

Bahrain Bourse

Net Zero Report - 2024



Contents

01	Understanding NZFSPA	05
02	Activities & Targets – Exchange Focused	12
03	Activities & Targets – Market Focused	20
04	Appendix	30





◆ Message from the CEO

Bahrain Bourse's inaugural Net Zero Progress Report, published as part of our commitment as a signatory to the Net Zero Financial Service Providers Alliance (NZFSPA), sets out our net zero targets and strategic priorities in alignment with the objectives of the Paris Agreement and the framework established under the Glasgow Financial Alliance for Net Zero (GFANZ). Our affiliation with the NZFSPA reflects a formal pledge to achieve net zero greenhouse gas emissions by 2050. It also highlights our recognition of the pivotal role we play in channeling capital towards sustainable and climate-resilient economic outcomes, both within Bahrain and across global markets.

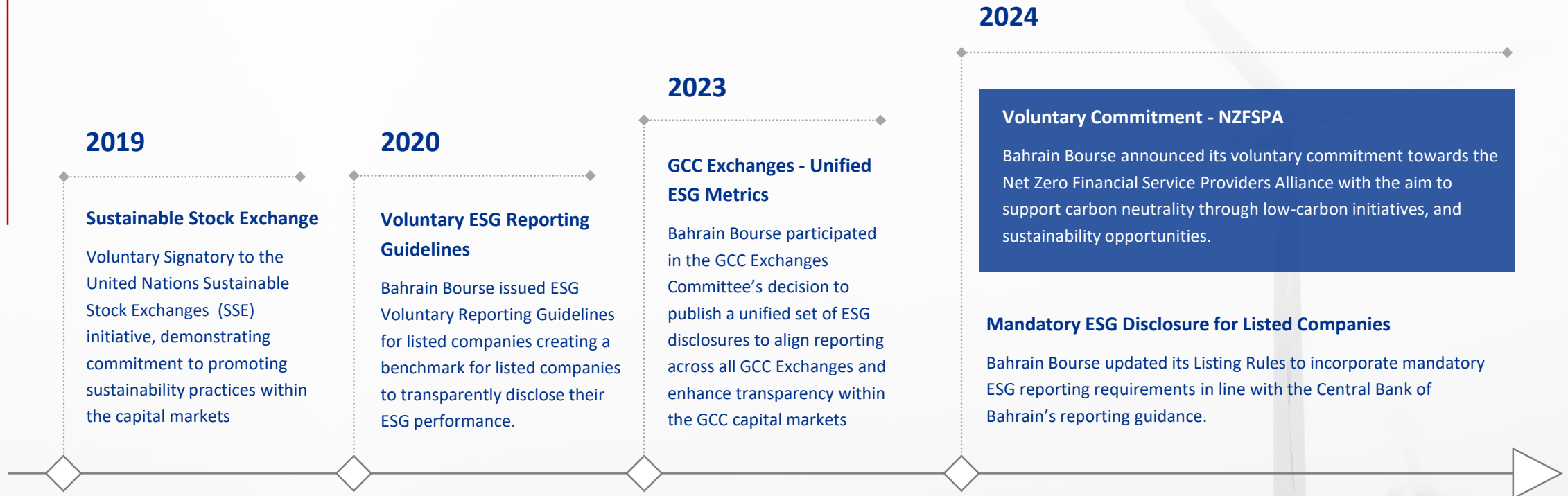
At the heart of our Net Zero Transition Plan are two clear areas of focus. First, exchange-focused targets addressing emissions from our own operations, including energy use and business travel. Second, market-focused targets designed to promote climate alignment across the broader financial ecosystem. Through initiatives that encourage transparent climate-related disclosures, integrate ESG considerations, and build capacity among listed companies and market participants, we aim to foster a more resilient and forward-looking marketplace.

These commitments represent a foundational step in embedding climate considerations into our strategy and operations, laying the groundwork for transparent progress tracking and accountability over time. Our efforts are fully aligned with the Kingdom of Bahrain's climate transition plans, which are integral to sustainable national development and economic diversification. As a member of the Net Zero Exchange Group, Bahrain Bourse engages with peer institutions around the world to advance harmonized practices and robust methodologies for target-setting and implementation.

This work is guided by leading international standards, including the UN Principles for Responsible Investment (UN PRI), ensuring coherence with globally recognized sustainable finance frameworks. This report marks the beginning of a journey that holds the potential to positively shape national practices and encourage greater transparency, strategic alignment, and collective action in support of a credible and orderly transition to a net zero economy. The landscape is evolving rapidly, and stakeholder expectations continue to rise. It is imperative that responsible leaders across Bahrain's markets and communities embrace this momentum to ensure their organizations remain both future-fit and purpose-driven.

*Khalifa bin Ebrahim Al-Khalifa
Chief Executive Officer*





01

Understanding NZFSPA



Understanding NZFSPA (1/2)

What is NZFSPA?

The Net Zero Financial Service Providers Alliance (NZFSPA)¹ represents a global coalition of financial service providers dedicated to achieving net zero greenhouse gas (GHG) emissions by 2050. The Alliance was established at the Glasgow Financial Alliance for Net Zero (GFANZ)², an initiative introduced at the COP26 climate conference in Glasgow, aimed at accelerating the reallocation of financial flows to support a net zero emissions future. Established in response to the urgent need for comprehensive climate action, the Alliance seeks to harness the financial sector's central role in the global transition to a low-carbon economy. This effort aligns with the climate objectives enshrined in the Paris Agreement (2015)³, which seeks to limit the global temperature rise to well below 2°C, with an aspiration to limit the increase to 1.5°C.

