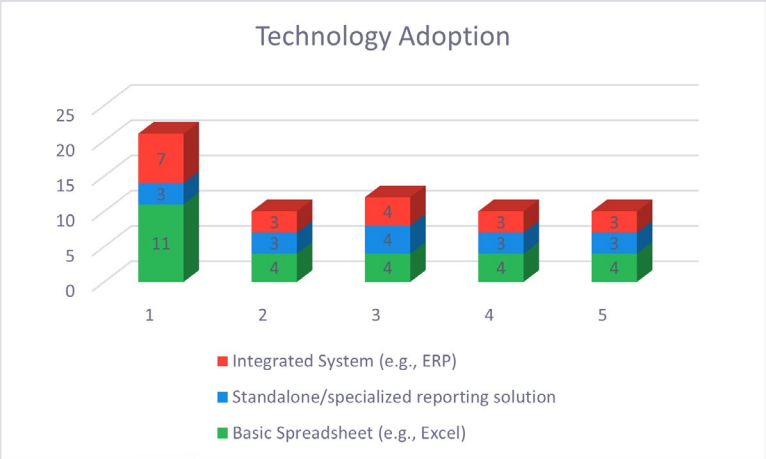
Table 1- Direct costs associated with adopting ASE guidance vary across methods, reflecting different investment levels

Adoption Activities	Year 1	Year 2	Year 3	Year 4	Year 5	Insights	Yearly Expected Cost
Informal Internal Discussions	57%	43%	50%	50%	50%	• Informal internal discussions will maintain a consistent level of engagement throughout the five years, reflecting a steady focus on addressing ASE guidance. • The slight decrease in engagement in the later years suggests that while initial efforts may involve a surge in internal discussion to set the stage, the process stabilizes as the organization becomes more familiar with the guidance. • This consistent engagement indicates that internal discussions are a foundational aspect of successfully integrating ASE standards.	No Cost

Adoption Activities	Year 1	Year 2	Year 3	Year 4	Year 5	Insights	Yearly Expected Cost
Applying Non-Financial Reporting Standards or Frameworks	21%	29%	14%	14%	14%	• The use of non-financial reporting standards or frameworks shows a notable decline over time. • This pattern indicates that initial efforts are focused on integrating these standards early on, with a decrease in their application as internal processes become more established and standardized • The diminishing reliance on these frameworks over time suggests that once foundational reporting practices are set up, the need for external frameworks may reduce as internal mechanisms become sufficient.	5 – 15,000 JOD
Consult Stakeholders	57%	29%	21%	21%	21%	In terms of companies consulting their internal and external stakeholders, a high representation is observed in the first year, followed by a decrease in subsequent years. • This suggests that stakeholder consultations are crucial in the early adoption phase to gather essential feedback and build up processes for ongoing stakeholder consultations. • As feedback is integrated and processes are refined, consultations can become business as usual. The initial high engagement indicates the importance of involving stakeholders early to ensure their input shapes the direction of ASE guidance implementation.	The Majority of the companies, suggest a cost implication of 5,000-15,000 JOD for stakeholders' consultation
External Service Providers	57%	36%	21%	14%	14%	• The use of external service providers involves the highest costs and shows a significant decrease over time. • This indicates that companies initially rely heavily on external expertise to navigate ASE guidance, but as proficiency grows internally, the need for external services diminishes. • The substantial decrease in engagement suggests a shift towards using internal resources and building in-house capabilities as the organization becomes more adept at managing ASE-related activities.	25,000+ JOD

3.4 Technology adoption to enable reporting

Figure 8- Survey Response on technology adoption



Basic Spreadsheet (e.g., Excel): Usage is highest in Year 1 with 79% of participants adopting this technology. The number of users decreases significantly to 29% participants for the second year and onwards, indicating a shift away from basic spreadsheets to more advanced tools over time.

Standalone/Specialized Reporting Solution: Initial adoption is moderate at 21% participants per year in Years 1 and 2. The use peaks slightly in Year 3 with 29% of participants, indicating a stable but limited adoption of specialized reporting solutions.

Integrated System (e.g., ERP): ERP systems integration gains a significant interest overall, with 50% of participants considering the implementation of an integrated system for data collection in Year 1. Following this, 21% expressed interest in adopting it in Year 2, and 29% plan to consider adoption in Year 3.

A clear transition is seen from basic spreadsheets to more advanced tools as companies progress through the reporting maturity stages. Starters predominantly plan to use basic spreadsheets with minimal use of integrated systems and no specialized solutions. Emerging reporters continue using basic spreadsheets while adopting specialized reporting solutions. Established reporters show a decline in basic spreadsheet usage and an increase in specialized solutions, such as integrated ERP systems, XBRL formats, and generative AI tools.

3.5 Use of assurance services

Limited Assurance on Select KPIs or Entire Report: Only 21% of participants are considering limited assurance for select KPIs in their initial reports for Years 1 and 2, while 7% plan to apply limited assurance to their entire report during these early years. By Year 5, this drops further, with only 7% of companies still considering limited assurance. This low level of engagement suggests that participants are considering limited assurance initially to refine their practices and improve the quality of future disclosures.

Reasonable Assurance on Select KPIs or Entire Report: No participants have given any consideration to reasonable assurance on selected KPIs or the entire report over the five years. This lack of engagement may indicate a preference for less rigorous assurance.

Overall, the data indicate that companies in the Starter and Emerging stages have limited or inconsistent interest in the use of assurance services, primarily focusing on limited assurance of the entire report. Established and Expert reporters show minimal to no use of assurance services, reflecting that, despite having more advanced reporting practices, the adoption of assurance services remains low or in the planning stages.

3.6 Indirect Costs

3.6.1 Data Collection Approach

Most participants (64%) are willing to consider a comprehensive approach to data collection and are giving consideration to both upstream and downstream components of their value chains. This indicates an understanding of the need to capture a complete picture of climate-related impacts, aligning with best practices for climate reporting.

Data Collection: Value Chain				
Not applicable	Upstream (Suppliers and partners)	Downstream (Customers and clients)	Both upstream and downstream	Not Sure
7%	**7%**	**7%**	**64%**	**0%**

* Few first market participants did not respond to these questions due to limited availability of information and uncertainties regarding future expectations; therefore, the results do not total 100%.

Burdens or Costs in the Value Chain

Opinions on additional burdens due to new reporting standards are split. While 36% do not anticipate increased burdens, another 36% expect mandatory data collection to drive up costs. Interestingly, no respondent foresees increased costs from optional data collection, but 14% remain unsure, indicating a spectrum of preparedness and understanding of these new standards.

Additional burdens or costs to upstream and downstream			
Not applicable	Mandatory Collection	Optional Collection	Not Sure
36%	**36%**	**0%**	**14%**

*Since optional data collection will depend on the company›s decision and stakeholder agreement, companies do not anticipate incurring any additional costs.

Supplier Data Collection Methods

Concerning the indirect costs associated with collecting supplier data, especially for companies focused on assessing and compiling information about suppliers' performance in sustainability

practices, reporting, and emissions, the responses from organizations revealed the following: A significant majority (64%) expressed a strong interest in utilizing surveys or questionnaires, while 36% preferred data portal submissions, highlighting a preference for scalable and efficient data collection methods. In contrast, there was negligible interest in site visits (0%) and limited utilization of audits (14%). This trend underscores a shift towards more cost-effective strategies for data collection, particularly when managing large datasets.

