

Under the patronage of **HRH Prince Khalid Al-Faisal**
Advisor to the Custodian of the Two Holy Mosques & Governor of Makkah Region



المؤتمر الدولي الثاني والعشرون لإدارة الأصول والمرافق والصيانة
The 22nd International Asset, Facility & Maintenance
Management Conference

Digitization - Excellence - Sustainability

**ESG Metrics and Risk Factors in Asset and
Facility Management
Adapting to Mandatory Reporting Policies**

26-28 January 2025

The Ritz-Carlton Jeddah, Kingdom of Saudi Arabia

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Arab Asset, Facility and Maintenance Management Council

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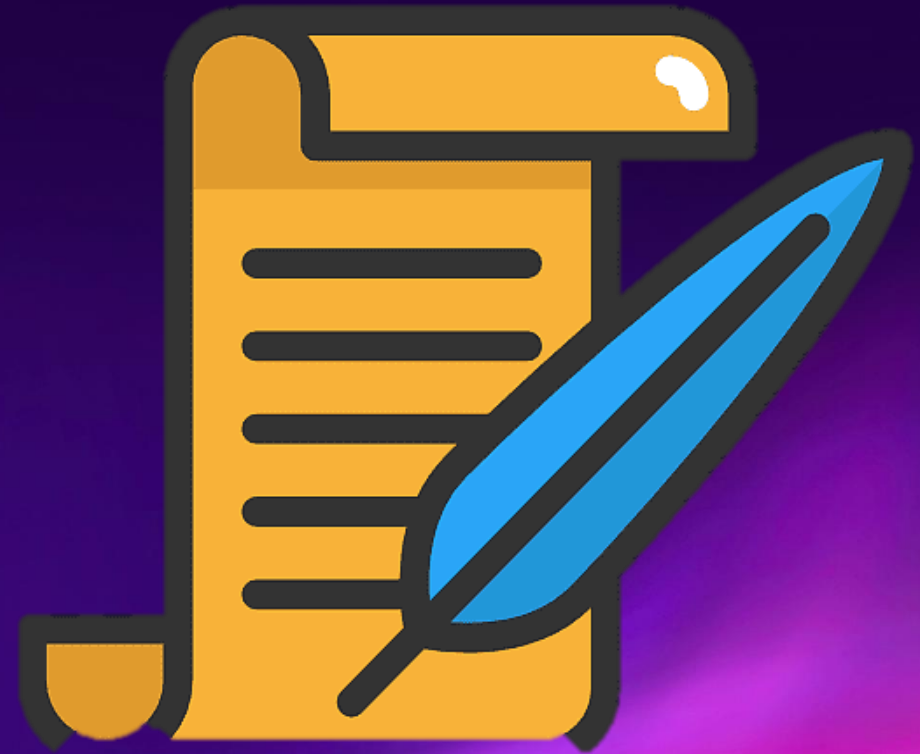
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AGENDA

01 Introduction about ESG

02 Importance About ESG

03 Metrics of ESG

04 Reporting of ESG

05 Relation of ESG & Asset Management & FM

06 Risk Factors related to ESG

07 ESG Integration in Saudi Arabia

08 Key ESG initiatives in Saudi Arabia

09 Implications for Asset and Facility Management

10 Recommendations and Future Studies

WHAT IS ESG?

ESG stands for environmental, social, and (corporate) governance.
It is a set of practices and metrics used to evaluate a company beyond its financial performance.

In other words, ESG practices and metrics offer a way to : measure a company's *health and stability* beyond what may be deduced from the numbers on its balance sheet.

“ESG came from the recognition :that a company's financial statements don't tell a prudent **حصيف investor everything they need to know about the risks that a company should be managing.”**

Sandra Odendahl

Senior Vice President and Lead, Sustainability, Diversity and Partnerships, BDC

Environmental: This aspect examines how a company or investment performs as a steward of nature. This includes issues like climate change, carbon emissions, waste management, and resource conservation.

Social: This focuses on a company's relationships with its stakeholders, including employees, customers, suppliers, and the communities where it operates. It covers areas such as human rights, labor standards, diversity and inclusion, and consumer protection.

Governance: Governance concerns how a company is run, specifically the board structure, executive compensation, audits, shareholder rights, and overall corporate transparency and ethics.

WHAT IS ESG?

WHAT IS ESG?

ESG is a set of principles that helps companies operate responsibly.

It goes beyond profits and asks businesses to consider their impact on the environment, society, and their own governance practices.

Today, ESG is no longer optional. Businesses that align with ESG principles not only contribute to global sustainability goals but **also gain a competitive edge.**

ESG helps companies : mitigate risks, attract, ethical investors, and build trust with consumers.

WHAT IS ESG....

- Newcomer to **corporate responsibility**
- Refers to three key **non-financial factors**- **environment** ,**social governance** in evaluating a company's risk profile and performance
- ESG: Can be referred to as : **sustainable investing or socially responsible investing** in the business decision-making processes.

long-term financial performance & Reduce Risks .