The UN PRI, as a foundational framework, encourages institutional investors to incorporate environmental, social, and governance (ESG) factors into investment decisions. The NZFSPA, in alignment with the UN Principles for Responsible Investment (UN PRI), is committed to development and adoption of sustainable finance framework. Both the NZFSPA and the UN PRI emphasize the importance of directing capital flows toward sustainable and climate-aligned investments to facilitate the transition to a net zero global economy. These frameworks further advocate for transparent reporting, accountability, and the development of clear, actionable strategies for achieving long-term sustainability. Together, they promote a coherent approach to integrating ESG considerations and responsible investment practices within the financial sector.

The NZFSPA's global framework offers a vital platform for Bahrain Bourse and other regional financial stakeholders to align their products and services with international climate objectives, while simultaneously advancing national sustainability goals. By participating in the NZFSPA, Bahrain Bourse can actively contribute to regional and national climate targets, while gaining access to the collaborative resources and expertise of a global network.

Key Objectives ⁴

• *Accelerating the Transition to Net Zero*

The Alliance seeks to establish clear and actionable pathways for financial institutions to transition their investment and financing portfolios to net zero emissions by 2050.

• *Standardizing Net Zero Targets*

NZFSPA works towards setting common frameworks and standards to ensure that net zero targets are clear, achievable, and transparent. This includes encouraging the use of science-based targets (SBTs) to reduce emissions and reporting progress through transparent mechanisms.

• *Aligning Financial Flows with Climate Goals*

The Alliance advocates for redirecting financial flows towards projects and investments that support climate resilience and decarbonization across sectors like energy, infrastructure, and agriculture.

• *Supporting Policymaking and Industry Collaboration*

The Alliance facilitates collaboration between financial institutions, governments, and regulators to create an enabling environment for the transition to a net zero economy, supporting policies that incentivize low-carbon finance.

• *Building Regional and Global Networks*

By forming strategic partnerships with other climate-related financial initiatives, the NZFSPA enhances the global and regional coordination of financial institutions on climate action, providing a collective voice in policy advocacy.

Understanding NZFSPA (2/2)

Net Zero Exchange Group

The Net Zero Exchange Group is a key component of the Net Zero Financial Service Providers Alliance. The Group comprising multiple stock exchanges from diverse jurisdictions, collectively represents a significant component of the global capital markets. The Net Zero Exchange Group currently includes several stock exchanges, such as Bolsa Mexicana Grupo BMV (**Mexico**), Bourse de Luxembourg (**Luxembourg**), Bursa Malaysia (**Malaysia**), Deutsche Börse (**Germany**), Euronext, Japan Exchange Group, Johannesburg Stock Exchange (**South Africa**), London Stock Exchange Group (**LSEG**), Saudi Exchange, and the Singapore Exchange, among others.

In June 2023, the Group's Net Zero Target-Setting Guidance framework received formal endorsement from the UN Climate Change High-level Champions. This endorsement marks a significant achievement in the Group's ambitions to address climate change and contribute to the global transition towards a sustainable, net zero economy.

Key Objectives ⁴

The transition to net zero in the Kingdom of Bahrain and the broader Gulf Cooperation Council (GCC) region presents both distinct challenges and opportunities. Historically, GCC economies have been dependent on the oil and gas sectors, highlighting the critical role of financial institutions in facilitating a green transition. Bahrain has committed to achieving carbon neutrality by 2060, as stipulated in its Nationally Determined Contributions (NDCs) under the Paris Agreement. Additionally, the Bahrain Economic Vision 2030 highlights the Kingdom's commitment to sustainable economic development, with financial institutions playing an increasingly prominent role in the shift towards sustainable investments.

Kingdom of Bahrain's Net Zero Commitment ⁵



National Energy Strategy ⁶

Bahrain's National Energy Strategy has been established with a view to facilitate the energy transition in the Kingdom. This is in line with the 2060 net zero emissions target, and focuses on optimizing energy demand, diversifying the mix of power sources and implementing a decarbonization strategy in line with low-carbon technologies and initiatives.

Our Approach (1/2)

NZFSPA Commitments & Key Focus Areas⁴

Products & Services

Align all relevant services and products to achieve net zero greenhouse gas emissions by 2050 or sooner, scaling and mainstreaming Paris Agreement-alignment into the core of our business.

Governance

Build internal capability to understand the risks and opportunities of the net zero transition using best-practice net zero methodologies where they exist and, where methodologies or data are missing, proactively and collaboratively work to address those gaps.

Emission Reduction & Disclosure

Set an interim target for relevant services and products offered to be aligned to the net zero transition which is consistent with a fair share of the 50% global reduction in carbon emissions needed by 2030. Review and update such targets at least every five years with a view to increasing the proportion of services and products to achieve full alignment.

Emission Reduction & Disclosure

Address our own operational impacts by setting science-based emissions reduction targets across all operational emissions (Scopes 1 and 2 and, where material, 3) in line with 1.5°C emissions pathways. Set interim science-based reduction targets within 12 months of joining for no later than 2030 across all operational emissions.

