

ESG Rating Series | Part 3: KSA's Manufacturing Sector

I'm excited to present the third part of Axial Consulting Ltd's ESG Rating Series! I'll be showcasing our team's findings on KSA's Manufacturing sector.

Recently as part of an assignment my team and I developed an ESG Rating Framework on behalf of a client.

We began by undertaking a study of sustainability reports published by companies operating within KSA's 5 sectors – Oil & Gas, Services, Manufacturing, Financial Institutions & Banks, and Construction.

Trends paint a true picture. That's why we designed our analysis to only include companies that had recently published an ESG report and did so over the past three years (2020 to 2022). Here are a few notable observations for each component:

Environment: The sector has significant ground to cover concerning Environmental disclosures except for carbon emissions. A rising trend in Scope 1 and Scope 2 emissions, manufacturing energy intensity, and air emissions was observed across the majority of our sample. On the flip side, GHG emissions intensity and total stationary energy usage are actively being reduced.

Social: The manufacturing sector has taken the highest number of initiatives in supporting its human capital and surrounding community across our five-sector universe. However, the sector needs to make an active effort to provide essential disclosures on product liability and supply chain management.

Governance: Corporate governance disclosures concerning board and ownership structures, remuneration, internal compliance and reporting, and the management team were largely missing the sustainability reports studied. On a positive note, the sector has been quite active in implementing numerous ethical training programs on subjects such as anti-corruption, anti-bribery, and compliance.

Key					
Performance	Poor	Average	Good	Very Good	No Score Assigned
Range	0-25%	26-50%	51-74%	75-100%	-

ESG Component	Theme	
Environment	Climate Change	
	Natural Capital	
	Pollution and Waste	
	Environmental Opportunities	
	Environmental Management	
Social	Human Capital	
	Product Liability	
	Community	
	Supply Chain Management	
	Collaboration and Partnership	
	Social Opportunities	
	Social Management	
Governance	Corporate Governance	
	Corporate Behavior	