



هيئة السوق المالية  
CONSEIL DU MARCHÉ FINANCIER  
FINANCIAL MARKET COUNCIL



بورصة تونس  
BOURSE DE TUNIS

# Your guide to ESG reporting



Guidelines for non-financial  
reporting of listed companies

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## Editorial

The Financial Market Council and the Tunis Stock Exchange are pleased to make available to Tunisian companies an ESG (Environmental, Social, and Governance) Reporting Guide.

Convinced that the activities of companies generate consequences not only economic and financial but also extra-financial, and as a corollary of the important place that now occupies the practices and ESG Reporting in investment decisions, the Tunis Stock Exchange joined on October 25, 2015, the Sustainable Stock Exchange Initiative (SSEI) promoted by the United Nations.

Launched in 2009, this initiative now federates more than 90 stock exchanges around the world. Its mission is to explore ways for financial markets, investors, regulators, and companies to work together with a dual objective: to improve transparency on environmental, social, and governance (ESG) issues and to encourage responsible financing in the short and long term.

This Guide is intended for directors, managers, and executives of listed companies, as well as for the company's stakeholders (statutory auditors, employee representatives, shareholders, investors ...).

It is intended to convince them of the usefulness of the ESG approach for themselves, for the company, and for the community.

This Guide presents the principles of the United Nations Sustainable Stock Exchanges (SSE) Initiative and explains the basic concepts and usefulness of the CSR (Corporate Social Responsibility) approach and ESG Reporting, as well as the practical recommendations for their implementation while leaving companies sufficient room for analysis to take into account their own challenges and specificities.

This guide proposes a matrix of indicators for a progressive approach to extra-financial reporting on environmental, social and governance (ESG) considerations. It is based on the Global Reporting Initiative (GRI) standard, the recommendations of the World Federation of Exchanges (WFE), the 17 Sustainable Development Goals (SDGs) adopted by the United Nations.

Finally, this guide is in line with the national strategy of Corporate Social Responsibility and the development of the concept of CSR in Tunisia (Law No. 35 of June 11, 2018, on CSR, ratification of several international conventions, the publication of a guide to issuing sustainable bonds ...). It is also part of the continuity of Tunisia's international commitments under the United Nations Global Compact.

*President of  
the Financial Market Council*

*CEO of Tunis  
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Presidency of the Government: Directorate General of Governance and Corruption Prevention ;

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The General Insurance Committee ;

Tunisian Investment Authority ;

The Caisse des Dépôts et Consignation;

The Tunisian Professional Association of Banks and Financial Institutions;

The Association of Stock Exchange Intermediaries;

The Tunisian Association of Capital Investors;

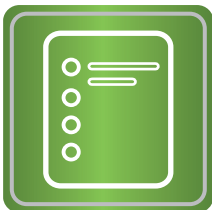
The Tunisian Federation of Insurance Companies;

The ESG strategy and reporting consultancy Key Consulting- Key values Group.



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## 1. Introduction

This guide aims to support companies listed on the Tunis Stock Exchange in the presentation and promotion of their commitments in terms of Corporate Social Responsibility (CSR) and Sustainable Development (SD). The fact remains that it is suitable for all companies, regardless of their shareholding structure, size, sector of activity or geographic location. It aims to improve knowledge and understanding of the concept of CSR as well as the issues related to the publication of extra-financial information (ESG reporting).

It is a practical tool that aims to provide operational and concrete recommendations. As such, it establishes the steps to be followed by companies to set up ESG reporting as well as a list of common non-financial key performance indicators responding to shared priorities.

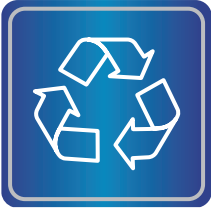
It is a practical tool that aims to provide operational and concrete recommendations. It establishes the steps to be taken by companies to implement ESG reporting and proposes a list of common non-financial key performance indicators that meet shared priorities.

Developed in accordance with the international reference documents on Extra-Financial Reporting, this guide intends to enrich the institutional framework of CSR and SD in Tunisia and pursues three main objectives which are equally important and cannot be dissociated:

- Stimulate the implementation of a structured CSR approach based on a shared vision of value creation for the company and its various stakeholders;
- Strengthen the dialogue between the company and all its stakeholders;
- Contribute to the production of extra-financial information (on environmental, social, societal, and governance issues) that is structured, relevant, and comparable from one company to another.

As such, it constitutes the reference for all those interested in communicating information on the governance approach and the environmental, social, societal, and economic performance and impacts of issuers. It is particularly useful for the preparation of any type of document or even for any evaluation requiring such information.

This guide is not intended to be prescriptive, but above all intends to provide guidelines, a framework for reflection from which companies can draw ideas to define and enrich their CSR approaches and build an ESG reporting based on the indicators proposed in this guide.



## 2. Sustainable Development, CSR, ESG criteria...: What is it all about?

### Sustainable Development -SD

According to the definition proposed in 1987 by the Brundtland World Commission, sustainable development is «development that meets the needs of the present without compromising the ability of future generations to meet their own needs».

**Sustainable Development revolves around 3 interdependent pillars:**

**The economic pillar :** Develop growth and economic efficiency, through sustainable production and consumption modes, while respecting business ethics;

**The environmental pillar :** Preserving, improving, and enhancing the environment and natural resources over the long term, by maintaining major ecological balances, reducing risks, and preventing environmental impacts;

**The social and societal pillar :** Meeting human needs and meeting an objective of social equity, by promoting the participation of all social groups on issues of health, housing, consumption, education, employment, culture, etc.

The objective of Sustainable Development is thus to be at the same time economically viable, socially equitable, and ecologically livable.



## Corporate Social Responsibility-CSR

CSR is the application of the principles of Sustainable Development and its three economic, environmental, and social pillars.

CSR is defined as «the responsibility of an organization vis-à-vis the impacts of its decisions and activities on society and the environment, resulting in transparent and ethical behavior which:

- Contributes to Sustainable Development, including the health and well-being of society.
- Takes into account stakeholder expectations.
- Respects applicable laws and is consistent with international standards of behavior.
- and is integrated into the organization and implemented in its relationships within its sphere of influence «(ISO 26000).