Policy, Persuasion & Engagement

Consistently raise with our key stakeholders the importance and implications of setting net zero targets and strategies across Scopes 1, 2 and 3 emissions and understand the impact businesses can have to help reduce GHG emissions.

Products & Services

Work to ensure our relevant services and products take into account the best available climate science, including credible emissions reduction pathways to net zero. Support innovation and prioritize our efforts where we have, or can have, the most significant impact. Support the development of products and services supporting the net zero transition.

Policy, Persuasion & Engagement

Advance our efforts by proactively engaging with stakeholders and policy-makers on corporate and industry action, as well as public policies, that support a net zero transition of economic sectors in line with science and with regard to social impacts. Contribute to Glasgow Financial Alliance for Net Zero (GFANZ) efforts within the financial services provider alliance, which will aim to bring together existing tools and alliances.

Transparency & Education

Report progress, individually as firms signing this Commitment, at least annually, including publishing disclosures aligned with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and climate action plans.

Targets

As part of Bahrain Bourse's Net Zero Transition Plan, clear and well-defined targets provide measurable milestones that help track progress and ensure both short-term actions and long-term goals align with global net zero commitments. The decarbonization pathway is structured around two distinct sets of targets:

Exchange-Focused Targets

Exchange-focused targets are specific to the operational footprint of the Exchange itself. These targets address the emissions directly under the Exchange's control, such as energy consumption, business travel, and other operational activities.

Market-focused targets are designed to influence and guide the broader financial ecosystem, including listed companies, market participants, and other relevant stakeholders in the marketplace.

Market-Focused Targets

Target Setting – A Proportionate Approach

- Bahrain accounts for less than 0.1% of global carbon emissions, positioning the country with a comparatively low emissions footprint. Despite this, Bahrain Bourse recognizes its role in driving sustainable finance and encouraging low-carbon investments to support the decarbonization transition.
- Our target-setting approach is tailored to the distinct characteristics of Bahrain's economy, our operating context, and the wider regulatory environment. Our target setting approach focuses on three key elements:

Feasibility : Technical and economical achievability

Measurability : Ability to quantify and report

Transparency: Public disclosure on a periodic basis

We are also committed to principles of a just transition, ensuring that decarbonization efforts are integrated with equitable and inclusive economic growth. Considering the current national context, we recognize the need to provide guidance to market participant to help them align with climate-related goals and practices.

Phased Implementation

At Bahrain Bourse, our approach to achieving our targets shall be incremental, accounting for our current institutional capacity and resources needed for the climate transition. The phased implementation considers factors such as stakeholder readiness, ease of execution, national priorities, and resource availability.

A flexible, phased approach ensures our internal emissions targets are met progressively, allowing time to evaluate the most effective emission reduction strategies and allocate the necessary financial and operational resources. For market participants, it enables gradual adoption of climate practices aligned with their readiness.

This approach ensures that climate goals are more achievable and impactful across our operations and the wider financial ecosystem.




Net Zero Transition Plan – An Overview

Our comprehensive Net Zero Transition Plan outlines the strategies and actions that will be undertaken to minimize greenhouse gas emissions across our operations and value chain.

Our Net Zero Transition Plan is built on two strategic pillars:

Operational Decarbonization




Focus on Internal Operations and Impact: The purpose is to establish clear, measurable internal targets, aligned with science-based climate frameworks for achieving net zero emissions through a well-defined decarbonization pathway covering Bahrain Bourse’s operations (Exchange-focused).

Operational Impact	Monitoring & Reporting	Integrating Climate Action
 Measurement of GHG emissions (in alignment with the GHG protocol) associated with the Exchange's own operations including energy use from fuel consumption (Scope 1), electricity consumption (Scope 2), and business travel* (Scope 3)	 Reporting of GHG emissions as part of annual sustainability disclosures, including year-on-year tracking to assess progress, identify trends, and highlight areas for improvement.	 Integrating climate action and initiatives into our operational strategies, including resource management, energy efficiency measures, and carbon offsetting instruments.

Exchange Focused

Climate Regulations & Advocacy

Focus on Market Participants: The purpose is to establish a comprehensive regulatory framework for market stewardship, aimed at guiding and influencing the wider financial ecosystem towards robust decarbonization pathways through enhanced climate disclosure practices, enabling sustainability linked market products, and comprehensive stakeholder engagement.

Mandating Climate Disclosures	Regulation of Sustainability/ Climate Products	Awareness & Advocacy
 Establish a standardized framework for consistent and comparable climate-related disclosures and amend listing rules to mandate market participants (listed entities), to disclose relevant sustainability and climate metrics.	 Establishing an enabling regulatory framework to support the growth of sustainability/ climate linked products and ensuring its credibility.	 Engage with market participants including listed entities, financial institutions, peer regulators, market associations, and educational institutions to drive awareness about sustainability/ climate related considerations.

Market Focused

Measurement of Scope 3 emissions is subject to limitations arising from data availability and the complexity of calculation methodologies. At present, Scope 3 reporting is restricted to business-related air travel. Current efforts are guided by practical feasibility related to data availability and its measurement.