Environment Social
Governance (ESG)
focuses on 'value'

Corporate Social
Responsibility (CSR)
focuses on 'values'

ethical and moral responsibilities

Introduction about ESG

Integrating Environmental, Social, and Governance (ESG) considerations has become ***a critical aspect of corporate strategy, significantly influencing how companies manage their assets and facilities*** :

- There has been a ***growing emphasis on sustainability and responsible management practices*** in recent years, driven by increasing : ***regulatory requirements and stakeholder expectations***.
- So, Companies are now expected to demonstrate their commitment.
- ***Mandatory ESG reporting requirements*** are becoming more prevalent worldwide, ***forcing organizations to adopt standardized frameworks for :***
 - ❑ ***evaluating and disclosing their sustainability performance***.
- These frameworks, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), guide companies in :
 - ❑ *measuring and reporting key ESG metrics,*
 - ❑ *enabling them to communicate their efforts effectively.*

WHY IS ESG IMPORTANT?



Better Performance

Lower risk, lower cost of capital, better operations performance, may enhance shareholder value.



Regulatory and Voluntary Initiatives

The growing number of voluntary disclosures is gradually moving closer to becoming regulatory requirements.



Investor Demand

Institutional investors are increasingly focusing on ESG integration.

WHY IS ESG IMPORTANT?

- Win new business
- Build and maintain a positive image
- Attract, retain and motivate employees esp. Millennials
- Improve risk management
- Build community goodwill



- Reduce operating costs
- Discover new ways of doing business
- Reduce regulatory delays
- Improve the value of the company to future owners
- Increase access to financing

IMPORTANCE OF ESG

One key aspect of ESG integration in asset management is:

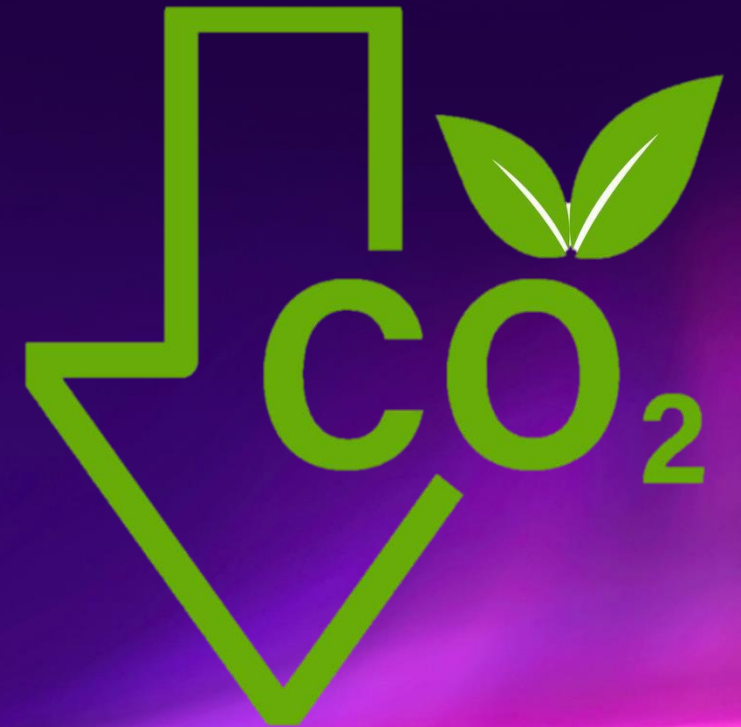
- ❑ adopting sustainable practices, such as : **energy-efficient building designs, renewable energy sources, and water conservation measures.**

These practices :reduce the environmental **footprint** and contribute to

- ❑ **cost savings and improved asset value over time.**

Similarly, social considerations, such as : ensuring safe and healthy working conditions and engaging with local communities, have been **linked :**

- ❑ **to enhanced corporate reputation and employee satisfaction.**



IMPORTANCE OF ESG

- In recent years, the integration of Environmental, Social, and Governance (ESG) principles into asset and facility management has gained considerable attention :
 - ❑ for its influence on operational efficiency, risk mitigation, and long-term sustainability.
- **Research has shown that organizations adopting ESG-focused asset and facility management strategies are :**
 - ✓ **better positioned to address :**
 - **emerging regulatory requirements and**
 - **stakeholder expectations.**



IMPORTANCE OF ESG

- ESG considerations are *no longer seen as optional but have become a fundamental part of business strategy for several reasons.*
- **The following points define the importance of ESG in business:**
 - **1. Risk mitigation**
 - **2. Financial Performance**
 - **3. Stakeholder Expectations**
 - **4. Access to Capital**
 - **5. Competitive Advantage**



WHY ESG?