Supplier Data collection			
Surveys or questionnaires	Data portal submissions	Site visits/interviews	Audits
64%	**36%**	**0%**	**14%**

Expected Value Chain Costs

The most significant expected costs are one-off expenses (43%) for capacity building and system setup. This is a common theme as participants invest in the necessary infrastructure to comply with ASE standards. Recurring costs such as familiarization efforts (21%) and the production of regular reports (21%) are also notable. Staff allocation or hiring, while anticipated by fewer participants (14%), remains a consideration for some.

Cost expected to be incurred in your value chain			
One off (Capacity building/ System set up)	Recurring (Familiarization and capacity building)	Recurring (Producing regular reports)	Staff allocation and hiring
43%	**21%**	**21%**	**14%**

The most significant anticipated costs across the value chain are one-off expenses for capacity building and system set-up, reflecting the initial investment is required for compliance. Recurring costs for familiarization, capacity building, and report production are also notable, representing ongoing efforts to maintain and adhere to the ASE guidance. Staff allocation and hiring costs are relatively less anticipated but still a factor for some participants, highlighting the need for additional human resources to manage the new requirements.

Sector Overview:

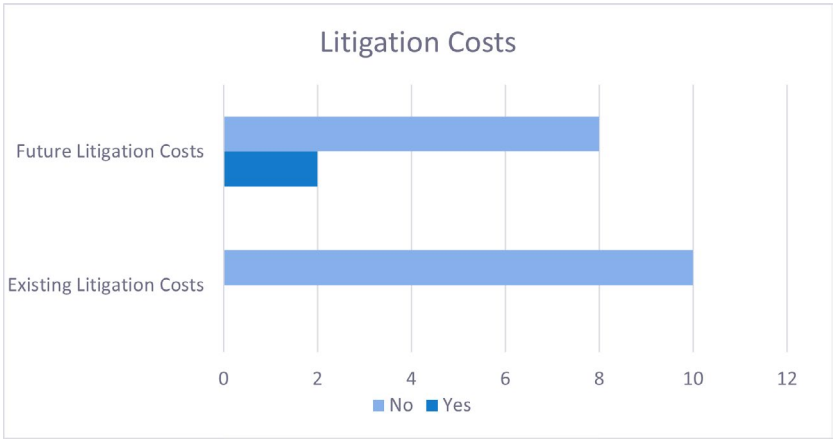
It is observed that the Education Services and Technology & Communication sectors anticipate major costs related to data collection, including both one-off (for capacity building and system setup) and recurring expenses (for regular reporting and staff allocation), with a significant focus on employee and management training. The Energy sector also expects notable cost implication due to its emphasis on climate change, impacting both upstream and downstream in its value chain. The Banking sector projects a range of costs for mandatory and optional data collection methods, including one-off and recurring expenses. In contrast, the Pharmaceutical and Transportation sectors anticipate

minimal additional costs or burdens, likely because they are not currently expected to report or adhere to specific reporting guidelines. On the other hand, the Mining sector expects increased costs, primarily due to the need to engage third parties for developing data collection methods and disclosure process.

3.7 Litigation Costs

3.7.1 Accuracy and Completeness

Figure 9-Exisiting and Anticipated Litigation Costs



Current Litigation Status:

There are no existing litigation cases involving any of the companies, and no concerns have been raised by the participants. This suggests that, at present, litigation risks do not have any cost implications.

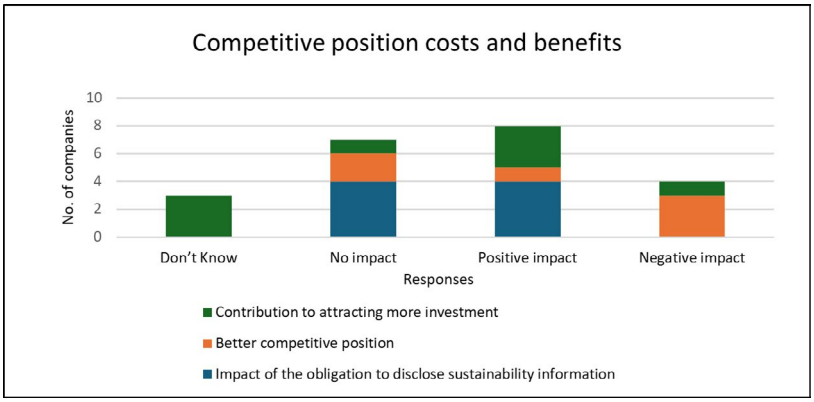
Anticipated Litigation Risks Status:

Looking ahead, only a few participants (20%) anticipate potential litigation related to the accuracy and completeness of disclosures. However, the majority have not identified this as a concern, indicating either a smooth compliance process or a lack of awareness about potential legal risks.

* First market companies were not inquired about litigation costs, as mandatory reporting does not yet apply to them.

3.7.2 Competitive position costs and benefits

Figure 10- Competitive position costs and benefits



Impact of Disclosure Obligation

Responses are evenly split between those that see no impact and those who anticipate a positive effect from disclosing climate-related information (29%). Notably, very few respondents predict a negative impact, indicating a generally positive outlook on the obligation to disclose.

Better Competitive Positioning

Despite the positive view of the majority of participants on disclosure obligations, 21% of participants are mindful that this guidance may impact their competitive position amongst their peers. Most participants, however, either see no impact or remain uncertain about how disclosure might affect their standing in the market.

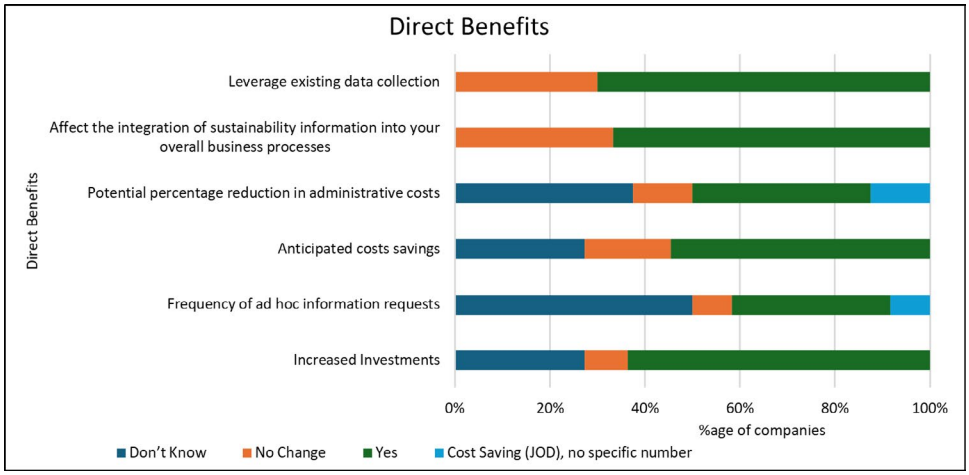
Attracting Investment

Perceptions of how climate-related disclosures affect investment attraction are mixed. While 21% of participants see a positive impact, an equal number either see no change or remain unsure. This uncertainty may reflect different stages of maturity in sustainability & climate-related reporting among participants.

Overall, the adoption of climate-related disclosures appears to be perceived positively in terms of the obligation itself, with no participants reporting a negative impact. However, there are mixed responses, with attentiveness around peer competitive positioning, and varying opinions on investment attraction, reflecting both opportunities and risks associated with these disclosures.