Key Milestones - 2025

The following timelines illustrate the key milestones as part of our NZFSPA commitments and the wider sustainability journey which includes our sustainability achievements:

Focus Areas	Pre – 2024	2024	2025	Post 2025
Governance	[Bar]			
Emission Measurement & Disclosure (Scope 1 & 2)	[Bar]			
Emission Measurement & Disclosure (Scope 3)		[Bar]		
Climate Transition Plan			[Bar]	
Scope 1, 2, 3 – Reduction Targets			[Bar]	
Climate Transition Plan – Implementation & Progress			[Bar]	

Climate Transition Plan

- Exchange & Market Focused Pillars.
- Identification of Decarbonization Levers.
- Market Focused Training & Enabling Regulations for Net Zero Goals.
- Net – Zero Emissions Policy.

Emission Reduction Targets

- Scope 1, 2 and 3 Emission Reduction Targets.
- Reduction targets aligned with time-horizons – Near-term and long-term emission reduction targets.

Implementation & Progress

- Assessing resource allocation and governance framework for implementation.
- Engage with market participants through training awareness programs to promote the adoption of Net Zero commitments.

02

Activities & Targets

Exchange Focused





Governance



■ Bahrain Bourse has established a robust governance framework to ensure accountability and effective oversight of its commitment to the NZFSPA. The existing governance structure is designed to integrate sustainability considerations seamlessly into the Bourse's core operations and strategic decision-making processes.

■ Central to this framework is a dedicated Sustainability Team. This team is responsible for overseeing the development, implementation, and continuous monitoring of the NZFSPA commitments, ensuring alignment with both national and international sustainability targets. The team's oversight role ensures that there is clear accountability for executing these commitments across all relevant areas, including market stewardship, product offerings, and internal operations.

■ In addition, Bahrain Bourse draws on external expertise, market participants, and peer regulators to ensure that its governance processes remain robust and responsive to emerging sustainability challenges. This collaborative approach allows for the incorporation of diverse perspectives, ensuring that the exchange's sustainability initiatives are not only aligned with leading practices but are also adaptable to the evolving regulatory landscape.

■ At the management level, the Sustainability Team is responsible for sustainability matters, including climate-related considerations. The team, led by the Senior Director of Partnership Development, Sustainability & Communication, reports to the Chief Executive Officer (CEO). The CEO is responsible for the monitoring the implementation of the broader sustainability strategy and the Net Zero Transition Plan across the Exchange's entire value chain. The team's primary responsibilities include:

- Supporting and advising the Board and Senior Management on sustainability and decarbonization aspects.
- Defining the Exchange's strategy, targets, KPIs and policies, including those related to climate action, across all operations.
- Ensuring the effective operationalization of ESG initiatives and decarbonization practices in accordance with applicable regulations and the NZFSPA commitments, respectively.
- Continuously monitoring sustainability related KPIs approved by the Board, including GHG emissions.
- Facilitating ESG (including GHG) reporting in line with applicable NZFSPA standards and Central Bank of Bahrain's ESG Reporting Guidelines (Common Volume - Part A - ESG Requirements).



At Bahrain Bourse, we are committed to integrating sustainability and climate considerations within the larger policy framework governing our operations. Our commitment is embedded within our organizational policies, procedures, and operational frameworks, which are designed to create tangible, positive outcomes for the environment, the community, and our stakeholders. These principles are critical to ensure that we are positioned to achieve Exchange-focused targets within the set timelines.

Compliance with Environmental Regulations: Ensuring full compliance with all relevant environmental legislation and regulations within the Kingdom of Bahrain, reinforcing our commitment to operating within a sustainable and legally compliant framework.

Integration of ESG Considerations: Integrating ESG factors into our work practices at all levels of the organization, supported through formal policies and procedures designed to embed sustainability in our day-to-day operations.

Mitigation of Environmental Impacts: Managing and reducing the direct environmental impacts of our internal operations, specifically through energy conservation measures and carbon footprint reduction, specifically, through robust processes to track and improve our performance over time.

Alignment with Global Goals: Alignment with Bahrain's national decarbonization and carbon neutrality commitments, as well as international goals, including the UN SDGs, the UN Sustainable Stock Exchange Initiative, and the World Federation of Exchanges' recommended guidelines.

Sustainable Procurement Practices: Integrating sustainability principles in our procurement processes, ensuring that our sourcing of goods and services supports our environmental objectives and reduces our overall impact on natural ecosystems.

Staff Training and Awareness: Emphasis on providing internal staff training to raise environmental awareness across the organization and encouraging our employees to integrate environmental considerations into their daily business activities.

Continuous Monitoring and Improvement: Monitoring and continuous improvement of our environmental practices, ensuring that we adapt to evolving sustainability standards and contribute to a greener, more sustainable economy.

Target 1.1.2: Policies, Procedures & Trainings





1.2

Emissions & Disclosure



Net Zero Transition Plan – Exchange Focused

Following are the Exchange focused (internal) considerations of the decarbonization plan.

 Current Maturity
  Future Maturity

Operational Decarbonization

Focus on Internal Operations and Impact : The purpose is to establish clear, measurable internal targets, aligned with science-based climate frameworks for achieving net zero emissions through a well-defined decarbonization pathway covering Bahrain Bourse’s operations (Exchange-focused).



Operational Impact]: Measurement of GHG emissions (in alignment with the GHG protocol) associated with the Exchange's own operations including energy use from fuel consumption (Scope 1), electricity consumption (Scope 2), and business travel* (Scope 3))



Monitoring & Reporting: Reporting of GHG emissions as part of annual sustainability disclosures, including year-on-year tracking to assess progress, identify trends, and highlight areas for improvement.



