

# Amman Stock Exchange Climate-Related Disclosure Policy

## Policy Rationale

The rationale for implementing climate-related disclosure requirements in Jordan is multifaceted, reflecting both global trends and local needs. Climate change poses significant risks and opportunities for businesses and the broader economy. As a result, investors, regulators, and other stakeholders increasingly demand transparent, reliable, and comparable climate-related information to make informed decisions.

Jordan, as a signatory to the Paris Agreement, is committed to reducing its greenhouse gas emissions and building resilience against the adverse effects of climate change. The introduction of climate-related disclosure requirements aligns with Jordan's national climate commitments, including the goal to reduce emissions by 31% by 2030.

By adopting the International Sustainability Standards Board (ISSB) Standards (IFRS S1 and S2), Jordan aims to:

### **1. Ensuring Investor Protection and Transparency:**

According to the International Organization of Securities Commissions (IOSCO), full disclosure of information material to investors' decisions is critical for ensuring investor protection<sup>1</sup>. By adopting ISSB Standards, Jordan will ensure that companies provide comprehensive and high-quality disclosures, enabling investors to make informed decisions based on reliable and timely information. This aligns with IOSCO's emphasis on the importance of accounting and auditing standards that are internationally recognized for their quality and reliability.

### **2. Facilitating Access to Global Capital and Encouraging Foreign Investment:**

By adopting internationally recognized reporting standards, Jordanian companies will improve their access to foreign capital markets. This alignment not only attracts foreign direct investment but also integrates Jordan more deeply into the global financial system, supporting economic growth and development. Additionally, this will help Jordanian businesses remain competitive on the global market, ensuring they can adapt to international standards and demands.

### **3. Supporting Fair, Efficient, and Transparent Markets:**

The ISSB Standards promote transparency in financial and sustainability-related disclosures, enhancing the accuracy and timeliness of the information provided to investors. As noted by IOSCO, a regulatory

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<sup>1</sup> IOSCO (2003) Objectives and Principles of Securities Regulation:

<https://www.iosco.org/library/pubdocs/pdf/ioscopd154.pdf>. Note that IOSCO has also endorsed the ISSB's Standards and called on its members to "...to consider ways in which they might adopt, apply or otherwise be informed by the ISSB Standards within the context of their jurisdictional arrangements, in a way that promotes consistent and comparable climate-related and other sustainability-related disclosures for investors." – <https://www.iosco.org/news/pdf/IOSCONEWS703.pdf>

framework that ensures the ongoing delivery of material information supports the protection of investors and the promotion of fair and efficient markets<sup>2</sup>. By aligning with these standards, Jordan aims to foster a more transparent and robust financial market environment.

**4. Enhancing Global Comparability and Reducing Market Discount:**

The adoption of ISSB Standards can help mitigate the 'country or market discount' that arises from investors' uncertainty about the quality, reliability, and comprehensiveness of local reporting requirements. By aligning with international standards, Jordanian companies will provide disclosures that are comparable on a global scale, thereby enhancing investor confidence and potentially reducing the cost of capital for these companies.

**5. Minimizing Reporting Costs and Aligning with Global Trade:**

Adopting ISSB Standards minimizes the costs associated with complying with different reporting frameworks across various jurisdictions. For domestic companies that operate internationally, this harmonization simplifies reporting requirements, reducing administrative burdens and costs. This is particularly relevant for Jordan, given its integration into global and regional trade and industry supply chains.

**6. Strengthening the Economy and Supporting National Climate Goals:**

The ISSB Standards emphasize the disclosure of climate-related risks and opportunities, aligning with Jordan's commitment to reducing greenhouse gas emissions by 31% by 2030 under the Paris Agreement. By enhancing the quality and consistency of climate-related disclosures, Jordan supports sustainable business practices, contributing to its national climate goals and building a more resilient economy.

## Scope and Applicability

This policy applies to all companies listed on the ASE20 Index of the Amman Stock Exchange, representing the largest firms by market capitalization. Future phases will consider expanding the application to additional listed companies to promote broader market transparency and sustainability.