3.8 Direct Benefits

Figure 11- Direct Benefits of Adopting ASE's Climate related disclosures guidance



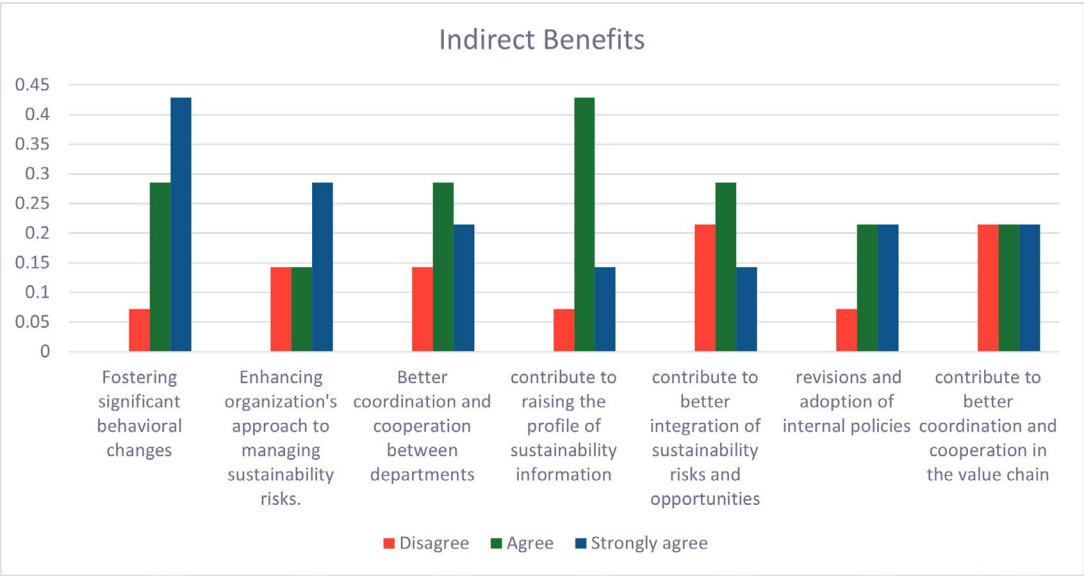
The direct benefits of climate-related reporting are generally viewed positively, with notable expectations of increased investments and cost savings. There is support for improved integration of sustainability information into business processes and leveraging existing data collection. While there is some uncertainty and mixed opinions on the frequency of ad hoc information requests and the impact on administrative costs, the overall trend shows a favorable outlook on the benefits of adopting ASE's climate-related disclosures.

Direct benefits	
Increased Investments	More than 50% of the participants anticipate increased investments as a result of climate-related disclosures. A few are confident in this positive effect, while 28% of the companies are uncertain or see no change.
Cost Savings through Reduction in Ad Hoc Information Requests	Less than 43% of the companies expect that adopting climate-related disclosures will lead to a reduction in ad hoc information requests from stakeholders like investors and clients, potentially easing administrative burdens.
Cost Savings through Better Risk Management	More than 43% of the participants expect cost savings due to improved risk management enabled by climate-related disclosures. These savings are generally related to earlier identification of risks, allowing for better management and mitigation.

Direct benefits	
Reduction in Administrative Costs	More than 21% of the participants believe they will experience a reduction in administrative costs associated with sustainability reporting, due to the structured approach provided by the Climate-Related Disclosure Guidance. However, many remain unsure or see no change.
Possible Synergies and Efficiencies-Integration of Sustainability Information into Business Processes	More than 57% of the participants see the potential for integrating sustainability data into their overall business processes. 29% expect no change in this area.
Possible Synergies and Efficiencies: Leveraging Existing Data Collection Processes	More than 50% participants believe they can leverage their existing data collection processes to comply with the Climate-Related Disclosure Guidance. Examples include using current reporting systems and staff already familiar with data collection for sustainability purposes.

3.9 Indirect Benefits

Chart 12- Indirect Benefits of Adopting ASE' Climate related disclosures guidance



The indirect benefits of climate-related reporting are mostly positive, with support for fostering behavioral changes and raising the profile of sustainability information. Benefits such as better management of sustainability risks, improved coordination between departments, and enhanced value chain cooperation are acknowledged, though with some variability in experiences. Overall, the data highlights that while climate-related reporting is valued for its broader impacts, the extent of these benefits can vary among participants.

Indirect benefits	
Fostering Significant Behavioral Changes	There is a strong consensus (71% of participants) that climate-related reporting will foster significant behavioral changes within participants.
Enhancing Respondent's Approach to Managing Sustainability Risks	There is a positive perception regarding the enhancement of the respondent's approach to managing sustainability risks. 29% of participants strongly agree that climate-related reporting improves risk management, although there is some division, with 14% each just disagreeing and just agreeing.
Better Coordination and Cooperation Between Departments	The impact on coordination and cooperation between departments is generally viewed positively, with 50% overly agreeing and only 14 % disagreeing.
Contribute to Raising the Profile of Sustainability Information	Climate-related reporting is recognized for raising the profile of sustainability information. 57% of the participants agree and strongly agree with this statement, while only 7% disagree, suggesting that reporting enhances visibility and importance of sustainability issues.
Contribute to Better Integration of Sustainability Risks and Opportunities	There is a mixed view on whether sustainability reporting contributes to better integration of sustainability risks and opportunities. While 29% participants agree and 14% strongly agree, and 21% participants disagree, reflecting varying levels of perceived impact on integration.
Revisions and Adoption of Internal Policies	Climate-related reporting is seen as a catalyst for revisions and adoption of internal policies. 21% of participants strongly agree and 21% agree, with 7% disagreeing, indicating that reporting prompts policy updates, though not universally experienced.
Contribute to Better Coordination and Cooperation in the Value Chain	The impact on coordination and cooperation in the value chain is balanced, with 21% participants strongly agreeing or agreeing respectively. This suggests that while some participants see improved value chain collaboration, it might not a universal benefit.

4. Case Studies

Case Study #1: Jordan Kuwait Bank Awarded "Global Green Bond of the Year 2023"

Background:

Jordan Kuwait Bank (JKB) was awarded the Global Green Bond of the year at the Global SME Finance Forum. The Bank acquired this prestigious award by competing against various banks and financial institutions globally. The award was presented during the ceremony attended by more than 700 participants from 70 countries.

Initiative:

JKB's commitment towards the economy was evident back in March 2023 through the issuance of a USD 50 million Green bond. This comes as part of Jordan's shift to a green economy, financing, paving the way for projects that reduce greenhouse gas emissions, promote renewable energy, green infrastructure, and energy efficiency. Additionally, it focuses on managing water resources, encouraging recycling, fostering sustainable economies, and creating job opportunities.

In 2025, Jordan Kuwait Bank fully allocated the proceeds from Jordan's first green bond and launched its first-ever sustainable finance report.

Outcome:

This project is a testimony to the pioneering role Jordan Kuwait Bank plays in climate finance in Jordan, setting the standard for green bonds in the market. This supports the national Green Growth Action Plan (2021-2025), which integrates climate and sustainable development goals into sectoral frameworks, advancing Jordan's environmental and sustainable ambitions.

Case Study #2: Jordan Phosphate Mines Company (JPMC) and Proactive Sustainability Initiatives

Background:

Jordan Phosphate Mines Company (JPMC) has demonstrated a proactive approach to sustainability well before the formal adoption of ASE's climate-related disclosures. Through strategic initiatives aligned with its Vision 2025 objectives, JPMC aims to enhance environmental performance, improve global competitiveness, and contribute to a better quality of life.