Integrating Climate Action: Integrating climate action and initiatives into our operational strategies, including resource management, energy efficiency measures, and carbon offsetting instruments.

Focus Area

Scope 1 Emissions: Emissions occurring from sources owned or controlled by Bahrain Bourse)

Related Activity:

- Fuel Consumption for operating vehicular fleet

Transition Levers

- Electrification of fuel dependent vehicular fleet by transitioning to electric vehicles or hybrid vehicles (full hybrids, mild hybrids, or plug-in hybrids)
- Effective fuel monitoring and management systems by engaging with suppliers.
- Fleet efficiency through route optimization and preventive maintenance of vehicles.
- Use of carbon offsetting instruments issued or verified by credible third-party agencies.

Risks

- Upfront capital costs associated with procuring electric vehicles.
- Dependence of external suppliers with downside risks such as supplier reliability, cost fluctuation and maintenance servicing.
- Availability of adequate charging infrastructure for EVs, limiting the feasibility of transitioning to electric-powered operations.
- Inherent market risks associated with carbon offset instruments including regulatory uncertainty, variability in offset project quality, price volatility, lack of standardization and long-term financial viability.

Net Zero Transition Plan

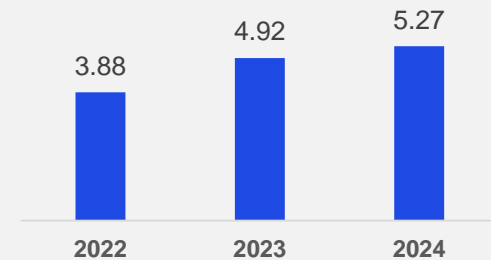
Focus Area	Transition Levers	Risks
<p>Scope 2 Emissions (Indirect GHG emissions from the consumption of purchased electricity, steam, heating, and cooling.)</p> <p>Related Activity:</p> <ul style="list-style-type: none"> Electricity Consumption for Office Premises 	<ul style="list-style-type: none"> Evaluate sourcing of electricity generated through renewable sources, use of smart technology to enable responsible electricity consumption within the office premises (upgrading lighting & HVAC systems), establishing energy management systems to monitor, control, and optimize electricity consumption. Purchasing Renewable Energy Certificates (RECs) to offset conventional electricity use with verified renewable energy credits, ensuring that portion of the electricity consumed is sourced from renewable energy. Use of carbon offsetting instruments issued or verified by credible third-party agencies. 	<ul style="list-style-type: none"> Centralized electricity supply provides little to no control on electricity generation mechanisms, thereby providing limited ability to source renewable energy independently. Monitoring & verification challenges with offsetting mechanisms (for example, effective verification of Renewable Energy Contracts). Absence of uniform standards and regulatory policies for Renewable Energy Certificates (RECs) leading to market uncertainty and standardization of renewable energy credits in the GCC region. Limited availability of large-scale, centralized solar infrastructure posing a challenge for centralized sustainable sourcing. Shortage of decentralized solar technologies and solutions for on-site energy production, limiting energy autonomy in distributed systems.
<p>Scope 3 Emissions (Indirect GHG emissions that occur across an organization's entire value chain and not directly controlled by Bahrain Bourse)</p> <p>Related Activity</p> <ul style="list-style-type: none"> Business Travel (Current Scope – Air Travel) 	<ul style="list-style-type: none"> Participation in Aviation Carbon Offsetting programs which are run in accordance with the applicable regulations and other standards set out by industry associations such as International Air Transport Association guidelines. 	<ul style="list-style-type: none"> Lack of consistent and widespread availability of carbon offsetting programs with all the airlines.

GHG Emissions – Reporting & Targets

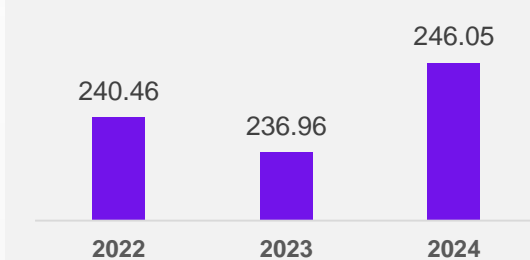
Scope 1, 2, and 3 GHG Emissions – Measurement & Disclosure

- As part of our commitment to transparency and climate action, we have implemented a comprehensive system for measuring and disclosing our Scope 1, 2, and 3 GHG emissions. This process is aligned with the methodology recommended under the GHG Protocol.
- We are committed to disclosing our emissions performance annually as part of our sustainability report. This report provides a comprehensive account of our Scope 1, 2, and 3 emissions, detailing the sources of emissions. Our disclosure process ensures consistency, transparency, and comparability of emissions data, enabling stakeholders to evaluate our climate-related performance in a meaningful way.

Scope 1 emissions (TCO2e)



Scope 2 emissions (TCO2e)



- Our Scope 1 and Scope 2 emission disclosures are included as part of the Annual Sustainability Report. Beginning in 2025, we have also initiated reporting of our Scope 3 emissions (related to business travel by air)
- For detailed disclosures, please refer to our sustainability report available on our website: <https://bahrainbourse.com/EN/SUSTAINABILITY/REPORTS>

Target 1.2.2: Scope 1, 2, and 3 Measurements & Disclosures

Net – Zero Emissions Target (Scope 1, 2, 3)

Our net zero emission targets are aligned with SBTi framework and the goals of Paris Climate Agreement. The alignment of the target with a science-based framework ensures that our emission reductions contribute meaningfully to the global effort to limit climate change through an actionable, science-backed pathway. The key aspects of the net zero plan are, as follows:

Baseline Year:
2024 (Emissions reduction targets are set in comparison to the emissions in the baseline year).