## What is ESG Criteria?

ESG criteria are used by the financial community to designate Environmental, Social, and Governance (ESG) areas. They constitute the three pillars of extra-financial analysis.

More specifically, thanks to ESG criteria, investors, banks, and other financial backers can assess the exercise of corporate responsibility towards the environment and their stakeholders (employees, partners, suppliers, sub-contractors, clients, and others).

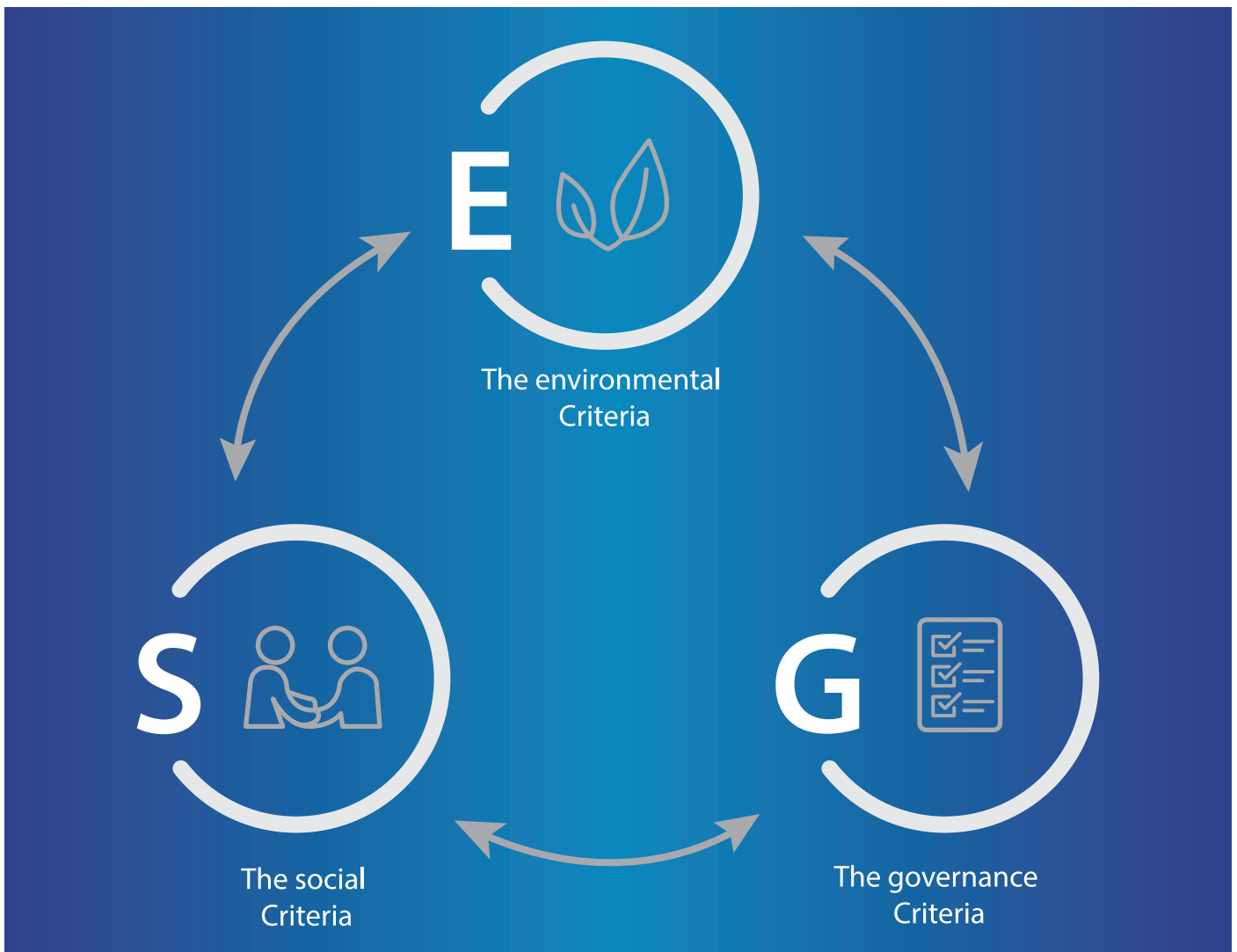
**«In 2020, 75% of institutional investors integrate ESG criteria into their investment process, compared to 70% in 2019» ( RBC survey, 2020 ).**



**The environmental Criteria** take into account waste management, initiatives to reduce greenhouse gas emissions, the prevention of environmental risks (groundwater contamination, etc.), and the preservation of natural resources.

**The social criteria** take into account the prevention of accidents and occupational diseases, staff training and employability, respect for employee rights, employment of minorities and people with special needs, the quality of social dialogue, work-life balance - discrimination at work, and more generally the promotion of human rights, both internally within the company and in its external environment, etc...

**The governance criteria** verify the independence of the board of directors (BOD), the management structure and the presence of committees within the board, transparency on executive compensation, the feminization of boards and management bodies, the fight against corruption, the principle of legality, the quality of dialogue with the various stakeholders as well as the consideration of their expectations.