Initiatives:

Industrial Water Treatment Plant

Description: JPMC is establishing an industrial water treatment plant at its Eshidiya mine to address Jordan›s critical water scarcity. The plant is designed to recycle and reuse up to 10,800 cubic meters of mine wastewater per day.

Benefits: Reduces water consumption, minimizes wastewater discharge, lowers dependency on external water sources and reduces operational costs

Outcome:

Investment in water treatment and environmental projects highlights enhanced risk management by mitigating potential environmental impacts. Efforts such as the Gypsum Mountain Greening Project and workforce training exemplify effective capacity building, facilitating better integration of sustainability practices. Additionally, resource allocation for training and collaborative initiatives fosters improved internal and external coordination, ultimately supporting operational efficiency and reinforcing JPMC's strategic sustainability objectives.

While JPMC has undertaken these initiatives to improve its internal operations, they have also helped the company identify relevant and impactful initiatives to include in their sustainability report.

Case Study #3: Jordan Ahli Bank's Leadership in Green Bonds and Sustainable Finance Framework

Background:

Jordan Ahli Bank, a leading financial institution in Jordan, has demonstrated an innovative approach to sustainability, aspiring to become a regional leader through the issuance of the sustainability bond and the establishment of a Sustainable Finance Framework. By setting a benchmark for other organizations within the industry, this proactive stance highlights the bank's ongoing commitment to integrating environmental, social, and governance (ESG) considerations into its core operations.

Initiatives:

Launch of Sustainability Bond: Jordan Ahli Bank has issued its inaugural Sustainability Bond, marking a significant milestone in Jordan's financial sector. Development of a Sustainable Finance Framework: Jordan Ahli Bank has developed a comprehensive Sustainable Finance Framework to guide and support its long-term sustainability initiatives. Jordan Ahli Bank's sustainability bond was the first of its kind in Jordan, with a total value of USD 50,000,000, and it had an excellent impact on our clients."

Outcome:

In recent survey responses, Jordan Ahli Bank's proactive issuance of the Sustainability bond and the establishment of a sustainable finance framework align well with industry trends. The bank's focus on capacity building through its robust sustainability framework strengthens internal capabilities and integrates ESG and climate-change considerations into its operations. Additionally, their efforts in issuing the Sustainability bond and developing a Sustainable Finance Framework have strengthened coordination with stakeholders, aligned operations with local mandates, and streamlined ESG and climate-related reporting, ultimately reducing administrative burdens and enhancing transparency and impact.

5. Voluntary Initiatives Taken by Companies for Sustainability

Companies within the ASE20 index have proactively adopted initiatives aimed at sustainability, demonstrating their commitment to reducing environmental impacts and aligning with global standards, some of these initiatives include:

- **Maintaining Internal Awareness:** Many participants, such as Orange Jo, Jordan Ahli Bank, Jordan Kuwait Bank and actively raise employee awareness on sustainability. These companies appoint ESG ambassadors across departments, engage internal communication teams to keep employees informed of emerging trends, as well as offer comprehensive environmental management training programs.
- **Taking a Further Step:** Bank Al Etihad is committed to aligning with the Paris Agreement and is planning to expand its 2024 sustainability report to include the TCFD standard. Additionally, as a member of PCAF, the bank is currently in the process of reviewing the requirements to address Scope 3 emissions and explore indirect cost savings through financing clients in transition and green finance.
- **Reducing Environmental Impact:** The Arab international for education & investment has replaced a portion of their vehicle fleet with EVs, significantly reducing carbon emissions and enhancing energy efficiency in their operations. In addition, a strategic move towards becoming a paperless institution has been adopted, with a goal of achieving this within the next five years. This step aligns with reducing waste and improving operational efficiency.
- **Climate Risk Planning:** Bank al Etihad is planning a transition to align with the Paris Agreement. As part of this initiative, the bank has assessed its climate risk while the risk team embedded climate risk management practices into their existing framework.

Companies within the first market have also implemented several initiatives to promote sustainability and reduce environmental impact. These initiatives include:

- **Integrating sustainability as a Key Performance Indicator (KPI)**: Dar al Dawa has plans to incorporate sustainability as a key organizational KPI and implement a comprehensive sustainability policy starting next year. This initiative builds on existing efforts, such as waste management and enhancing energy efficiency through solar panel installation, AC unit upgrades, and converting gas boilers to more sustainable systems.
- **ESG practices:** The Northern Cement Company is adopting ESG practices through established governance protocols, including a code of conduct and policies on anti-money laundering and anti-bribery. The company is also activating a solar energy station and using windmills for cement production, which in turn, maintains a low energy consumption and emissions footprint.

6. Investor Insights

ASE conducted interviews with two investors to understand their perspectives on integrating sustainability into investment decisions. The participants included the investment arm of a

commercial bank and a private equity firm specializing in climate infrastructure and technology investments across the MENA region. These discussions provided valuable insights into how sustainability factors influence their impact assessments and investment strategies.

Based on the interview with the investment manager and considering the context of an investment arm in a bank, it is observed that investors are now scrutinizing sustainability reports to evaluate company performance in the ESG realm, including implemented programs, progress, and future plans. This evaluation helps gauge the company's commitment to sustainability and its stability/ maturity in the current market and its long-term strategies.

Investors are increasingly seeking the highest return on investment (ROI) and are advising their clients to focus on Environmental, Social, and Governance (ESG) criteria, particularly for long-term investments due to its lower volatility. They have observed that international banks are introducing green bonds, which are in high demand. Consequently, they explain the underlying principles of such projects to their clients, who are keen to understand the dynamics of green bonds and sustainable debt instruments. As an investment manager, they are looking to advance their expertise in this area to benefit both internal operations and their clients.

Investors emphasize that ROI is not the only factor to evaluate investment decisions, they are increasingly interested in incorporating ESG principles to strengthen their portfolios with green assets and improve expected returns. This is because a strong ESG performance indicates lower volatility, improved long-term performance, in addition to favorable ROI[7].

The interview with the impact investor revealed that environmental and social metrics are integral to their investment evaluation, alongside financial returns. A key focus is on a company's performance in energy generation, emissions reduction, and clean water provision, as well as the accuracy and transparency of its disclosures.

To ensure reliability, the investor employs a verification process including third-party audits, internal monitoring, and checks on alignment with international standards. They collaborate with independent consultants and technical experts to assess critical project metrics, including energy output, emissions reductions, and financial performance.

Beyond environmental impact, the investor prioritizes social benefits such as job creation, community development, and gender equality. Financial sustainability is also a crucial consideration, with assessments based on key indicators like internal rate of return (IRR), multiple on invested capital (MOIC), and distributed to paid-in capital (DPI), ensuring long-term profitability and effective risk mitigation.

This highlights that while some investors may not yet consider sustainability a primary KPI in their evaluations, they review sustainability-related information to assess a company's long-term stability, maturity, and overall financial health.

[7] ROI Formula (Return on Investment)

7. Conclusion

The survey provides a comprehensive overview of climate-related reporting practices and their associated costs and benefits among a selected sample of ASE20 listed companies and first-market companies. The diverse industry representation and geographical distribution of participants underscore the breadth of the study, capturing a wide array of sector-specific challenges and advancements.