Near-term Targets:
Scope 1 & 2 : Bahrain Bourse aims to reduce Scope 1 and Scope 2 emissions by 30 per cent by 2030, compared to 2024 as the base year.

Scope 3 Engagement:
Mandating participation in carbon offsetting programs during business-related air travel, when available.

Long-term Targets (Net Zero):
Bahrain Bourse aims to reduce its absolute Scope 1, 2 and 3 emissions by 90% by 2050, compared to 2024 as the base year.

Target 1.2.3: Scope 1, 2, and 3 Commitments



03

Activities & Targets

Market Focused

Market Focused Pillars – Market Focused

The Net Zero Transition Plan includes market focused pillars related to climate stewardship and advocacy by Bahrain Bourse. This includes regulatory interventions as well as driving awareness related to sustainability and climate considerations among market participants.

 Current Maturity
  Future Maturity

Climate Regulations & Advocacy

Focus on Market Participants: The purpose is to establish a comprehensive regulatory framework for market stewardship, aimed at guiding and influencing the wider financial ecosystem towards robust decarbonization pathways through enhanced climate disclosure practices, enabling sustainability linked market products, and comprehensive stakeholder engagement.



Mandating Climate Disclosures: Establish a standardized framework for consistent and comparable climate-related disclosures and amend Listing Rules to mandate market participants (Listed Companies), to disclose relevant sustainability and climate metrics.



Regulation of Sustainability/ Climate Products: Establishing an enabling regulatory framework to support the growth of sustainability/ climate linked products and ensuring its credibility.



Awareness & Advocacy: Engage with market participants including Listed Companies, Financial Institutions, peer regulators, market associations, and educational institutions to drive awareness about sustainability/ climate related considerations.

NZFSPA Alignment

Transparency & Education

- Climate (ESG) Disclosure Guidance & Training
- Climate Data & Information

Transparent disclosure of climate data such as energy consumption, GHG emissions and emission intensity, is particularly useful for regulators and market participants to understand and evaluate the emission footprint of listed companies. This can also be utilized to evaluate the next phase of climate regulations in the market. In November 2024, Bahrain Bourse has updated its listing rules to include mandatory ESG disclosures for all the listed companies, beginning with the reporting year 2024.

Products & Services

- Regulation of climate-themed products
- Climate aligned products and services

Climate-responsive regulatory agenda includes an inventory of key climate linked regulations including ESG integration in risk management, regulation of sustainability products, ESG taxonomy, and use of ESG data products. Bahrain Bourse shall continue to engage with market participants to enhance the regulatory framework related to climate considerations and related products and services.

Policy Persuasion & Engagement

- Regional Policymaking & Stewardship
- Climate disclosures and Net Zero Commitments

Bahrain Bourse shall aim to utilize carbon emissions data reported by its listed companies over the next reporting periods. The Exchange shall explore the potential use of this data to encourage adoption of emissions reduction targets, initially aimed the highest-emitting entities. This approach aims to promote fair responsibility and shared accountability for emissions reduction among market participants.

Market Focused Pillars – Market Focused

The Net Zero Transition Plan includes market focused pillars related to climate stewardship and advocacy by Bahrain Bourse. This includes regulatory interventions as well as driving awareness related to sustainability and climate considerations among market participants.

Focus on Market Participants: The purpose is to establish a comprehensive regulatory framework for market stewardship, aimed at guiding and influencing the wider financial ecosystem towards robust decarbonization pathways through enhanced climate disclosure practices, enabling sustainability linked market products, and comprehensive stakeholder engagement.



Current Maturity Future Maturity

NZFSPA Alignment		
<p>Transparency & Education</p> <ul style="list-style-type: none"> Climate (ESG) Disclosure Guidance & Training Climate Data & Information 	<p>Products & Services</p> <ul style="list-style-type: none"> Regulation of climate-themed products Climate aligned products and services 	<p>Policy Persuasion & Engagement</p> <ul style="list-style-type: none"> Regional Policymaking & Stewardship Climate disclosures and Net Zero Commitments
<p>Transparent disclosure of climate data such as energy consumption, GHG emissions and emission intensity, is particularly useful for regulators and market participants to understand and evaluate the emission footprint of listed companies. This can also be utilized to evaluate the next phase of climate regulations in the market. In November 2024, Bahrain Bourse has updated its listing rules to include mandatory ESG disclosures for all the listed companies, beginning with the reporting year 2024.</p>	<p>Climate-responsive regulatory agenda includes an inventory of key climate linked regulations including ESG integration in risk management, regulation of sustainability products, ESG taxonomy, and use of ESG data products. Bahrain Bourse shall continue to engage with market participants to enhance the regulatory framework related to climate considerations and related products and services.</p>	<p>Bahrain Bourse shall aim to utilize carbon emissions data reported by its listed companies over the next reporting periods. The Exchange shall explore the potential use of this data to encourage adoption of emissions reduction targets, initially aimed the highest-emitting entities. This approach aims to promote fair responsibility and shared accountability for emissions reduction among market participants.</p>



2.1

Transparency & Education



Key Priorities

Actively promote availability of high-quality climate information by producing guidance for issuers or undertaking initiatives that encourage climate-related disclosures.