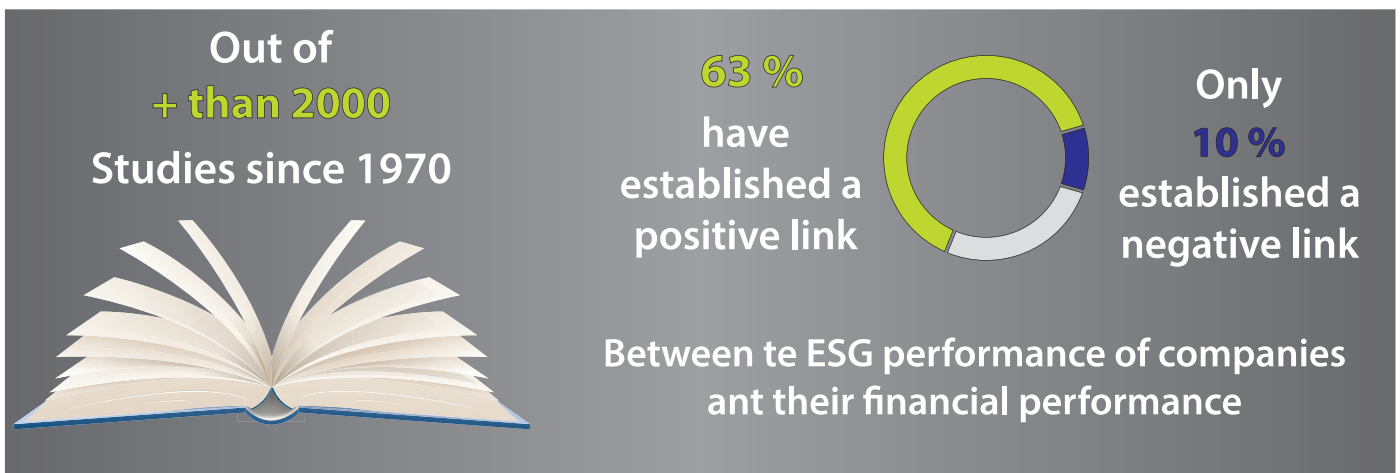


### 3. Why engage in a CSR approach and why communicate on its commitments?

#### Increase overall performance

ESG management leads to better performance, which, if communicated to the market, will translate into financial benefits.

As reported by the PRI Action Plan for Responsible Investment, out of more than 2,000 studies conducted since 1970, 63% have found a positive link between a company's ESG performance and its financial performance.



#### Meet the expectations of customers and ordering parties

CSR has become an increasingly differentiating criterion to stand out from its competitors, particularly in the context of calls for tenders, both private and public.



## Optimize operations and reduce costs

ESG performance leads to cost reductions thanks in particular to the savings in resources (energy, materials, etc.) or the optimization of their consumption that they allow achieving.

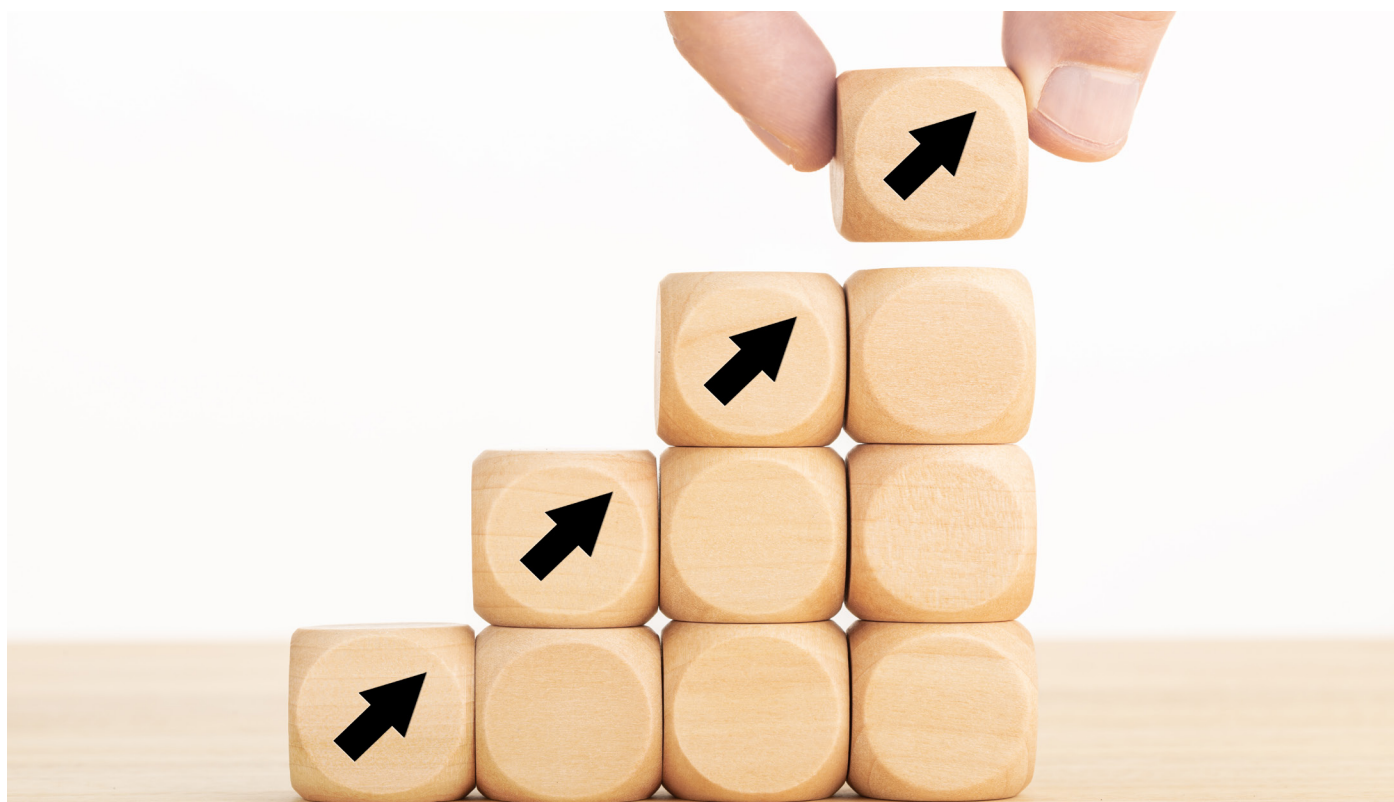
CSR actions also make it possible to reduce the costs of non-quality or even those linked to absenteeism, work accidents, and occupational diseases.

In general, engaging in a CSR approach allows the company to improve its operational efficiency.



## Improve the image and reputation of the company

The adoption of a CSR approach also plays a decisive role in the reputation and attractiveness of the company's "employer brand", to the point of becoming a key argument in terms of recruitment, in the face of potential talents seeking «meaning» and «responsibility», especially among the younger generations.