The process for adopting the International Sustainability Standards Board (ISSB) Standards in Jordan is designed to be transparent, phased, and inclusive to ensure that all market participants, including listed companies, assurance providers, regulators, and other relevant stakeholders, are adequately prepared and informed. This approach ensures a smooth transition to the new standards, enabling companies to plan and adjust their reporting processes accordingly while maintaining market stability and investor confidence.

**Single Effective Date for ASE20 companies**

The climate-related disclosure requirements will come into effect for reports published on or after 1 January 2027. This allows companies time to align their reporting processes with the new standards and to build the necessary internal capabilities.

**Phased Implementation Strategy**

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<sup>2</sup> Ibid.

To facilitate a comprehensive adoption of the ISSB Standards, Jordan will implement a phased approach that aligns with the country's capacity-building needs and the diverse readiness levels of market participants. The adoption process will proceed as follows:

- **Initial Voluntary Reporting (2025):** Companies are encouraged to begin disclosing under the ASE regulatory framework on a voluntary basis. This phase introduces companies to high-quality climate-related financial and non-financial disclosures aligned with ISSB Standards, helping them familiarize themselves with the requirements and identify potential challenges.
- **First-Year Mandatory Reporting (2026):** During this phase, companies will begin reporting on the most critical sustainability-related disclosures, focusing on building their reporting capabilities and ensuring data accuracy.
- **Full Compliance (2027):** By this stage, all companies will be expected to fully comply with the ISSB Standards, providing comprehensive sustainability-related financial disclosures.

## Capacity Building and Support

Recognizing the need for capacity building across all levels of the corporate reporting ecosystem, Jordan will implement several initiatives to support companies and other stakeholders:

1. **Climate Disclosure Training Series:** ASE will organize a series of training sessions and workshops specifically tailored to the needs of companies listed on the ASE20 Index. These sessions will cover the detailed requirements of the ISSB Standards (IFRS S1 and S2) and will provide practical insights into how companies can integrate these standards into their existing reporting frameworks.
2. **Guidance Documents:** ASE, in collaboration with IFC and EY Jordan, will provide detailed **Climate-Related Disclosure Guidance** documents that outline the steps companies need to take to align with the ISSB Standards. These documents will include:
  - **Climate-Related Disclosure Guidance:** A step-by-step manual that breaks down the ISSB Standards, highlighting key requirements and providing practical examples for compliance.
  - **Templates and Self-Assessment Checklists:** To assist companies in aligning their reporting practices, ASE will provide standardized templates for climate-related disclosures and self-assessment checklists to help companies evaluate their current reporting against the ISSB Standards.
  - **Cost-Benefit Analysis Report:** To help companies understand the financial implications of adopting the Climate-Related Disclosure Guidance. This report will assist companies in evaluating the costs associated with the implementation of these standards versus the expected benefits.

## Regulatory Support and Monitoring

ASE will provide ongoing assistance to companies covered by the new requirements. The team's activities may include:

- **Guidance:** Offer support to companies, helping them understand and implement the ISSB Standards. This includes hosting capacity-building sessions and linking companies to available technical guidance.
- **Regular Monitoring and Feedback:** Conduct regular monitoring of companies' progress towards compliance with the ISSB Standards. ASE will provide market-level feedback on areas for improvement, and ensure that companies are on track to meet the mandatory adoption dates.
- **Engagement with Stakeholders:** ASE will also engage with other key stakeholders, such as assurance providers and investors, to ensure a holistic approach to capacity building and to address any emerging challenges in the implementation process.