Target 2.1.1: Promote availability of climate information

Offering climate disclosures training at least annually

Target 2.1.2: Climate Disclosures Training

Our Response

- In June 2020, Bahrain Bourse issued voluntary reporting guidelines for listed companies. The voluntary reporting guidelines aimed to increase awareness and understanding of ESG considerations, including specific disclosure recommendations related to GHG emissions, emission intensity, climate risk and related investments.
- The ESG reporting guidelines encouraged listed companies to disclose 32 ESG metrics and indicators, in line with the recommendations of the Sustainable Stock Exchanges (SSE) initiative, the World Federation of Exchanges, the Global Reporting Initiative (GRI) standards, and the United Nations Sustainable Development Goals. The guidance outlines the key regional and global drivers for adopting ESG reporting, emphasizes its significance, and provides methods for reporting on ESG topics.
- The Bourse also encourages listed entities to utilize sustainability reporting frameworks, including but not limited to GRI, Carbon Disclosure Project (CDP), and IFRS – ISSB (International Sustainability Standards Board).
- Bahrain Bourse is focused on promoting capacity building related to sustainability topics and climate issues within the wider capital markets. This aligns with the Bourse’s goal of providing environmental and climate stewardship to market participants.
- Given the emerging sustainability/ climate disclosure standards, driven by the IFRS, Bahrain Bourse conducted a training session related to IFRS ISSB Sustainability Disclosure Standards S1 and S2, in association with the Bahrain Association of Banks.
- In May 2023, Bahrain Bourse organized training workshops on sustainability reporting frameworks, including the Task Force on Climate-related Financial Disclosures (TCFD), to raise awareness around climate-related governance, strategy, and risk management.
- In November 2021, Bahrain Bourse entered a Memorandum of Understanding with the Bahrain Institute of Banking & Finance to deliver specialized sustainability focused trainings through its Sustainable Development Academy. The topics included Sustainable Development, ESG Rating and Scoring, and Technological Change & Sustainability.
- Under the Market focused initiatives of the Net Zero Transition Plan, Bahrain Bourse shall continue to engage with the market participants and provide relevant learning and training modules related to climate disclosures and reporting.



2.2

Products & Services



Key Priorities

Actively promote availability of high-quality climate information by producing guidance for issuers or undertaking initiatives that encourage climate-related disclosures.

Target 2.2.1: Climate-themed products

Incorporate climate-related considerations into the development processes for products and services

Target 2.2.2: Climate-related considerations in products and services

Our Response

- In November 2020, Bahrain Bourse and the Kingdom of Bahrain's Supreme Council for Environment signed an MoU (Memorandum of Understanding) to enhance areas of cooperation and address issues of mutual interest between the two public authorities. The agreement was aligned with Bahrain Bourse's regulatory ambitions to provide listing of green bonds and drive the transition to sustainable and responsible investments through its offerings.
- Bahrain Bourse remains committed to incorporate educational initiatives, socialize sustainability data for wider public use, and support establishment of sustainability linked financial products. We aim to align our regulation of climate-themed products with international frameworks including those recommended by organizations such as the International Organization of Securities Commission (IOSCO). This may include regulation of sustainability-linked investment funds, ESG data and ratings products, and establishing ESG taxonomies.
- The integration of climate themed products across various markets shall be aligned with the regulatory guidance provided by the Central Bank of Bahrain. The Exchange shall engage in extensive consultation with all the stakeholders to understand the market requirements and correspondingly establish and enhance the regulations of climate-themed products. The Exchange shall also leverage the internationally recognized standards such as the International Capital Market Association (ICMA) Green Bonds Principles while assessing the development of related financial regulations.
- Bahrain Bourse's products and services mainly include listing services for various asset classes including Equities, Bonds & Sukuks, Treasury Bills, Mutual Funds, Real Estate Investment Trusts (REITs) and. In addition to listing services, Bahrain Clear (a fully owned subsidiary of Bahrain Bourse) provides clearing and settlement services, central depository services and other eServices related to IPO processes, and AGM management.
- While our scope to incorporate climate considerations in these standardized products remains limited, we have focused on increased adoption of digital technology and electronic processing to minimize the emission footprint associated with these activities. Our digital offerings such as e-AGM* and digital listing services are intrinsically linked to our Scope 2 and Scope 3 footprint. We aim to capture the incremental environmental impact of these activities through continuous monitoring and reporting of Scope 1 and Scope 2 emissions.

*eAGM is an innovative AGM service that enables issuers, investors, custodians, regulators, and other participants to participate in AGMs fully virtually or in a hybrid format with built-in voting capabilities.