## Anticipate risks and seize opportunities

According to the results of the ECIA (European Confederation of Institutes of Internal Auditing) "Risk in Focus » CSR-related risks occupy 4th place in the top 10 organizational risks faced by companies in 2019.

The implementation of ESG reporting allows the company to better identify and therefore better control or even contain the risks it could face.

Better yet, integrating the potential effects of ESG factors allows the company to seize new economic opportunities by retaining current customers, attracting new ones and adapting to the evolution of demand towards more responsible products and services



## Respect and even anticipate regulatory requirements

For a decade, Sustainable Development and the rise of CSR have resulted in an exponential growth in legislative and regulatory texts.

Implementing a CSR approach would allow us to anticipate the increasingly strict regulations on social and environmental risks and thus mitigate future constraints.



## Attract investors and reassure lenders and insurers

Given the growing interest of investors and lenders in ESG criteria, being transparent about these criteria helps attract long-term capital and improves financing conditions.

Generally, for financial partners, a company involved in CSR is often the guarantee of a well-managed company.



## Meeting the requirements of investors, ESG rating agencies, and sustainability indices: Facilitating access to capital

Over the last 10 years, we have seen a significant development of the sustainable and responsible investment. ESG or extra-financial rating has also become more widespread with the emergence and mergers of ESG rating agencies. As a result, we have seen the development of many SRI stock market indices which function like traditional indices except that they filter certain companies according to environmental, social, and governance (ESG) criteria.

Extra-financial performance is thus becoming an increasingly important investment criterion. Investors are placing increasing importance on companies' ESG performance.





## 4. The most influential frameworks and initiatives in terms of CSR and SD

### Commitment guidelines ( La norme ISO 26000 )

The ISO 26000 standard is the reference standard for any reflection on the initiation of a CSR approach in a company. It is the result of a broad international consensus.

The ISO 26000 standard deals with 7 central questions of social responsibility:

- Organizational Governance
- Human rights
- Labor Practices
- The environment
- Fair operating practices
- Consumer issues
- Community involvement and development

The ISO 26000 standard presents guidelines for all types of organizations, regardless of their size or location. She permits:

- Identification of the impacts of the decisions and activities of the organization with regard to the core issues of ISO 26000.
- Identification of stakeholders and dialogue with them.

The ISO 26000 standard also defines 7 principles from which a company can implement a CSR strategy:

- Accountability,
- Transparency,
- Ethical behavior,
- Respect for stakeholder interests
- Respect for the rule of law,
- Respect for international norms of behavior,
- Respect for human rights.

### The Sustainable Development Goals - SDGs<sup>2</sup>

The SDGs adopted by the United Nations defines the 17 priorities to be achieved internationally by 2030 (Agenda 2030). The achievement of these objectives must allow a just transition towards an economic development respectful of the populations and the environment in a perspective of partnership.

All stakeholders are concerned: public institutions, the private sector, universities, associations, etc.

A positive contribution to the SDGs consists in developing business models that promote the achievement of one or more of the goals, while trying to limit their negative impacts on the others.

### IFC' Sustainability Framework – World Bank Group

The IFC' Sustainability Framework consists of

- The Policy on Environmental and Social Sustainability, which defines IFC's commitments to environmental and social sustainability.
- The Performance Standards, which define clients' responsibilities for managing their environmental and social risks<sup>3</sup>.
- The access to Information Policy, which articulates IFC's commitment to transparency.

2 For a detailed review of the 17 Sustainable Development Goals, see annex 1.

3 For a detailed review of the IFC Environmental and Social Performance Standards, please refer to annex 3

## Reporting Standards

There are several international ESG reporting standards, namely :

### Global Reporting Initiative (GRI)



The Global Reporting Initiative (GRI) is an international non-profit organization that was created in 1997 with the mission of promoting Sustainable Development.

The Global Reporting Initiative has developed guidelines to provide companies with a reliable and credible benchmark allowing them to report on their economic, social and environmental performance.

This repository is today the most widely used and recognized ESG reporting framework in the world.... 36,000 annual reports are published today in accordance with GRI standards.

### International Integrated Reporting Council (IIRC)



**BUSINESS  
NETWORK**

The IIRC is a group of international leaders who published in 2013 an international integrated reporting framework allowing companies to present significant and important information on their strategies, governance, performance, and future prospects in a concise and comparable format.

### Les Normes Sectorielles du Sustainability Accounting Standards Board (SASB)



SASB- Sustainability Accounting Standards Board, is a United Nations non-profit organization, which has developed a complete set of 77 industry-specific standards which were published in November. SASB's standards are based on the following five building blocks: environment, social capital, human capital, innovation, and business model, leadership and, governance.

### Le Carbon Disclosure Project (CDP)



The CDP is a global non-profit organization that manages the largest environmental reporting platform dedicated to companies but also to cities. This global platform allows different actors to measure, manage and share their environmental data.

### Financial Stability Board - Task Force on Climate-related Financial Disclosures (FSB TCFD)



Financial Stability Board - Task Force of Climate-related Financial Disclosures (FSB TCFD) provides an industry-driven, voluntary framework that encourages the consistent disclosure of material climate-related risks and opportunities for use by investors, lenders, insurers, and other stakeholders.

## CSR standards in Tunisia

### The regulatory framework for CSR in Tunisia



#### **CSR Law No. 2018-35**

Tunisia's commitment to CSR materialized through the enactment of law No ° 35 of June 11, 2018. This law applies to all companies whether public or private, large or small. It aims to improve the working climate within the company, to enshrine social justice between the regions, and to establish the principle of reconciliation between the company and its environment.

This law is based on six articles, including Article 2 which encourages public and private companies and any other institution to devote funds to finance projects within the framework of CSR - projects allowing the development of the employability of young people and the development of the green economy.