1. Reporting Frameworks and Maturity		
Survey Topic & Sub-Topic	**Key Insights**	**Conclusion**
Adopted Reporting Frameworks & Maturity	80% of the surveyed companies follow GRI standards, with limited adoption of IFRS, SASB, TCFD, or CSRD	The lack of companies with extensive experience (5-10+ years) in sustainability and climate-related reporting highlights a learning curve for adopting comprehensive reporting practices.
2. Cost Drivers and Financial Implications		
Survey Topic & Sub-Topic	**Key Insights**	**Conclusion**
Cost analysis reveals several key drivers of climate-related reporting expenses, including:	• **Training and Familiarization:** 93% of companies prioritize staff training with an emphasis on governance, investing 5-15,000 JOD initially and 05,000- JOD recurring annually. • **Staff Allocation:** 50% of companies prioritize staff allocation and hiring for sustainability efforts, with a no anticipated initial cost for staff allocation and an expected initial cost ranging 5-15,000 JOD for new hires • **Third-Party Services:** 50% of companies anticipate a need for third-party services, with initial costs over 25,000+ JOD	• Initial investments are required for training, with business-as-usual costs recurring annually. • Costs for staff allocation are driven by the need to ensure good governance. • Companies' reliance on external expertise highlights the need for accurate climate-related disclosures and compliance.
3. Litigation and Competitive Positioning		
Survey Topic & Sub-Topic	**Key Insights**	**Conclusion**
Litigation and Competitive Positioning	No current litigation risks reported	No negative impacts reported. However, concerns about competitive positioning and differing views on attracting investment were raised.

4. Direct and Indirect Benefits		
Survey Topic & Sub-Topic	**Key Insights**	**Conclusion**
1. Correlation between Direct Costs and Direct benefits: **a. Initial Compliance and Reporting Costs vs. Increased Investment Opportunities** • Recurring Reporting Costs vs. Reduction in Ad Hoc Information Requests **b. Staff Allocation and Hiring Costs vs. Better Risk Management** **c. Technology and System Setup Costs vs. Integration of Sustainability Data into Business Processes** **d. Capacity Building and System Setup Costs vs. Efficiency Gains**	a. Initial compliance costs range from 5,000–15,000 JOD for internal reporting and 25,000+ JOD for external services. While 50% foresee increased investments, 43% anticipate cost savings and reduced ad hoc requests. b. Staff allocation and hiring costs may range from 0-15,000 JOD, with 43% expected improved risk management. c. By Year 5, reliance on basic spreadsheets drops from 79% to 29%, as 50% plan to adopt integrated systems with an estimated initial cost of 25,000+ JD. d. As reported by 57% of the participants. The expected one-off costs for capacity building and system setup are balanced by the efficiency gains realized in ongoing reporting processes.	• While the adoption of ASE climate-related disclosures involves significant initial and ongoing costs, these expenses are balanced by substantial long-term benefits. • Anticipated direct benefits of climate-related reporting include increased investments, cost savings, and improved integration of sustainability information into business processes. • Indirect benefits, such as fostering behavioural changes and enhancing coordination within the value chain, further underscore the positive impact of climate reporting. However, the extent of these benefits can vary, reflecting different stages of maturity and readiness amongst companies.
5. Correlation between Indirect costs and indirect benefits		
Survey Topic & Sub-Topic	**Key Insights**	**Conclusion**
a. Increased Data Collection Costs vs. Enhanced Risk Management **b. Resource Allocation for Collaboration vs. Improved Interdepartmental Coordination** **c. Compliance Costs vs. Positive Organizational Behavioural Changes** **d. Capacity Building vs. Improved Integration of Sustainability Data** **e. Implementation Costs vs. Value Chain Integration**	a. While 64% of the participants agree on the increased data collection costs, 29% strongly agree that enhanced risk management improves decision-making. b. 50% of participants prioritize staff allocation and hiring and agree that climate-related reporting encourages interdepartmental collaboration and coordination. c. 29% of participants agreed that climate-related reporting fosters a culture of accountability and proactive sustainability practices. d. While 43% of participants recognize capacity building as a key initial expense, 29% agree that it enhances decision-making. e. While 36% expect increased costs on reporting; 21% believe new standards enhance value chain coordination.	• The costs associated with expanding data collection are justified by the significant benefit of improved risk management. • The costs related to staff allocation and hiring for collaborative efforts correlate strongly with the benefit of enhanced internal coordination. • Compliance costs are associated with fostering significant behavioural changes within the organization. These changes contribute to building a more sustainable and resilient organization over time. • Investing in capacity building allows companies to better leverage existing systems and data, facilitating the integration of climate-related risks and opportunities. • This correlation highlights that effective implementation of sustainability practices can enhance value chain management and operational efficiency.

Overall, the analysis shows that the costs of adopting ASE climate-related disclosures are offset by substantial benefits. These investments lead to improved climate risk management, operational efficiency, and enhanced sustainability outcomes. Addressing the indirect costs and leveraging the associated benefits can significantly contribute to achieving long-term strategic goals and reinforcing the value of sustainability reporting practices.

Additionally, we have observed that adopting the guidance would result in an almost "Business As Usual" cost of reporting, as many businesses anticipate incurring costs even in the absence of new requirements.

Investor interviews revealed a growing emphasis on sustainability in investment decisions. While some investors primarily focus on financial returns, they increasingly assess ESG performance, transparency, and long-term viability, recognizing sustainability as a key factor in stability and risk mitigation.

8. Recommendations

• **Invest in staff allocation and Long-Term Training:** Given the upfront costs associated with staff hiring and training, investing in comprehensive and ongoing training programs can help build internal capabilities and ensure that staff are well-prepared to manage climate-related reporting requirements effectively. This can lead to more efficient processes and better compliance over time.

• **Adopt integrated systems early:** Although the interest in initial adoption of integrated systems (e.g., ERP) may be high, the lead time for the actual integration suggests a shift away from these tools, and the continuation of manual data collection processes such as excel sheets. Investing in integrated systems early can streamline data collection, reporting, and management processes, reducing long-term costs and improving data accuracy.

• **Ensure board oversight and interdepartmental coordination:** For effective and seamless implementation, encouraging interdepartmental coordination ensures accurate, consistent data, while board literacy and oversight align disclosures with strategic goals and enhance transparency.

• **Address Variability in Indirect Costs:** Companies should closely evaluate the indirect costs associated with their value chain and adopt strategies to manage these costs effectively. This includes assessing both upstream and downstream impacts and planning for potential additional burdens or expenses.

• **Strengthen Internal Policies and Procedures:** Emphasize the establishment and refinement of internal policies and procedures related to sustainability and climate reporting. This can help ensure that reporting practices are aligned with ASE guidance and are continuously improved, reducing the need for costly adjustments in the future.

• **Leverage Existing Data Collection Processes:** Where possible, companies should leverage existing data collection systems and processes to comply with new requirements. This can help reduce costs associated with system upgrades and enhance efficiency.

• **Consider Assurance Practices:** To improve confidence in reported data, companies should consider

increasing their use of rigorous assurance services, such as limited or reasonable assurance. This will enhance the reliability of disclosures and potentially mitigate the risks associated with accuracy and completeness.

From an investment standpoint in Jordan, assessing the impact of ESG on business performance and pricing is crucial. There is a notable absence of a robust ESG rating process for companies, and reporting practices need consistency to reflect true sustainability efforts.