2.3

Policy, Persuasion & Engagement



Key Priorities

Engaging with local and global policy makers and standard setters to stay informed of and promote net zero aligned policies

Target 2.3.1: Engaging with local and global policy makers and standard setters

Mandatory climate-related disclosures

Target 2.3.2: Mandatory Climate – Related Disclosures

Promote adoption of net zero commitments and transition plans among market participants

Target 2.2.3: Promote Net Zero Commitments among market participants

Our Response

- Bahrain Bourse engages with a diverse group of stakeholders including market participants, industry associations, peers, regulators and global institutions linked to sustainability and climate actions. Additionally, Bahrain Bourse continues to engage with internal and external policy makers and standard setters to advance net zero aligned policies.
- Throughout its sustainability journey, the Exchange has engaged with key groupings and institutions including the UN Sustainable Stock Exchange in addition to regional associations such as the Gulf Cooperation Council (GCC).
- As a member of the GCC’s Exchanges Committee. Bahrain Bourse has actively partnered with its peer Exchanges in the Gulf region to drive standardization of ESG disclosure guidelines.
- In 2024, Bahrain Bourse issued an update to its Listing Rules to incorporate ESG disclosure requirements issued by the Central Bank of Bahrain’s Common Volume – ESG Reporting Requirements (Part A). The Bourse’s Listing Rules & Guidelines also require the listed entities to submit ESG disclosures no later than six months after every financial year.
- The disclosures represent a key milestone towards mandatory climate-related disclosures including data such energy consumption, GHG emissions, and emission intensity.
- Bahrain Bourse continues to evaluate emerging sustainability reporting frameworks and requirements to drive proliferation of robust ESG reporting within the Kingdom’s capital markets.
- At Bahrain Bourse, we recognize the importance of encouraging the listed/ regulated entities under our scope, to adopt transition plans and climate commitments. This is critical to drive a market-wide response to decarbonization efforts and support the net zero commitments at the national and international level.
- As part of encouraging market participants to adopt net zero commitments, our key levers include assessing ESG disclosures to assess and identify major emitters among the listed entities. The availability of data through mandatory sustainability disclosures can be utilized to encourage top emitters (by contribution or volume) to establish net zero emissions and transition plan.
- We shall continue to provide market guidance and capacity building enhancements to enable private institutions in developing net zero commitments and transition plans.

04

Appendix



Target Index (1/1)

Category	Targets	Reference
Governance	<i>Target 1.1.1:</i> Governance Structure for NZFSPA Commitments	Section 02 – Activities & Targets (Exchange Focused) – 1.1 Governance (<i>Page 14</i>)
	<i>Target 1.1.2:</i> Implementation of policies, procedures and trainings	Section 02 – Activities & Targets (Exchange Focused) – 1.1 Governance (<i>Page 15</i>)
Emissions & Disclosure	<i>Target 1.2.1:</i> Disclosing climate actions as part of transition plan	Section 02 – Activities & Targets (Exchange Focused) – 1.2 Emissions & Disclosures (<i>Page 17 & 18</i>)
	<i>Target 1.2.2:</i> Measure and disclose their Scope 1, 2 and (where material) 3 emissions annually	Section 02 – Activities & Targets (Exchange Focused) – 1.2 Emissions & Disclosures (<i>Page 19</i>)
	<i>Target 1.2.3:</i> Commitment to Scope 1, 2, and (where material) 3 emissions reductions for own operations	Section 02 – Activities & Targets (Exchange Focused) – 1.2 Emissions & Disclosures (<i>Page 19</i>)
Transparency & Education	<i>Target 2.1.1:</i> Promote availability of high-quality climate information by producing guidance to encourage climate-related disclosures	Section 03 – Activities & Targets (Market Focused) – 2.1 Transparency & Education (<i>Page 23</i>)
	<i>Target 2.1.2:</i> Offer climate disclosure training at least annually	Section 03 – Activities & Targets (Market Focused) – 2.1 Transparency & Education (<i>Page 23</i>)
Products & Services	<i>Target 2.2.1:</i> Raise visibility of climate-themed products	Section 03 – Activities & Targets (Market Focused) – 2.2 Products & Services (<i>Page 23</i>)
	<i>Target 2.2.2:</i> Incorporate climate related considerations into the development processes for relevant products and services	Section 03 – Activities & Targets (Market Focused) – 2.2 Products & Services (<i>Page 23</i>)
Policy, Persuasion & Engagement	<i>Target 2.3.1:</i> Engage with local and global policymakers and standard setters to stay informed of and promote net zero aligned policies	Section 03 – Activities & Targets (Market Focused) – 2.3 Policy, Persuasion & Engagement (<i>Page 27</i>)
	<i>Target 2.3.2:</i> Mandatory climate-related disclosures in the market	Section 03 – Activities & Targets (Market Focused) – 2.3 Policy, Persuasion & Engagement (<i>Page 27</i>)
	<i>Target 2.3.3:</i> Engage with market participants, including market awareness programs, and promote adoption of net zero commitments and transition plans among market participants	Section 03 – Activities & Targets (Market Focused) – 2.3 Policy, Persuasion & Engagement (<i>Page 28</i>)

References (1/1)

1. *Understanding NZFSPA* - [Net Zero Financial Service Providers Alliance](#)
2. Glasgow Financial Alliance for Net Zero - [Glasgow Financial Alliance for Net Zero](#)
3. The Paris Agreement - [The Paris Agreement | UNFCCC](#)
4. Net Zero Target Setting Guidance for Exchanges - [NZFSPA Exchange Group's Net Zero Target-Setting Guidance](#)
5. Kingdom of Bahrain's COP Statement : National Net Zero Emissions Commitment - [COP 28 High-level Segment - Written statement - Bahrain | UNFCCC](#)
6. Key National Plans and Strategies - [Climate Change and Environment Protection](#)