The adoption and integration of ESG practices is driven by: *the increasing recognition that sustainability and ethical practices can lead to improved long-term financial performance.* Key reasons include:

Risk Mitigation	ESG practices help identify and manage environmental risks like climate change, resource scarcity, and pollution. They also address social risks related to labor practices, human rights, and community relations.
Access to Capital	Investors and financial institutions increasingly favor companies with strong ESG commitments, leading to potential benefits like lower borrowing costs.
Regulatory Compliance	Governments worldwide are introducing ESG regulations, especially for larger organizations. Smaller businesses may face similar requirements in the future.
Cost Reduction and Efficiency	By tracking resource usage and implementing sustainable practices, businesses can reduce waste, improve efficiency, and potentially lower costs.
Long term value creation	While ESG initiatives might have initial costs, they often contribute to long-term value through factors like customer loyalty, brand reputation, and innovation.
Talent acquisition and retention	Strong ESG practices can enhance employee satisfaction, creativity, and retention, leading to improved productivity and overall business performance.
Market opportunities and innovation	Companies with robust ESG strategies are better positioned to identify and capitalize on emerging market trends and innovations.

ESG METRICS



Environmental

- Energy Management
- Greenhouse Emissions
- Water Management
- Biodiversity
- Waste Management
- Pollution Prevention
- Climate Adaptation
- Product/Service Impacts
- Environmental Compliance
- Environmental Governance



Social

- Labor Practices & Work
- Human Rights
- Society
- Data Privacy and Security
- Responsible Supply Chain
- Product Responsibility
- Employee Well-being
- Community Impact
- Access to Services



Governance

- Governance Structure
- Board Composition
- Ethical Conduct
- Risk Management
- Compliance & Legal
- Transparency & Disclosure
- Economic Performance
- Value Chain Contribution
- Economic Assessment
- Fair Wages and Benefits
- Innovation Investment
- Tax Transparency

ENVIRONMENTAL METRICS



Environmental

- Energy Management
- Greenhouse Emissions
- Water Management
- Biodiversity
- Waste Management
- Pollution Prevention
- Climate Adaptation
- Product/Service Impacts
- Environmental Compliance
- Environmental Governance

Energy Management:

- Total energy consumption
- Renewable energy usage
- Energy efficiency initiatives

Greenhouse Emissions:

- Total Scope 1, 2, and 3 emissions
- Emissions intensity
- Emissions reduction targets and progress

Water Management:

- Total water withdrawal
- Water sources and risks
- Water recycling/reuse initiatives

Biodiversity:

- Impact assessments
- Habitat preservation efforts
- Biodiversity conservation initiatives

Waste Management:

- Total waste generated
- Waste diversion and recycling rates
- Hazardous waste management practices

Pollution Prevention:

- Air and water pollutant emissions
- Compliance with regulations
- Pollution control measures

Climate Adaptation:

- Vulnerability assessments
- Adaptation strategies and actions
- Resilience planning

Product/Service Impacts:

- Life cycle assessments
- Environmental impacts of products/services
- Sustainable product/service innovation

Environmental Compliance:

- Compliance with environmental laws and regulations
- Environmental permits and licenses
- Incidents of non-compliance and remediation actions

Environmental Governance:

- Board oversight of environmental risks and opportunities
- Environmental policies and management systems
- Employee training and awareness programs

SOCIAL METRICS



Social

- Labor Practices & Work
- Human Rights
- Society
- Data Privacy and Security
- Responsible Supply Chain
- Product Responsibility
- Employee Well-being
- Community Impact
- Access to Services

Labor Practices & Work:

- Employment indicators (employment rates, turnover rates, etc.).
- Occupational health and safety measures
- Diversity and equal opportunities.
- Training and education programs for employees.
- Fair remuneration and benefits.

Human Rights:

- Policies and procedures regarding human rights.
- Human rights impact assessments
- Efforts to prevent discrimination and harassment.
- Supply chain management to ensure human rights compliance.
- Grievance mechanisms for addressing human rights

Society:

- Contributions to local communities.
- Social Investment initiatives
- Stakeholder engagements processes.
- Access to essential services (healthcare, education, etc.).
- Impact assessments on societal well-being.

Data Privacy and Security:

- Data protection policies and procedures.
- Cybersecurity measures
- Compliance with data privacy regulations.
- Transparency about data practices.
- Data breach response plans

Employee Well-being:

- Health and wellness programs.
- Work - life balance initiatives
- Mental health support services.
- Employee assistance programs.
- Feedback mechanisms for employee well-being.

Product Responsibility:

- Product safety and quality
- Marketing and advertising practices.
- Customer data privacy and protection.
- Responsible product development and innovation.
- Customer satisfaction and feedback mechanisms.

Responsible Supply Chain:

- Supplier code of conduct
- Supplier assessment and monitoring.
- Supply chain transparency initiatives
- Collaboration with suppliers for improvement.