#### **Other legislative achievements relating to CSR in Tunisia**

Outre la loi RSE, il est à signaler que le cadre réglementaire en Tunisie est propice à la mise en œuvre de la RSE. En effet, et en accord avec la ratification de nombreuses conventions internationales notamment celles relatives à la protection de l'environnement, et aux droits de travail, la Tunisie a adapté sa législation sociale et environnementale. Plusieurs textes législatifs et réglementaires ont ainsi vu le jour et ont été destinés à organiser les relations du travail, à protéger la santé des salariés, à promouvoir le respect des droits humains, à protéger l'environnement, à lutter contre la corruption...



## National strategies related to CSR-SD<sup>4</sup>

The legislative and regulatory measures described above were relayed by a national CSR strategy and another for SD.

The main objective of the first strategy is to encourage all types of organizations to integrate social and environmental issues into their daily activities.

The second has identified 9 priority sustainability challenges for Tunisia:

1. Establish sustainable consumption and production incorporating the concept of the green economy;
2. Promote an efficient economy, strengthen social equity and fight against regional disparities;
3. Manage natural resources sustainably;
4. Promote more balanced land use planning based on efficient and sustainable transport;

5. Promote a better quality of life for citizens;
6. Develop energy efficiency and promote renewable energies;
7. Strengthen capacities to adapt to climate change;
8. Promote the knowledge society;
9. Adapt governance for better promotion of SD



Tunisia has also adopted thematic strategies: a green economy strategy, a national financial inclusion strategy, good governance, and anti-corruption strategy, a national climate change strategy, etc...

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4 Les liens vers ces différentes stratégies sont précisés au niveau de l'annexe 3

## CSR initiatives in Tunisia

### **CSR-SD related initiatives in Tunisia<sup>5</sup>**

In recent years, we have witnessed the development of several initiatives intended to promote the culture of CSR in Tunisia.

#### **The launch of the United Nations Global Compact local network**

Tunisia has encouraged the implementation of the United Nations Global Compact since 2005.

The local network of the global compact was officially launched on September 8, 2015. This initiative constitutes a framework conducive to the development of CSR in Tunisia.

Concretely, this has resulted in the organization of conferences and seminars and awareness-raising and training actions on CSR and SD.

In December 2020, 57 Tunisian companies were adhering to the global pact.

#### **The publication of the National Governance standard**

The National Governance Repository (NGR) was launched to provide the guiding principles and conditions for responsible, citizen-oriented governance in public and private institutions.

This framework also offers progressive support tools to help public and private institutions engage in good governance and ethical practices, fight corruption and strengthen social accountability.

This guide aims to establish responsible and civic governance based on 4 principles: good governance, ethical commitment, prevention of corruption and social responsibility.



<sup>5</sup> *Il ne s'agit pas d'une liste exhaustive mais des initiatives les plus importantes en la matière.*

## Initiatives related to the financial market :

### The Tunis Stock Exchange's membership in the Global Compact and the Sustainable Stock Exchange Initiative (SSEI)

The Tunis Stock Exchange adhered in 2015 to the United Nations Pact on Sustainable Development (Global compact). Likewise, in October 2015, it joined the "Sustainable Stock Exchanges" initiative initiated by the UN.

In line with these commitments, the BVMT has undertaken actions to raise the awareness of listed companies on CSR and SD issues. She has also worked to promote transparency and good governance among listed companies.

### The publication of the first Tunisian guide to issuing green, socially responsible, and sustainable bonds «Green, Social and Sustainability Bonds»

This guide was developed by the CMF in collaboration with the International Finance Corporation "IFC" of the World Bank group.

Its objective is to promote the role of the financial market in financing projects that meet the environmental, social, and sustainable development needs of the country.

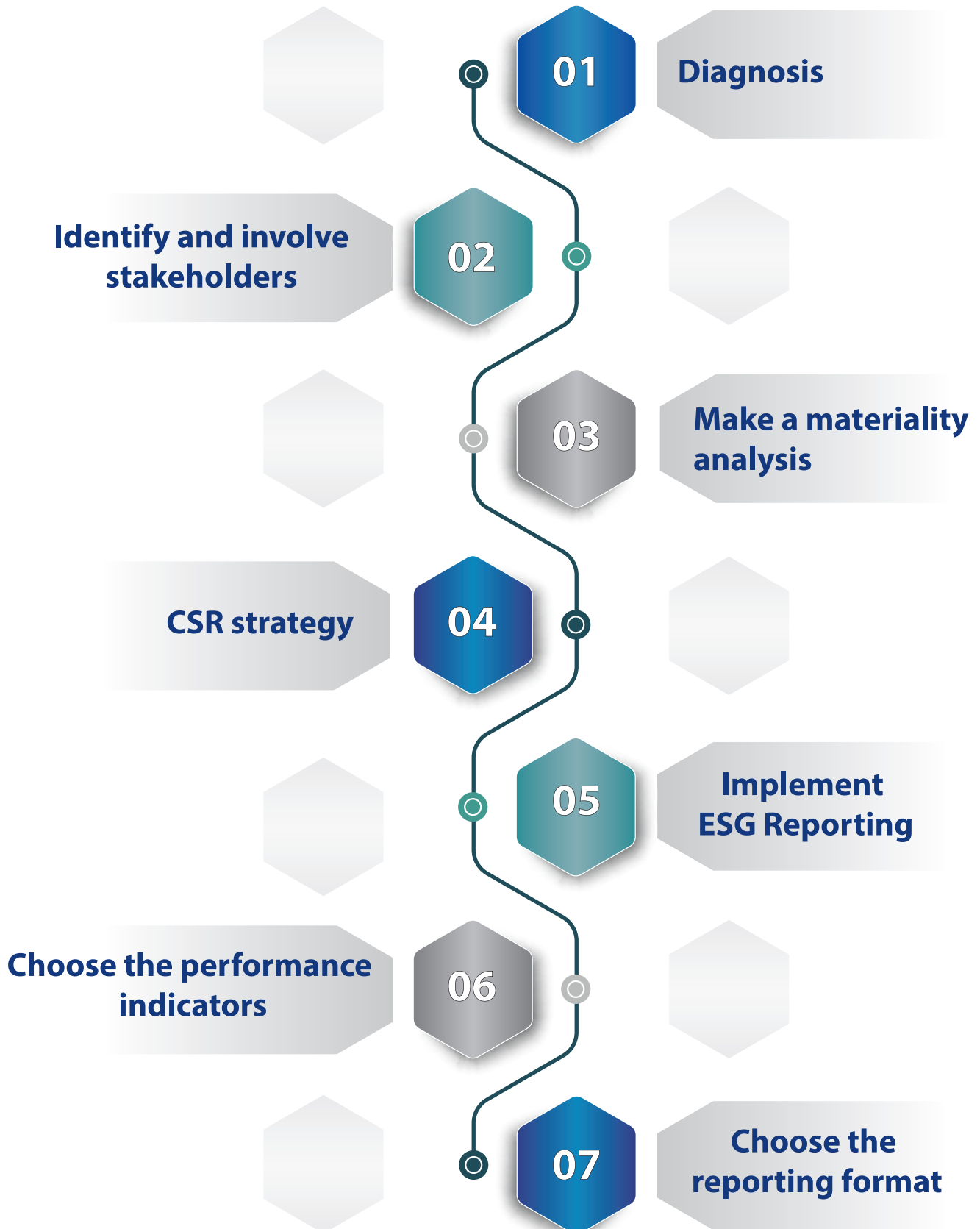
In particular, this guide recommends that issuers of sustainable bonds prepare, maintain, and make available to investors a disclosure package on:

