

BUSINESS STRATEGY

1. How does your exchange define and view the rationale for corporate sustainability and the exchange's role in promoting it?

Qatar Stock Exchange ("QSE") is the national stock exchange of Qatar. Our primary objective is to support the economy by operating a secure and efficient platform for trading and investments in a range of asset classes. QSE is part of a national strategy that aims to develop Qatar into a market of choice for investors worldwide.

The State of Qatar is going through tremendous transformations with forecasted spending in healthcare, education and infrastructure amounting to approximately USD 32.5 billion in 2016 alone. Amidst these changes, Qatar is committed to sustainable development, which is one of the four pillars of the National Vision 2030. In practical terms for example, in construction, Qatar has introduced a green building certificate system, QSAS, much of which has been progressively integrated in mandatory building regulations in Qatar. There is also a permanent government sustainability awareness program "Estedama" that was introduced after Qatar hosted the UN Climate Change Conference COP 18/CMP 8 in 2012.

At QSE we believe that investors progressively recognize that sustainable development objectives should be a part of a companies' value proposition in order for it to be successful in the long term.

QSE's commitment to sustainability has three dimensions.

Firstly, as a capital market organizer we are in a position to engage with and influence issuers, investors and market intermediaries.

Secondly, as a company we are committed to adhering to the standards that we are advocating ourselves. More specifically, we have traditionally been committed to the promotion of financial literacy in Qatar through regular presentations at universities and by inviting school children at the Exchange.

And, thirdly, as a corporate citizen we have programs in place that allow our staff to do community work on a voluntary basis.

2. How does your exchange's senior leadership and organizational structure support the promotion of corporate sustainability in its market(s)?

By and large, the ownership of corporate sustainability initiatives is allocated across QSE's departments along the three dimensions set out above.

Our listings department is the front line partner for issuers to discuss investor relations practices. In 2015, an investor relations awards program was launched to acknowledge the achievements of listed companies in terms of transparency and communications with their stakeholders. The metrics of the assessments for these awards have been developed with Iridium, a specialized investor relations consultancy based in Dubai.

As indicated above, at QSE we are convinced that investors will increasingly factor in corporate sustainability objectives when making investment decisions, and will therefore demand more openness from issuers over time. As part of its participation in the SSEI, QSE has committed to developing QSE guidelines for corporate sustainability disclosures for listed companies. Undoubtedly these disclosures and other sustainability driven metrics will find their way into our investor relations award assessments as well.

Our own governance and efforts to ensure that we “practice what we preach” is in the hands of our corporate secretariat, our market & sales department, listings, and product and market development team, whilst our corporate citizenship is mostly in the hands of human resources.

All programs and initiatives are overseen by the Executive Management of QSE, and our CEO is personally involved at practically all levels.

3. What goals/objectives does your exchange have in regards to advancing sustainability in your market?

At the heart of QSE’s drive to promote corporate sustainability in Qatar is our belief that businesses will only be successful in the long run if their models respect the triple bottom line of “profit, planet and people”. We are mindful that no transition will happen overnight and that transformation can only be achieved from within through ongoing dialogue with issuers, investors and regulators alike. Our objectives are to put words into action by developing guidelines, providing thought leadership, and by making sure that the debate keeps going and leads to tangible results in terms of improved transparency. We are also actively pursuing avenues to create product offerings that provide investors with investment opportunities that appeal to their social sustainability preferences. For example, QSE has developed a shari’a compliant market index in partnership with one of our leading banks, Masraf Al Rayan.

TRANSPARENCY AND ISSUER REPORTING

4. Describe your exchange’s approach to promoting sustainability disclosure by companies. What incentives (i.e., public recognition/awards) and sanctions do you have in place to encourage disclosure and discourage non-compliance/lower levels of transparency?