Access to Services:

- Accessibility initiatives for disadvantaged groups.
- Provision of essential services to underserved communities.
- Affordable pricing strategies
- Partnerships with NGOs and governments for service provisions
- Monitoring and evaluation of access initiatives

Community Impact:

- Community development projects
- Philanthropic activities
- Local hiring and procurement.
- Community engagement and consultation processes
- Measurement of community impact.

GOVERNANCE METRICS



Governance

- Governance Structure
- Board Composition
- Ethical Conduct
- Risk Management
- Compliance & Legal
- Transparency & Disclosure
- Economic Performance
- Value Chain Contribution
- Economic Assessment
- Fair Wages and Benefits
- Innovation Investment
- Tax Transparency

Governance Structure:

- Describe the organization's governance structure, including the roles and responsibilities of the board of directors and senior management.

Board Composition:

- Provide information on the composition of the board, including diversity, independence, and expertise of board members.

Ethical Conduct:

- Outline the organization's code of conduct and policies related to ethics, integrity, and anti-corruption efforts.

Risk Management:

- Explain how the organization identifies, assesses, and manages risks, including financial, operational, and reputational risks.

Compliance & Legal:

- Describe the organization's compliance with relevant laws, regulations, and international standards, as well as any legal proceedings or sanctions.

Transparency & Disclosure:

- Disclose information on the organization's governance practices, performance, and decision-making processes to stakeholders.

Economic Performance:

- Provide information on the organization's economic performance, including revenue, profitability, and economic value added (EVA).

Value Chain Contribution:

- Describe the organization's contribution to the economy throughout its value chain, including suppliers, distributors, and local communities.

Economic Assessment:

- Conduct assessments to understand the organization's economic impacts on the communities where it operates.

Fair Wages and Benefits:

- Ensure fair wages and benefits for employees, including compliance with minimum wage laws, gender pay equity, and retirement

Innovation Investment:

- Invest in research and development, innovation, and technology to drive economic growth, create new market.

Tax Transparency:

- Practice transparency in tax reporting and compliance, including disclosure of tax payments by jurisdiction and adherence to tax principles.

REPORTING OF ESG

Globally, there is a **growing movement towards mandatory ESG reporting**, with various countries and regions implementing regulations that require companies to disclose their sustainability practices.

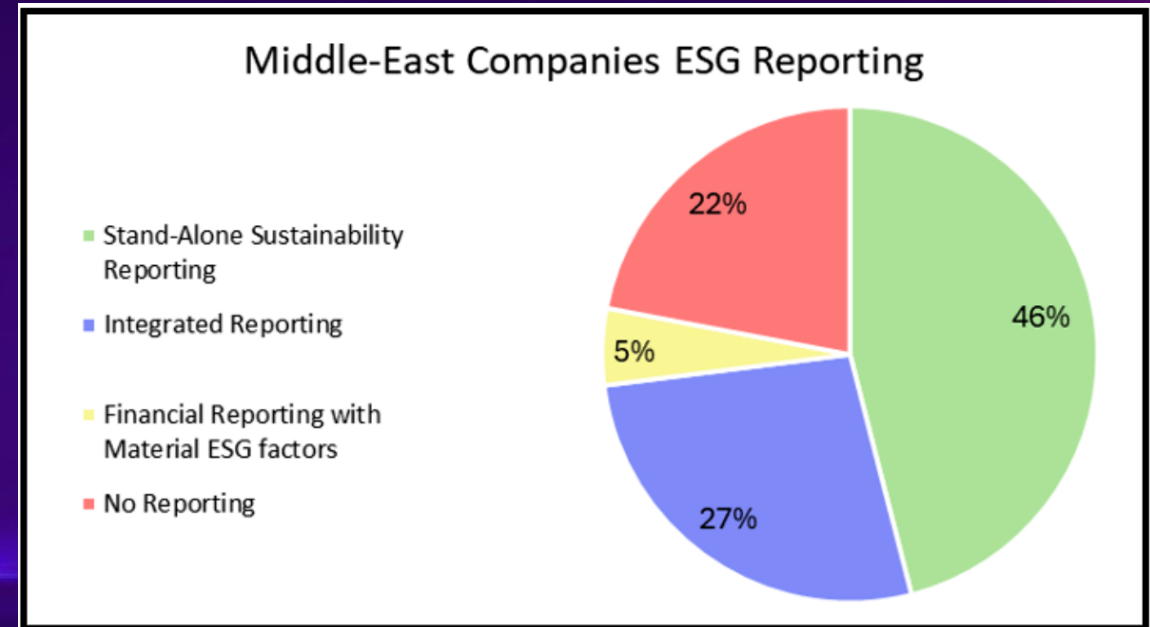
For example, the European Union's Corporate Sustainability Reporting Directive (**CSRD**) :

- ❑ **Mandates that companies provide detailed information on their ESG initiatives, including their environmental and societal impact**

In the United States, the Securities and Exchange Commission (SEC) also considers :

- ❑ **rule changes & policy adjustments :requiring ESG disclosures, emphasizing transparency and accountability, (e.g., carbon emissions, diversity policies, governance practices).**

Figure 1 shows the percentage of companies in the Middle East that have certain types of sustainability reporting. More than 50% of the companies in the Middle East have no stand-alone sustainability report.