Globally, sustainability, ESG, and green bonds are in demand. Investors are initiating conversations with clients to explain these concepts and their impact on investments. Non-financial activities are viewed from a financial materiality perspective, as disclosures can significantly influence investment decisions. The manner in which companies communicate their ESG efforts and commitments in reports can positively or negatively affect investment decisions and environmental outcomes.

9. Supplementary Knowledge Resources

Topic	Guidance	Description
Identifying Material Topics	Materiality in practice: applying a materiality mindset	Practical guidance on how companies can use materiality for better, not more reporting.
GRI Academy - Sustainability	GRI - Courses	Diverse array of training courses offered at the GRI Academy, including sustainability reporting, corporate governance, reporting frameworks, and materiality analysis.
IFRS - Knowledge Hub	IFRS - IFRS Sustainability knowledge hub	Preparers' guide to the IFRS Sustainability Disclosure Standards.
UN Sustainable Stock Exchanges Initiative Academy	SSE Academy | SSE Initiative	Diverse array of training programs and publications for the adoption and implementation of sustainable practices including, sustainable development, ISSB, GRI and TCFD.
IFC – Beyond the Balance Sheet	Homepage | IFC Beyond the Balance Sheet	An online tool that provides progressive guidance on reporting material information about a company's governance, strategy, risk management, and performance - including the impact of ESG factors and contribution to sustainable development.
EFRAG – ESRS Implementation Guidance documents	ESRS implementation guidance documents | EFRAG	Supportive guidance for ESRS implementation.

Topic	Guidance	Description
ASE Climate-Related Disclosure Guidance	Disclosure Guidance.pdf	A guidance designed to assist companies in developing high-quality climate-related financial and non-financial disclosures. Adhering to international standards, IFRS S1 and S2.
IFRS S1 – General Requirements	IFRS - IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures. It sets out general requirements for the content and presentation of those disclosures.
IFRS S2 – Climate-Related Disclosures	ISSB-2023-A – Issued IFRS Standards	IFRS S2 Climate-Related risks and opportunities disclosures.

Appendix

Appendix 1 –Survey Questionnaire

Introduction

The Amman Stock Exchange is developing climate reporting requirements and disclosure guidance for Jordanian companies. This initiative includes a thorough analysis of both the direct and indirect financial implications, along with the benefits associated with formulating and ultimately complying with the Amman Stock Exchange's (ASE) guidance on climate-related disclosures.

An essential step in developing the guidance is to understand the costs and benefits that we expect reporting companies to face. Hence this survey is designed to collect data as part of a cost-benefit analysis study. Cost-benefit analysis is a method used to assess the financial implications of a project or action by comparing and quantifying its costs and potential benefits in monetary terms, ultimately aiding in the decision of how to undertake the initiative. The results of this analysis will be available to participants in the form of a cost-benefit analysis report, which will serve as a concise summary of the study's findings.

The objective of this cost-benefit analysis is to provide companies with evidence assessing the impact of aligning with ASE's climate-related disclosure guidance, offer the necessary clarity for companies, and encourage company buy-in.

Please note that all the information in this survey is kept confidential and will be used for the purpose of conducting the cost & benefit analysis.

This questionnaire consists of five distinct sections and is designed to be completed within approximately 15 minutes. We kindly request and value your thorough responses to all five sections.

Cost-Benefit Structure:

Overview of key costs and benefits

	Costs	Benefits
Direct	▸ Administrative costs ▸ Assurance costs	▸ Increased investments ▸ Increased competitiveness ▸ Cost savings ▸ Possible synergies and Efficiencies
Indirect	▸ Trickle-down effect ▸ Litigation costs ▸ Impact on international competitiveness	▸ Behavioral changes ▸ Improved sustainability

For Questions, please reach out to Dr. Rasha Dayyat at rdayyat@ase.com.jo

Section 1: General Information

Q1: Please provide your company/organization name:

(Open field) .....

Q2: In which governorate(s) is your organization located?

Select the corresponding governorates.

	The Headquarter is located at: Select the corresponding governorates.	**Other sites** Select the corresponding governorates.
1. Amman	☐	☐
2. Irbid	☐	☐
3. Balqa	☐	☐
4. Karak	☐	☐
5. Maan	☐	☐
6. Zarqa	☐	☐
7. Mafraq	☐	☐
8. Tafelah	☐	☐
9. Madaba	☐	☐
10. Jerash	☐	☐
11. Ajloun	☐	☐
12. Aqaba	☐	☐

Q3: What Industry is your organization in?

Please select one choice

☐ **Banking**

☐ **Energy**

☐ **Utilities**

☐ **Mining**

☐ **Telecom**

☐ **Education**

☐ **Other (please specify)**

Q4: What reporting Standards have you used for sustainability reporting?

There are several answers that can be checked

☐ **GRI**

☐ **SASB**

☐ **TCFD**

☐ **CSRD**

☐ **Other (Please Specify)**

Q5: How many years of sustainability reports have your organization published before 2023?

Please select one choice

☐ **0**

☐ **1-3**

☐ **3-5**

☐ **5-9**

☐ **10+**

Section 2: Direct Costs

Direct costs include both administrative and assurance expenses that your organization anticipates incurring as a result of adopting the guidance.

Direct cost types:

• One-Time Initial Costs: Significant expenses that occur once due to new requirements or setups.

• Recurring Costs: Regular expenses involved in the ongoing operations.

Direct Cost Components:

• Business-as-Usual Costs: Costs associated with routine collection and processing of information that would be carried out regardless of new changes.

• Additional costs: Additional costs that arise specifically from compliance with new legal obligations. These are actions taken solely to meet specific legislative requirements.

2.1 What cost drivers are applicable to your organization.

Please select all that apply.

Cost Driver/ Guidance Component	Ensuring Good Governance	Managing Climate Risk	Setting Net Zero Targets	Identifying Material Topics	Socio-Economic Impact of Climate Change	Self-assessment Checklists
A. Familiarizing (Training budgets)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)
B. Staff allocation/hiring	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)
C. Establishing policies and procedures	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)
D. Data Collection	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)
E. Evaluating Findings	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)
F. Use of 3rd party service providers	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)

Question 2.2: Cost Break down associated with preparing for adopting the ASE climate disclosure guidance

(Only section categories for which the organization has identified as relevant cost drivers in the prior question should be displayed).

A. Costs associated with Familiarizing activities (Training budgets)

A.1 Expected initial cost

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000

☐ 25000+

Additional Notes

A.2 Expected Recurring costs

Cost Per recurrence:

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000

☐ 25,000+

Additional Notes

A.3 What percentage of the above cost would the company pay regardless of the ASE guidance (BAU Factor)

Some costs are expected to be paid out regardless of adopting the guidance or not, those costs are referred to as business-as-usual costs (BAU costs), perhaps due to increased investor pressure o disclose or the company's own commitments to sustainability and transparency – please indicate below the percentage of the costs that the organization would have incurred irrespective of adopting the guidance:

☐ 0 --- 10%

☐ 20%---- 30%

☐ 40% --- 50%

☐ 60% --- 70%

☐ 80%---- 90%

☐ 90%--- 100%

Additional Notes

B. Costs associated with Staff allocation/hiring

Please estimate costs associated with the human resources needed to coordinate and undertake sustainability reporting. This might include both costs associated with allocating existing staff and/or hiring additional staff.