Currently, there is no mechanism through which specific sustainability disclosures are monitored and promoted. However, as mentioned previously, we have recently started with an investor award program that involves a systematic assessment of issuer disclosures. The analysis that is done in the context of these assessments will help us to get a better understanding of our issuer’s approaches and ambitions towards corporate sustainability, and over time - particularly with the introduction of voluntary guidelines - enable us to develop an institutionalized approach towards issuer corporate sustainability with associated metrics.

5. What is your exchange’s process for reviewing listing standards in general? Are there opportunities for stakeholders to comment during this process?

The standards for companies listed on QSE are determined by the market regulator, Qatar Financial Markets Authority (“QFMA”) and are part of QFMA’s Offering and Listing Rules. Some of the listing requirements, in particular the ones related to issuer disclosures are mirrored in our QSE Rulebook, whilst QSE can also set additional requirements. It should be noted that issuer periodic reports are submitted to QSE for publication on QSE’s website.

Any guidance on additional disclosures in relation to corporate sustainability would be consulted with issuers and other stakeholders first, even if such guidance is voluntary.

6. How do you track sustainability reporting of your listed companies?

Currently, we are not tracking sustainability reporting of our listed companies.

7. What incentives (i.e., public recognition/awards) and sanctions do you have in place to encourage disclosure and discourage non-compliance/lower levels of transparency?

The annual investor awards referred to above would certainly be a good place to start in creating awareness and to encourage issuers in a positive way to acknowledge the importance of transparency in terms of corporate sustainability goals and objectives.

8. What connections have you made between national sustainable development frameworks and goals, and your exchange's existing standards and norms?

The development of Qatar as a nation is guided by the National Vision 2030. It emphasizes that the rapid development in Qatar should be carried out with responsibility and respect, balancing the needs of economic growth with the conditions for environmental protection. As such, the preservation and protection of the environment is one of the four pillars of the National Vision 2030. Any initiatives of policy-makers, including regulators and the Exchange with regards to corporate sustainability will be referenced against, and find support in the National Vision 2030.

ISSUER CAPACITY BUILDING

9. If your exchange offers sustainability guidance for companies, please provide a description of the process for its creation.

We currently do not provide sustainability guidance to listed companies.

10. Do you and/or your regulator provide guidance on externally assuring ESG disclosures? In your market, how common is external assurance of ESG disclosures?

The rules only provide for external auditing of financial reports.

COLLABORATION AND ENGAGEMENT

11. How do you engage and collaborate (or plan to do so) with: regulators, peer exchanges, investors, companies, global organizations and other stakeholders?

We fully support the Sustainable Stock Exchange Initiative and the work that has been and is being done by the World Federation of Exchanges. It is through the collective efforts of the UN, the exchanges, regulators, investors, issuers that markets will embrace increased transparency levels on corporate sustainability objectives.

SUSTAINABLE PRODUCTS

12. How has your exchange supported the development of financial products that address sustainability-related issues (e.g., ESG Indices, carbon markets, social/environmental bonds, sustainable development funds etc.)?

In 2013 we have launched the QSE Al Rayan Islamic Index, in partnership with the investment arm of Masraf Al Rayan, Rayan Investments. The index consists of a non-fixed number (currently 18) stocks listed on QSE and selected in accordance with a Shari'a compliant methodology by the Al Rayan Shari'a Board. We expect that an ETF tracking the QSE Al Rayan Islamic Index will be listed by the end of 2016.

EXCHANGE NEEDS

- 13. Are there specific resources (meetings, commissioned research, webinars etc) that you would like from the SSE or other relevant groups to help you in your sustainability work?**

We are satisfied with the open lines of communication with the SSE. We do believe that empirical research on how ESG factors are considered by investors and the longer term impact these factors have on equity share prices would be very helpful in supporting the cause.

- 14. Are there any specific requests you have of investors, issuers and regulators in terms of their role in advancing sustainability in the market?**

All these and other actors should become part of the conversation to move ESG themes forward and make integrated reporting on corporate responsibility objectives a reality. The role of the SSEI to facilitate these conversations will greatly support the exchanges in their efforts.