REPORTING OF ESG

Companies must implement sustainable practices and develop mechanisms for tracking and reporting their ESG performance.

This has led to the adoption of standardized reporting frameworks, such as the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), *which provide guidelines for measuring and communicating ESG metrics.*

One of the Key challenges is : balancing operational efficiency with sustainability goals:

- **Implementing energy-efficient systems, for example, may require significant upfront investment (large amount of money that must be paid or allocated at the beginning of a project or initiative before any benefits or returns are realized) , which can be a barrier for some organizations.**
- **Additionally, a lack of standardized ESG metrics and reporting practices makes it difficult for companies to benchmark their performance and demonstrate their commitment to sustainability .**



The integration of ESG metrics into asset and facility management

The integration of ESG metrics into asset and facility management enhances:

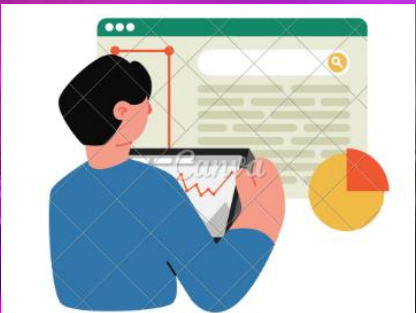
- **Risk mitigation:** by addressing climate, regulatory, and social challenges. These metrics support long-term value creation through improved sustainability and operational efficiency *and social risks in asset and facility management.*
- **Additionally, Governance-focused metrics strengthen and enhance:** accountability and compliance, reducing operational risks and ensuring alignment with global standards.
- **Driving Value Creation: Sustainability-focused practices improve:**
 - ❑ operational efficiency and
 - ❑ ensure long-term resilience.

Relation of ESG & Asset Management & FM

- **A Synergistic Relationship ,**
- **ESG Principles Guide Sustainable Asset Management:**
 - ESG factors (environmental, social, and governance) significantly :
 - ❑ *influence investment decisions and asset valuation.*
 - ❑ Companies with strong environmental policies, positive social impact, and robust governance practices are viewed as less risky and more sustainable.
 - ❑ *Effectively managing ESG risks and opportunities enables firms to enhance their market value and drive long-term growth..*
- **Facility Management Implements ESG Strategies:** FM practices contribute to ESG goals by: optimizing energy use, reducing waste, ensuring worker safety, and promoting ethical sourcing.
- **Alignment of ESG, Asset Management, and FM:**

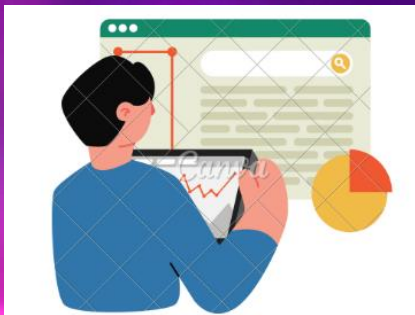
- ✓ *By integrating these three areas organizations can achieve:*
 - ❑ *long-term value, mitigate risks, and*
 - ❑ *enhance their sustainability profile.*

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Relation of ESG & Asset Management & FM

The study analyses ESG performance reports from different industries using sustainability reports, third-party ratings, and disclosures aligned with frameworks like GRI and SASB, sourced from databases such as Bloomberg, Refinitiv, and MSCI.



The analysis reveals significant differences in how industries integrate ESG practices, with real estate and manufacturing showing advancements in energy efficiency and waste management.

Importance of Adopting ESG Metrics and Risk Factors in Asset and Facility Management

1. Compliance with Regulatory Requirements

- Ensures alignment with mandatory ESG reporting frameworks (e.g., GRI, TCFD, SASB).
- Reduces risks of legal penalties, fines, and operational disruptions due to non-compliance.

2. Improved Risk Management

- Identifies, assesses, and mitigates ESG-related risks (e.g., climate change, resource scarcity, labor issues).
- Enhances resilience against environmental, social, and governance disruptions.

3. Financial Benefits

- Reduces operating costs through energy efficiency, waste management, and resource optimization.
- Increases access to green financing and investment opportunities by meeting sustainability criteria.

Importance of Adopting ESG Metrics and Risk Factors in Asset and Facility Management

4. *Enhanced Asset Performance*

- Optimizes asset lifecycles by integrating sustainable practices, reducing wear, and increasing longevity.
- Incorporates ESG KPIs into asset performance monitoring for better decision-making.