- The use of the funds raised
- The impacts of the projects financed or re-financed, in measurable, understandable terms and with the most relevant indicators, including with the expected impacts of the issue.





## 5. How to initiate a CSR strategy and communicate on its ESG commitments?



## Carry out a first inventory: CSR assessment

Draw up an inventory of the CSR actions that the company has already implemented without necessarily linking them to a global and coherent CSR strategy.

Evaluate the level of maturity of the company's CSR approach, particularly about the 7 central questions of the ISO 26000 standard.

Raise awareness and train its teams on CSR issues and identify the ambassadors of the approach.



**Human rights**



**Labour practices**



**Community involvement and development**



**Organisation governance**



**The environment**



**Consumer issues**



**Fair operating practices**

## What is a ?

A stakeholder is defined as «any individual or group having an interest in the decisions or activities of an organization»<sup>6</sup>. Stakeholders are both internal and external actors to the company that can affect or be affected, directly or indirectly, in the short or long term, positively or negatively by the company's activities, products, services, and strategies deployed to achieve its objectives.

Stakeholders include a wide variety of actors who can be among others (non-exhaustive list):

- the financial community: shareholders, investors, rating agencies,
- customers and consumers,
- the employees
- suppliers
- local communities and authorities
- public authorities
- civil society: NGOs, associations, networks

Stakeholders are at the heart of Sustainable Development and Corporate Social Responsibility, initiatives and the dialogue initiated with them has become a central element of their good governance.

More specifically, and as recommended by the GRI guidelines, the company must:

- Identifier ses parties prenantes : dresser une liste de ses parties prenantes (Cartographie),
- et Expliquer comment elle a répondu à leurs attentes et intérêts légitimes (Dialogue).



6 Norme ISO 26000 relative à la responsabilité sociétale, paragraphe 2.20

# CMapping its stakeholders: what is it?

## 1. Define the scope and issues of dialogue :



The company must define the vision and the degree of ambition desired for the dialogue process.

## 2. Identify the main categories of stakeholders:



The company must establish a list of its stakeholders. This list depends on its activities, influences, and goals.

The company must then refine this list by taking into account certain criteria (power, legitimacy of requests, influence, interest, etc.).

## 3. Prioritize stakeholders for dialogue :



The company must select the most relevant and the most legitimate. It is often a question of drawing up a map of the stakeholders making it possible to diagram the relationship of the company with all of its stakeholders.

## 4. Dialogue with its stakeholders :



Dialogue can take several forms: information / communication; consultation, concertation, negotiation, mediation, cooperation, co-management. The choice of one of these modalities depends mainly on the initial intention of the company and the objectives and priorities assigned to the dialogue, but also on the means available to initiate such a process.

The GRI guidelines (101) specify in this regard that «it is important that the means used make it possible to identify the direct contributions of the stakeholders, as well as the societal expectations legitimately established».

The main extra-financial reporting standards **have made materiality a guiding principle if not a founding principle.**

According to the GRI, in the context of extra-financial reporting, «materiality is the principle that determines which relevant issues are sufficiently important for it to be necessary to cover them in the report».

### The five key steps in the materiality analysis

#### Step 1 :

**Identification** of environmental, social, and governance (ESG) issues relevant to the company. According to the GRI, to determine the relevance of an issue, it is necessary to take into account internal and external factors, such as the mission and the strategy of the company, the expectations of the stakeholders, the strength of the influence of the company upstream (supply chain) and downstream (consumers), as well as the regulations, standards and international agreements with which the company intends to comply.

#### Step 2 :

**Prioritization** of each of these issues by internal and external stakeholders. This involves taking into account the expectations and perceptions of stakeholders on the importance of the issues identified in step 1.

#### Step 3 :

**Evaluation and quantification** of the impact of these issues on the company's activity, particularly about the mapping of its risks: the financial impact, regulatory impact, impact on reputation, etc.

The company must assess the impacts (negative and positive, current and potential) of its activity on the SDGs.