## Project Plan

Project Plan		2024				2025	2026	2027
		Q1	Q2	Q3	Q4			
A. Climate Related Disclosures Guide Development	A1. Create Guide Development Team: Establish a team responsible for developing the guidance.							
	A2. Perform Local Context Studies and Engagement: Conduct studies to understand the local context and engage with							
	A3. Draft Climate Related Disclosure Guidance: Develop the draft guidance documents.							
	A4. Perform Cost-Benefit Analysis Studies: Analyze the costs and benefits of adopting the standards.							
B. Regulatory Framework development	B1. Define Adoption Policy: Clearly outline the policy for adopting the standards.							
	B2. Develop Regulatory Mandate for Climate-Related Disclosure Adoption: Create the necessary legal framework to enforce							
	B3. Develop Roadmap for Adopting IFRS S1 and S2 Standards in Jordan: Outline the steps and timeline for adopting the							
C. Implementation	C1. Inaugural Launch of Climate Related Disclosure Guidance: Officially launch the guidance to the public.							
	C2. Climate Disclosure Training Series: Conduct workshops for regulators and ASE20 companies.							
	C3. Inauguration of Climate Related Disclosure Working Group: Establish a working group for continuous support and oversight.							
	C4. Initial Voluntary Reporting (2025): Start with voluntary reporting to allow entities to adapt.							
	C5. First-Year Mandatory Reporting (2026): begin reporting on the most critical sustainability-related disclosures							
	C6. Full Compliance (2027): Achieve full compliance with the standards.							

## Roles and Responsibilities

To ensure a coordinated and effective adoption of the ISSB Standards, it is essential to establish clear roles and responsibilities among all key stakeholders, including the Amman Stock Exchange (ASE), the Jordan Securities Commission (JSC), and other relevant parties.

**Amman Stock Exchange (ASE):**

- **Governance Oversight:** The ASE will be responsible for overall governance of the project, including setting strategic objectives, approving key decisions, and monitoring progress against the project plan.
- **Technical Assistance:** ASE will provide technical guidance and support to listed companies, such as organizing training sessions and workshops on the ISSB Standards.
- **Stakeholder Coordination:** ASE will act as the primary liaison with listed companies, ensuring they are informed about timelines, requirements, and any changes in the regulatory framework.
- **Feedback Collection:** ASE will gather feedback from companies and other stakeholders throughout the implementation process to continuously refine and improve the project plan.

**Jordan Securities Commission (JSC):**

- **Regulatory Changes:** JSC will be responsible for drafting and enacting necessary regulatory changes to facilitate the adoption of ISSB Standards.

**Jointly:**

- **Enforcement and Monitoring:** JSC and ASE will oversee compliance among listed companies.

## Stakeholder Engagement Plan

Effective stakeholder engagement is critical to the successful adoption of ISSB Standards. This plan outlines the approach to engaging all relevant parties throughout the implementation process.

**Engagement Objectives:**

- Ensure all stakeholders understand the importance of ISSB Standards and the benefits of compliance.
- Ensure all stakeholders have an overall understanding of the ISSB Standards, so that they have a basic understanding, but it is their responsibility to familiarize themselves in great depth.
- Facilitate a smooth transition by providing regular updates, addressing concerns, and gathering feedback.

**Key Activities:**

- **Bi-Annual Workshops:** Conduct workshops to provide updates on the implementation process, share best practices, and gather feedback.
- **Surveys and Feedback Mechanisms:** Distribute surveys to companies and stakeholders to gather insights on their experiences and identify areas for improvement.

**Stakeholder Groups:**

- **Listed Companies:** Direct engagement through workshops, meetings, and one-on-one support sessions.
- **Assurance Providers:** Regular meetings and to ensure they are prepared to verify compliance with the new standards.

- **Investors and Market Participants:** Periodic briefings and updates to keep them informed about the progress of the adoption process and the benefits of the new standards.
- **Professional Bodies and Academic Institutions:** Collaboration on developing training materials and courses to educate current and future professionals on the ISSB Standards.

## Communication Strategy

A clear and effective communication strategy is essential to keep all stakeholders informed and engaged throughout the transition to ISSB Standards.

### **Communication Objectives:**

- Provide timely and accurate information about the adoption process, timelines, and requirements.
- Build awareness of the benefits of adopting ISSB Standards and encourage active participation in training and capacity-building initiatives.

### **Key Components:**

- Regular updates via newsletters, emails, and webinars to inform stakeholders about key milestones, upcoming workshops, and available resources. Also to provide updates, share success stories, and highlight upcoming events.
- Establish a helpdesk and email support to answer queries, provide guidance, and address any issues companies may face during the implementation process.
- Regular virtual sessions to provide detailed information on specific aspects of the ISSB Standards and allow for interactive Q&A sessions.
- In-person and virtual workshops to provide hands-on training and detailed guidance on the implementation process.