5. *Competitive Advantage*

- Differentiates organizations in the market by demonstrating commitment to sustainability.
- Attracts ESG-conscious tenants, clients, and partners.

6. *Stakeholder Trust and Engagement*

- Builds confidence among investors, customers, and communities by showcasing transparency and ethical practices.
- Enhances employee satisfaction and retention by focusing on health, safety, and inclusivity.

Importance of Adopting ESG Metrics and Risk Factors in Asset and Facility Management

7. Contribution to Sustainability Goals

- Aligns operations with global and regional sustainability initiatives, such as the United Nations Sustainable Development Goals (SDGs).
- Reduces carbon footprint and promotes the use of renewable energy and eco-friendly materials.

8. Future-Proofing Assets

- Prepares assets to adapt to evolving environmental conditions, regulatory landscapes, and stakeholder expectations.
- Minimizes the impact of unforeseen events like extreme weather or policy shifts.

9. Data-Driven Decision Making

- ESG metrics provide actionable insights for optimizing operations and investment decisions.
- Facilitates predictive maintenance and informed asset allocation based on ESG considerations.

Importance of Adopting ESG Metrics and Risk Factors in Asset and Facility Management

10. Reputational Enhancement

- Demonstrates corporate responsibility and commitment to sustainability.
- Protects and enhances brand value by mitigating risks associated with ESG controversies.

11. Alignment with Investor Expectations

- Attracts ESG-focused investors by demonstrating adherence to responsible practices.
- Improves access to capital markets by aligning with sustainability criteria.

12. Support for Innovation and Digitalization

- Encourages the adoption of smart technologies for ESG data collection, monitoring, and reporting.
- Drives innovation in sustainable facility management solutions.

13. Long-Term Value Creation

- Ensures the long-term economic viability of assets by addressing environmental and social externalities.
- Promotes sustainable growth and operational excellence.

INSIGHTS

WITH A CAGR OF

29.5%

The Global Green Technology & Sustainability Market is on a trajectory to revolutionize industries **by 2030.**



Scan for more details

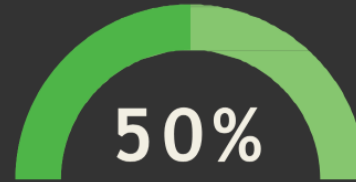
77%

of Global Investors are keen on sustainable investing.

Morgan Stanley Report

[Article 1: Read more by tapping here !!](#)

Companies **prioritizing ESG principles** are expected to see a



INCREASE IN PROFITABILITY BY 2040

Outperforming

competitors with subsequent growth in ESG-mandated assets

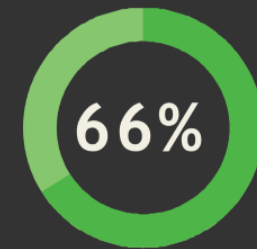
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[Refer this article for more information on this](#)

ESG Assets could exceed

\$50 trillion by 2025,

an incredible **2.2x** increase in just the last decade.



of consumers are willing to

PAY MORE

for sustainable brands

[Refer this article for more information on this](#)

Companies prioritizing ESG factors tend to perform better than their competitors, as evidenced by the growth in assets managed according to ESG principles. These companies attract more ESG-aligned investments, giving them a competitive advantage.

ESG Integration In Saudi Arabia

Saudi Arabia has been making significant strides in *integrating ESG practices within its corporate sector, aligning with the nation's Vision 2030 and sustainability goals.*



The Saudi Stock Exchange (Tadawul) has *issued ESG Disclosure Guidelines to : promote transparency and encourage companies to report on their ESG practices.*

Additionally, Tadawul launched an *ESG index* to promote further and *track the ESG performance of listed companies, fostering a culture of sustainability and corporate responsibility in the country*

KEY ESG INITIATIVES IN SAUDI ARABIA

ESG Integration Across Companies:



A recent PwC survey shows over 60% of Saudi Arabian companies have embedded ESG issues into their business strategies. This significant shift demonstrates a commitment to sustainability, showing how companies increasingly align their operations with global expectations for responsible business conduct

Investment in Sustainability Initiatives:

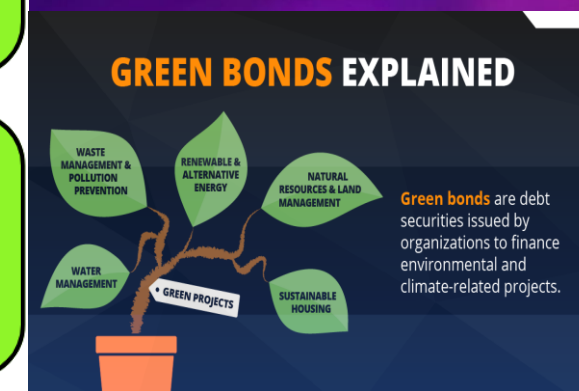


The Saudi Green Initiative encompasses over 60 sustainability initiatives, with an investment surpassing SR700 billion (around \$186.6 billion). These projects aim to increase the use of clean energy, offset emissions, and address climate change, reflecting the nation's strong focus on environmental sustainability as part of its economic development strategy.