This step will allow the identification of positive impacts that can be amplified and negative impacts that should be mitigated or even eliminated

#### Step 4 :

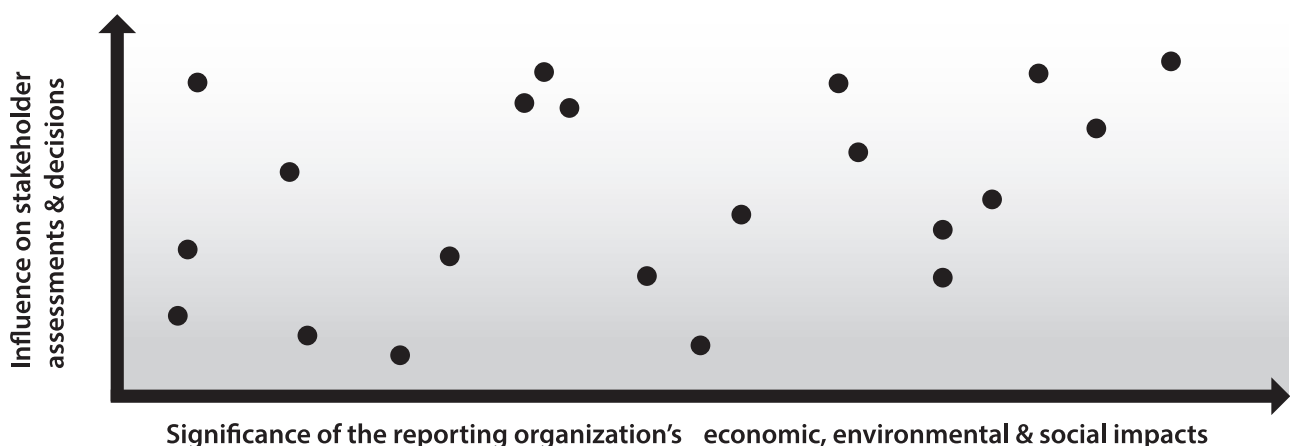
**Representation on a materiality matrix :** positioning of the issues on a materiality matrix and identification of the most important issues. To facilitate the reading and the appropriation of material issues, they should be prioritized, taking into account both the importance they have for the stakeholders and the impact they have on the activity of the organization. the company. More specifically, managers are invited at this stage to reflect on the impact of CSR issues on the company's economic performance in terms of risks and opportunities.

**Step 5 : Validation of material issues** by the top management of the company.

This step is based on the study of the links between the CSR issues identified as priorities previously and the company's strategic economic objectives

### Example of a materiality matrix according to the GRI

Visual representation of prioritization of topics





## CSR strategy : Integrate CSR issues into the company's strategy and develop an action plan

**1 -** Integrate the CSR approach into the company's strategic map and formalize the management's commitment in an official document.



**2 -** Co-construct an action plan with stakeholders: - a roadmap -.



**3 -** Mobilize the team around this roadmap, in particular through awareness-raising and training.



**4 -** Organize the governance of the CSR approach: the successful implementation of the CSR approach through the action plan strongly depends on the involvement of management. The CSR strategy must be part of the overall strategy of the organization and be integrated into governance.



CSR is a continuous improvement process. This assumes that the company evaluates, and reports on its approach, its progress and the areas for improvement to be invested.

The publication of extra-financial information is a good way to share the results of one's approach and to highlight everyone's efforts. More specifically, extra-financial reporting consists of periodically reporting on one's performance and actions. in relation to the pillars of **economic, social, environmental, and governance**.

This surrender is not an incidental exercise but a full responsibility of the company, an issue in itself.

Preparing ESG reporting requires **the designation of a manager** as well as the creation of a network .

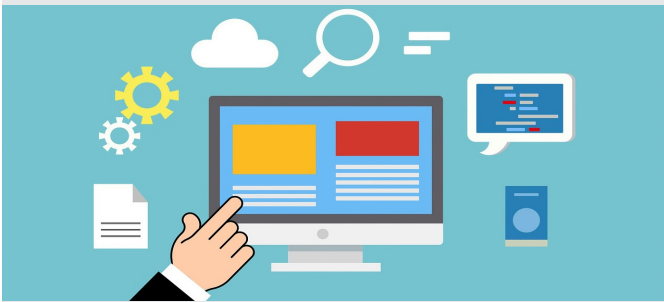
Beyond allowing the company to identify and formalize the strengths and weaknesses of its CSR-SD strategy. Extra-Financial Reporting contributes to the necessary transparency of the company with regard to its various stakeholders, which are often a source of performance.



## Quality of extra-financial information

Like the GRI this guide recommends respecting several principles in order to guarantee the quality of the non-financial information published, namely:

### 1 - Intelligibility - Clarity :



the company must present the information in a way that is understandable and accessible to the stakeholders who use this information (GRI 1.7). The wording and presentation should be clear and free from bias and ambiguity.

### 2 - Comparability :



The Company must select, compile and report information in a consistent manner. The information should be presented in a way that allows stakeholders to analyze variations in the performance of the organization over time and to make comparisons with other organizations. Any change in methodology must therefore be explained, specifying the reasons and effects.

### 3 - Relevance :



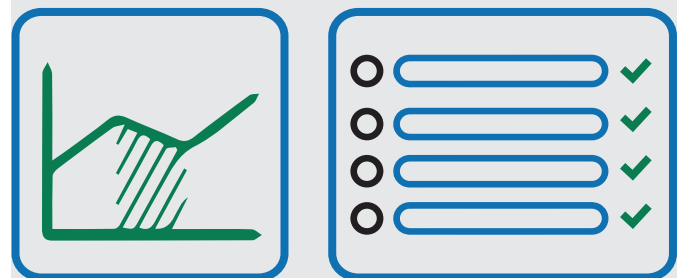
the company must communicate relevant information reflecting the real impact of the company, whether positive or negative. Relevance is the threshold at which an aspect is deemed important enough to be included in the report.

### 4 - Reliability :



the organization must collect, record, compile, analyze and report the information and procedures used during the preparation of the report so as to allow their examination and guarantee the quality and materiality of the information.

### 5 - Credibility :



A company should try to keep a balanced discourse on its performance. It should not obscure the dilemmas and the failure to achieve certain objectives. It must provide information that is faithful, accurate, substantial and not misleading.

### 6 - Completeness :



The company must communicate enough information to offer a complete view of the activity of the company.

## Choose the most relevant performance indicators - KPIs - to disseminate

An indicator is a symbolic representation of a problem. It allows communicating clearly on a property or a trend in the evolution of a complex system.