B.1 Expected initial costs

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000 JOD

☐ 25,000+ JOD

Additional Notes

B.2 Expected recurring costs

Cost Per recurrence:

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000

☐ 25,000+

Additional Notes

B.3 What percentage of the above cost would the company pay regardless of the ASE guidance (BAU Factor)

Some costs are expected to be paid out regardless of adopting the guidance or not, those costs are referred to as business-as-usual costs (BAU costs), perhaps due to increased investor pressure o disclose or the company's own commitments to sustainability and transparency – please indicate below the percentage of the costs that the organization would have incurred irrespective of adopting the guidance:

☐ 0 --- 10%
☐ 20%---- 30%
☐ 40% --- 50%
☐ 60% --- 70%
☐ 80%---- 90%
☐ 90%--- 100%

Additional Notes

C. Costs associated with Establishing policies and procedures

Please estimate costs associated with establishing the necessary policies and procedures for sustainability reporting. This may include, among others, controls, data collection, sign-off processes, etc. Please note that there is a separate question related to technologies used for data collection.

C.1 Expected initial costs

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000 JOD

☐ 25,000+ JOD

Additional Notes

C.2 Expected recurring costs

Cost Per recurrence:

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000 JOD

☐ 25,000+ JOD

Additional Notes

C.3 What percentage of the above cost would the company pay regardless of the ASE guidance (BAU Factor)

Some costs are expected to be paid out regardless of adopting the guidance or not, those costs are referred to as business-as-usual costs (BAU costs), perhaps due to increased investor pressure o disclose or the company's own commitments to sustainability and transparency – please indicate below the percentage of the costs that the organization would have incurred irrespective of adopting the guidance:

☐ 0 --- 10%

☐ 20%---- 30%

☐ 40% --- 50%

☐ 60% --- 70%

☐ 80%---- 90%

☐ 90%--- 100%

Additional Notes

D. Costs associated with evaluating outcomes

Please estimate costs associated with evaluating and otherwise processing the data and outcomes your business has collected for sustainability reporting.

D.1 Expected initial costs

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000 JOD

☐ 25,000+ JOD

Additional Notes

D.2 Expected recurring costs

Cost Per recurrence:

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000 JOD

☐ 25,000+ JOD

Additional Notes

D.3 What percentage of the above cost would the company pay regardless of the ASE guidance (BAU Factor)Some costs are expected to be paid out regardless of adopting the guidance or not, those costs are referred to as business-as-usual costs (BAU costs), perhaps due to increased investor pressure o disclose or the company's own commitments to sustainability and transparency – please indicate below the percentage of the costs that the organization would have incurred irrespective of adopting the guidance:

☐ 0 --- 10%

☐ 20%---- 30%

☐ 40% --- 50%

☐ 60% --- 70%

☐ 80%---- 90%

☐ 90%--- 100%

Additional Notes

E. Costs associated with Use of 3rd party service providers

Please estimate costs associated with using 3rd party service providers (advisors, experts, etc) to support your sustainability reporting.

E.1 Expected initial costs

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000 JO

☐ 25,000+ JOD

Additional Notes

E.2 Expected recurring costs

Cost Per recurrence:

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000 JOD

☐ 25,000+ JOD

Additional Notes

Frequency of recurrence in a given year

☐ Once

☐ 2 – 4 times

☐ 3 – 5

☐ 5+

Additional Notes

E.3 What percentage of the above cost would the company pay regardless of the ASE guidance (BAU Factor)

Some costs are expected to be paid out regardless of adopting the guidance or not, those costs are referred to as business-as-usual costs (BAU costs), perhaps due to increased investor pressure o disclose or the company's own commitments to sustainability and transparency – please indicate below the percentage of the costs that the organization would have incurred irrespective of adopting the guidance:

☐ 0 --- 10%

☐ 20%---- 30%

☐ 40% --- 50%

☐ 60% --- 70%

☐ 80%---- 90%

☐ 90%--- 100%

Additional Notes

Section 2.3 Direct costs associated with determining topics to include in the organization's disclosures.

There are various activities that companies can engage in while determining the scope of their sustainability reporting. Those activities can range from internal discussions to use of external consultations and engagements. As organizations mature in their reporting journeys, they tend to use increasingly sophisticated methods for determining disclosure topics. Please use the below table to indicate which methods your organization expects to deploy in the first five years of adopting the ASE guidance.

Method Used	Year 1	Year 2	Year 3	Year 4	Year 5
A. Informal internal discussions	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)
B. Applying Non-financial reporting standards or frameworks (GRI, IFRS S1/S2. TCFD, TNFD.. ETC)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)
C. Consult stakeholders	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)
D. External service provider	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)

Please provide yearly expected cost associated with each of the disclosure determination method:

A. Informal internal discussions

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000 JOD

☐ 25,000+ JOD

Additional Notes

B. Applying non-financial reporting standards or frameworks (GRI, ISSB. TCFD, TNFD.. ETC)

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000 JOD

☐ 25,000+ JOD

Additional Notes

C. Consulting stakeholders

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000 JOD

☐ 25,000+ JOD

Additional Notes

D. Hiring external service provider

☐ No Cost

☐ 0 – 5,000 JOD

☐ 5 – 15,000 JOD

☐ 15,000 – 25,000 JOD

☐ 25,000+ JOD

Additional Notes

Section 2.4 Direct costs associated with Technology adoption for enabling reporting process.

Organizations may use tools to enable data collection and reporting processes. Those tools can range from simple excel templates to integrated ERP systems. Please use the below table to indicate the tools and systems you expect to use in the first five years of adopting the guidance.

Technology Level	Description	Year 1	Year 2	Year 3	Year 4	Year 5
A. Basic Spreadsheet (e.g., Excel)	Manually maintained spreadsheets for tracking and reporting.	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)
B. Standalone/ specialized reporting solution	Online platforms offering centralized and slightly automated data management.	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)
C. Integrated System (e.g., ERP)	Fully integrated systems for holistic and automated data management.	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)

Section 2.5 Use of assurance services

Organizations can choose to perform external assurance on the KPIs or sustainability reports to ensure that the reporting is sound and enhance the transparency of the disclosures made. There are two types of assurance, limited assurance and reasonable assurance. Limited assurance is generally less rigorous, but it is often less costly, while reasonable assurance is more rigorous and thus more costly, but is generally considered to provide more trust in the reported information.

Description	Year 1	Year 2	Year 3	Year 4	Year 5
Limited assurance on select KPIs	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)
Limited Assurance covering entire report	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)
Reasonable assurance on select KPIs	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)
Reasonable assurance covering entire report	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)	(Yes/No)

Section 3: Indirect Cost

Definitions:

Trickle-down effect: the phenomenon where the costs incurred through the value chain by one part of an organization or project such as partners and suppliers, eventually spread and affect other parts, often in a less direct or less obvious manner.

Litigation costs: Litigation costs refer to the expenses associated with legal proceedings such as penalties, fees or remediation for external parties.

Impact on competitiveness: Loss of competitive advantage vs local or international competitors - such as ability to access markets, win bids or form partnerships.

3.1 Trickle Down Costs

The following four questions (numbered 1-4) relate to the costs or burdens incurred by your organization and its value chain—including partners, suppliers, and clients—both upstream and downstream, associated with adopting the ASE climate disclosure guidance.

1. Where in your value chain do you expect to collect data in order to disclose on climate related issues per the ASE guidance.