Green Financing:



Saudi Arabia's Public Investment Fund (PIF) has embraced green financing by issuing bonds totaling \$5.5 billion. This initiative shows the Kingdom's commitment to funding sustainable development through innovative financial instruments, indicating a growing interest in green financing as a vital tool for promoting environmental sustainability.



KEY ESG INITIATIVES IN SAUDI ARABIA

Challenges in ESG Implementation:



Despite progress, challenges remain with about 40% of regional companies lacking internal skills for ESG initiatives. Furthermore, one-third report funding constraints, indicating a need for increased investment in training and financial support for effective ESG integration.

Corporate Emissions Reduction Targets:

Saudi Aramco:



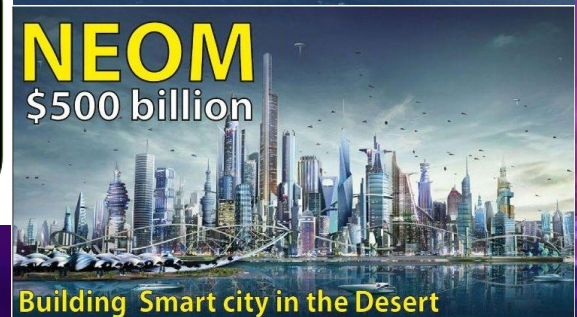
One of the largest oil companies globally, Saudi Aramco provides annual metrics on its environmental impact, including data on water consumption, hydrocarbon spillage, sulfur oxide emissions, and carbon emissions. This transparency reflects the company's commitment to reducing its environmental footprint and maintaining operational excellence.

SABIC (Saudi Basic Industries Corporation):



SABIC has committed to making all its operations carbon neutral by 2050. The company focuses on renewable and circular feedstock, demonstrating a shift towards more sustainable production processes. This move illustrates the industry's efforts to contribute to a greener future in a region traditionally dominated by oil and gas.

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IMPLICATIONS FOR ASSET AND FACILITY MANAGEMENT

The review of Saudi Arabia's practices demonstrates how companies in the region increasingly integrate ESG principles into their operations.



By aligning with global ESG standards and implementing substantial sustainability initiatives, *Saudi companies are enhancing their environmental performance, improving social and governance practices, and contributing significantly to the country's overall sustainability goals.*

This approach serves as a model for other organizations in the Middle East, demonstrating that ESG integration can drive long-term organizational resilience and create value for stakeholders

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IMPLICATIONS FOR ASSET AND FACILITY MANAGEMENT

Most Influential Factors on Companies' ESG Scores in Saudi Arabia

The study analyses a dataset of 206 company-year observations from Saudi-listed companies (2010-2019), collected via a survey by Bamahros et al. [26].

The data set includes quantitative and qualitative variables that provide insights into corporate governance mechanisms and their impact on ESG disclosures.

Key variables collected include:

ESG Scores	A measure of a company's environmental, social, and governance performance. The scores are derived from various ESG disclosure practices and are used as the primary dependent variable in the study.
Board Size	The total number of directors on the company's board reflects the board's capacity for oversight and decision making.

IMPLICATIONS FOR ASSET AND FACILITY MANAGEMENT

Most Influential Factors on Companies' ESG Scores in Saudi Arabia

Board Independence	The proportion of independent directors on the board indicates the level of independent oversight and potential influence on ESG practices.
Audit Committee Independence	The percentage of independent members on the audit committee highlights the committee's ability to provide unbiased monitoring of ESG reporting.
Audit Committee Meetings	The frequency of meetings the audit committee holds shows the committee's engagement level in overseeing ESG disclosures.
External Audit Committee Members	A binary variable indicates the presence of external members on the audit committee, reflecting the diversity of perspectives and expertise brought to the committee.



IMPLICATIONS FOR ASSET AND FACILITY MANAGEMENT

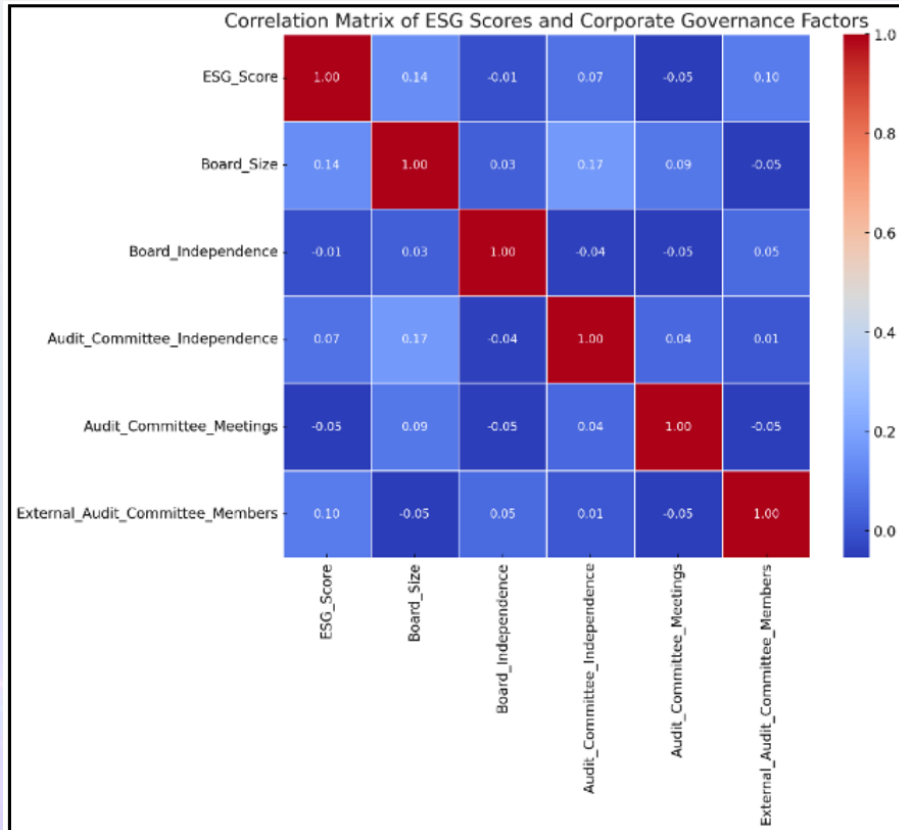
Most Influential Factors on Companies' ESG Scores in Saudi Arabia

Board Meetings	The number of board meetings indicates the board's active involvement in company oversight.
Government-owned Institutional Investors	Government-owned investors may influence the company's governance and ESG practices.

The study examines how corporate governance mechanisms impact ESG disclosures, using both quantitative factors (e.g., board size, ESG scores) and qualitative elements (e.g., external board members) to provide insights into ESG performance.

IMPLICATIONS FOR ASSET AND FACILITY MANAGEMENT

Most Influential Factors on Companies' ESG Scores in Saudi Arabia



- The analysis shows that **audit committee independence** and the presence of external members positively influence ESG disclosures in Saudi-listed companies. **Board independence** also correlates with better ESG performance, while **board size and meeting frequency have a weaker impact**.
- The findings suggest that strengthening audit committee independence, **adding external expertise**, and promoting board independence can enhance ESG disclosures and align with global sustainability standards.

RECOMMENDATIONS AND FUTURE STUDIES

Development of Standardized ESG Frameworks

There is an urgent need for industry-specific standardized ESG frameworks to integrate ESG principles in asset and facility management, focusing on clear metrics and benchmarks, especially for underrepresented governance practices.

Investment in Sustainable Technologies

Companies should invest in sustainable technologies like energy-efficient systems and renewable energy sources. Although initial costs are high, long-term benefits include cost savings, increased asset value, and a smaller environmental footprint.

Enhanced ESG Reporting and Transparency

Transparent ESG reporting is vital for stakeholder trust and regulatory compliance. Companies should use frameworks like GRI and SASB for consistent disclosures and engage regularly with stakeholders to communicate initiatives and address concerns, enhancing their social license to operate.

RECOMMENDATIONS AND FUTURE STUDIES

Incorporating ESG into Corporate Strategy

Organizations should integrate ESG into core strategies and decision-making, linking executive compensation to ESG performance for accountability. Embedding these principles into corporate culture fosters sustainable value creation and resilience to emerging risks.

Fostering a Culture of Continuous Improvement

ESG integration is an ongoing process that involves regular strategy reviews to adapt to changing regulations, stakeholder expectations, and industry practices. Internal audits and assessments aid organizations in identifying areas for improvement and tracking progress toward sustainability goals.

Incorporating Insights from the Saudi Context

The study of Saudi-listed companies found that independent audit committees and external members improve ESG disclosures. Companies should enhance audit committee independence and include external experts to boost reporting quality, while increasing board independence can further improve ESG performance.

Summary

- *This paper emphasizes the importance of integrating Environmental, Social, and Governance (ESG) principles into asset and facility management strategies to enhance sustainability and mitigate risks.*
- *Despite challenges such as the cost of sustainable technologies and the lack of standardized reporting practices, companies can improve :operational efficiency, reduce risks, and boost their corporate reputation through proactive ESG efforts.*
- *In Saudi Arabia, strong governance mechanisms like independent audit committees positively influence ESG disclosures.*
- *To address these challenges, organizations should invest in : sustainable technologies, adopt standardized ESG frameworks, and strengthen governance structures : for long-term value creation and compliance with emerging regulations.*

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Advisor to the Custodian of the Two Holy Mosques & Governor of Makkah Region



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