☐ Not applicable

☐ Upstream (Suppliers and partners)

☐ Downstream (Customers and clients)

☐ Both upstream and downstream

☐ Not Sure

Additional Notes

2. What burdens or costs do you expect the new reporting standards to add to you upstream or downstream value chain.

☐ Not applicable

☐ Mandatory Collection

☐ Optional Collection

☐ Not Sure

Additional Notes

3.How do you expect data to be collected from suppliers, partners or clients?

Select all that applies

☐ Surveys or questionnaires

☐ Data portal submissions

☐ Site visits/interviews

☐ Audits

Additional Notes

3. Which of the below costs do you expect to be incurred in your value chain due to your organization's adoption of the ASE climate related guidance?

Select all that applies

☐ One off (Capacity building/System set up)

☐ Recurring (Familiarization and capacity building)

☐ Recurring (Producing regular reports)

☐ Staff allocation and hiring

Additional Notes

3.2 Litigation Costs

Existing Litigation

1. Are you experiencing any cases related to the accuracy and completeness of the disclosed information with respect to national and international guidelines?

☐ Yes

☐ No

Additional Notes

If answered Yes to the "Litigation" questions, then preparer is to inform the survey of enforcement actions taken due to litigation.

☐ Preparer answer (to be filled)

☐ No enforcement actions/Other

Additional Notes

Potential Future Litigation due to adoption of climate related disclosure standards

1. Are you expecting any cases related to the accuracy and completeness of the disclosed information with respect to national and international guidelines?

☐ Yes

☐ No

☐ Expected cost (to be filled by preparer)

Additional Notes

If answered Yes to the "Litigation" questions, then preparer is to inform the survey of enforcement actions taken due to litigation.

☐ Preparer answer (to be filled)

☐ No enforcement actions/Other

Additional Notes

3.3 Competitive position costs and benefits

Describe the impact of the obligation to disclose sustainability information according to the climate-related disclosure guidance on competitiveness.

☐ Don't Know

☐ No impact

☐ Positive impact

☐ Negative impact

Insert Answer; Please elaborate on the above answer

To what extent do you expect the climate related disclosure guidance to contribute to a better competitive position of your company?

☐ Don't Know

☐ Not at all

☐ To some extent

☐ To a high extent

Insert Answer; Please elaborate on the above answer

To what extent do you expect the climate related disclosure guidance to contribute to attracting more investment in your company?

☐ Don't Know

☐ Not at all

☐ To some extent

☐ To a high extent

Insert Answer; Please elaborate on the above answer

2. Direct Benefits

4.1 Increased Investments

1. Do you anticipate an increase in investments made into the company as a result of disclosing on climate-related financial disclosures? If so, please estimate the potential reduction.

☐ Don't Know

☐ No Change

☐ Yes

☐ Cost Saving (JOD), no specific number

Specify If Other

4.2 Cost Savings

2. Do you anticipate a reduction in the frequency of ad hoc information requests from stakeholders (such as investors, clients, etc.) once the Climate-Related Disclosure Guidance is implemented? If so, please estimate the potential reduction.

☐ Don't Know

☐ No Change

☐ Yes

☐ Cost Saving (JOD), Insert Answer.

Specify If Other

3. Do you anticipate costs savings as a result of better risk management via the information collected and reported using the Climate Related Disclosure Guidance is implemented (e.g. risks avoided due to earlier identification and management)? If so, please estimate the potential reduction.

☐ Don't Know

☐ No Change

☐ Yes

☐ Cost Saving (JOD), Insert Answer.

Specify If Other

4. Can you project any potential percentage reduction in administrative costs associated with sustainability reporting due to adopting the Climate-Related Disclosure Guidance?

☐ Don't Know

☐ No Change

☐ Yes

☐ Cost Saving (JOD), Insert Answer.

Specify If Other

4.3 Possible Synergies and Efficiencies

5. Do you expect the adoption of the Climate-Related Disclosure Guidance to affect the integration of sustainability information into your overall business processes?

☐ Don't Know

☐ No Change

☐ Yes

6. Do you foresee being able to leverage existing data collection and reporting processes to meet the requirements of the Climate-Related Disclosure Guidance? Please provide hypothetical examples

☐ Don't Know

☐ No Change

☐ Yes

Elaborate more

5 Indirect Benefits:

5.1 Behavioral Changes

1. Please describe if the Climate Related-Disclosure Guidance will foster significant behavioral changes toward sustainability within your organization.

☐ Don't know

☐ Strongly disagree

☐ Disagree

☐ Agree

☐ Strongly agree

Elaborate more, provide financial estimates where possible

2. Please explain if implementing the guidance will enhance your organization's approach to managing sustainability risks.

☐ Don't know

☐ Strongly disagree

☐ Disagree

☐ Agree

☐ Strongly agree

Elaborate more, provide financial estimates where possible

3. Please explain if implementing the guidance will lead to better coordination and cooperation between departments.

☐ Don't know

☐ Strongly disagree

☐ Disagree

☐ Agree

☐ Strongly agree

Elaborate more, provide financial estimates where possible

5.2 Improved sustainability and resilience

4. Please explain if the Climate-related Disclosure will contribute to raising the profile of sustainability information within the company.

☐ Don't know

☐ Strongly disagree

☐ Disagree

☐ Agree

☐ Strongly agree

Elaborate more, provide financial estimates where possible

5.Please explain if the Climate-Related Disclosure Guidance will contribute to better integration of sustainability risks and opportunities in strategy.

☐ Don't know

☐ Strongly disagree

☐ Disagree

☐ Agree

☐ Strongly agree

Elaborate more, provide financial estimates where possible

6. Please explain if implementing the guidance influences revisions and adoption of internal policies

and the adoption of due diligence processes.

☐ Don't know

☐ Strongly disagree

☐ Disagree

☐ Agree

☐ Strongly agree

Elaborate more, provide financial estimates where possible

7.Please explain if implementing the guidance will contribute to better coordination and cooperation in the value chain.

☐ Don't know

☐ Strongly disagree

☐ Disagree

☐ Agree

☐ Strongly agree

Elaborate more, provide financial estimates where possible

Appendix 2 – List of surveyed companies in Jordan

Companies in ASE20 index		
S. No.	Company Name	Sector
1.	JORDAN KUWAIT BANK	Banks
2.	JORDAN AHLI BANK	Banks
3.	JORDAN TELECOM	Technology and Communications
4.	AFAQ FOR ENERGY CO. P.L.C	Energy
5.	JORDAN POTASH	Mining and Extraction Industries
6.	JORDAN ELECTRIC POWER	Utilities
7.	JORDANIAN DUTY-FREE SHOPS	Commercial Services
8.	JORDAN PHOSPHATE MINES	Mining and Extraction Industries
9.	AL-ETIHAD BANK	Banks
10.	THE ARAB INTERNATIONAL FOR EDUCATION & INVESTMENT.	Educational Services
Companies not in the ASE20 index, In the first market		
S. No.	Company Name	Sector
11.	AD-DULAYL INDUSTRIAL PARK & REAL ESTATE COMPANY P.L.C	Real Estate
12.	JORDAN NATIONAL SHIPPING LINES	Transportation
13.	DAR AL DAWA DEVELOPMENT & INVESTMENT	Pharmaceutical and Medical Industries
14.	NORTHERN CEMENT CO.	Mining and Extraction Industries
15.	FIRST INSURANCE COMPANY	Insurance