The indicators used in the context of extra-financial reporting-KPIs- are supposed to provide information on the economic, environmental, and social performance or impacts of the company.

For each of these KPIs, the company must specify the calculation rules, the production and updating process, and the publication frequency.

In addition, and to the extent possible, these indicators should be linked to financial indicators to demonstrate the connection between CSR and the economic performance of the company<sup>7</sup>.

This guide proposes a list of indicators intended to help listed companies in their communication on all of these topics and recommends communicating at least on the indicators thus proposed.

The company must indicate the scope of publication retained for each of these indicators. In the event of the absence or impossibility of publication of certain recommended (recommended) indicators, companies are called upon to justify the reasons for this failure in a "Comply or Explain" logic.



<sup>7</sup> This principle of connectivity between financial and non-financial information is approved by the following reference frameworks: the IIRC, the TCFD, and the European directive.

## Where and when to publish ESG information?

ESG information must be included in the management report approved by the board of directors or management at the same time as the annual accounts.

Companies can also use all or part of this information in other communication media (Sustainable Development report, CSR report, website, etc.). In this case, they ensure the consistency of extra-financial information between the different media





## 6. Which key performance indicators to select A list of 32 key performance indicators.

The majority of the indicators proposed in this guide come from the GRI benchmarks and fall within the more general framework of the SDGs. They are classified according to the nature of the information required and fall into three categories: societal, environmental, and governance.

In a thoughtful and progressive approach, only the indicators were retained which seemed the most representative, relevant, and commonly accessible to all the companies listed on the Tunis Stock Exchange. As a result, indicators that are too specific to certain sectors have not been retained in the list of indicators proposed below.








The fact remains that some of the proposed indicators do not necessarily apply to all companies. The list thus proposed must be perceived by listed companies as a preliminary aid in the choice of indicators that they can adapt to their needs.

It is up to any company to complete and enrich the proposed list with other key performance indicators taking into account its structural specificities, including in particular:

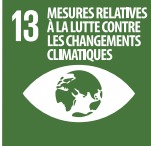



- **Size, industry, location...**
- **Development strategy.**

Finally, companies in the financial sector can also rely on the specific benchmarks presented in appendix 2.




## Key performance indicators: 32 KPIs

Theme	Indicator	Measure	GRI	SDGs
Environnement	Energy consumption	<p><b>E1.1.</b> The total energy consumption within the company (in joules or multiples), as well as the types of fuels used.</p> <p><b>E1.2.</b> Total energy consumption outside the company.</p>	GRI 302-1	
	Energy Intensity	<p><b>E2.1.</b> Company energy intensity ratio: absolute energy consumption (numerator) divided by the organization's specific parameter (denominator).</p> <p><b>E2.2.</b> The amount of reductions in energy consumption achieved as a direct result of economy and efficiency initiatives, in joules or multiples.</p>	GRI 302-3	
	Energy mix	<p><b>E3.</b> Energy consumption within the company by type of energy/ distribution of the different energy sources used.</p>	GRI 302	
	Water and Effluent	<p><b>E4.1.</b> Total volume of water withdrawn by source.</p> <p><b>E4.2.</b> Percentage and total volume of water recycled and reused.</p>	GRI 303-Eau et Effluent 2018	
	GES issue	<p><b>E5.1.</b> Direct (Scope 1) GHG emissions in metric tons of CO2 equivalent.</p> <p><b>E5.2.</b> Indirect GHG Emissions (Scope 2).</p> <p><b>E5.3.</b> Other indirect GHG emissions (Scope 3).</p> <p><b>E5.4.</b> Existence of an action plan to reduce GHG emissions (Yes / No).</p>	GRI 305	
	GES intensity	<p><b>E6.</b> Le ratio d'intensité des émissions de GES de l'entreprise.</p>	GRI 305-4	
	General Policy-Environment	<p><b>E7.1.</b> Existence d'une politique environnementale formalisée signée par la direction (Oui/Non) .</p> <p><b>E7.2.</b> Existence d'une politique spécifique de traitement de déchets et/ou de recyclage (Oui/Non).</p>	GRI 102	








## Environment








General policy - Climate change	<b>E8.</b> Existence of a general climate change risk mitigation policy.	<b>GRI 102</b>	
Effluents et Déchets	<b>E9.</b> The total weight of hazardous and non-hazardous waste according to the treatment methods (reuse, recycling, composting, recovery, incineration, injection, landfill, on-site storage, other, etc.).	<b>GRI 306</b>	
Materials	<p><b>E10.</b> The total weight or volume of materials that are used to produce and package the company's primary products and services during the reporting period, distinguishing between:</p> <ul style="list-style-type: none"> <li>i. Non-renewable materials used;</li> <li>ii. Renewable materials used.</li> </ul>	<b>GRI 301-1</b>	
Biodiversity	<p><b>E11.1.</b> The nature of significant direct and indirect impacts of the company's activities, products, and services on biodiversity.</p> <p><b>E11.2.</b> List of actions in favor of biodiversity.</p>	<b>GRI 304</b>	

## Social






Gender Pay Ratio	<b>S1.</b> The ratio between the average remuneration of men and the average remuneration of women and this by professional category.	<b>GRI 405</b>	
Employment	<p><b>S2.1.</b> Breakdown of the workforce by type of contract (Permanent, Fixed Term, full-time, part-time, teleworking).</p> <p><b>S2.2.</b> Number of integration contracts (apprenticeship, work-study, karama, civp, etc.) concluded during the year and percentage of apprenticeship contracts converted into permanent contracts.</p> <p><b>S2.3.</b> Staff turnover by type of contract (Permanent, Fixed Terms, full-time, full-time, part-time) from one year to the next.</p>	<b>GRI 401</b> <b>GRI 102-8</b>	
Diversity and Equal Opportunities	<b>S3.</b> Breakdown of men / women by professional category.	<b>GRI - 405</b>	



<p><b>Non-discrimination</b></p>	<p><b>S4.</b> Existence of a diversity and anti-discrimination charter or policy (Yes / No).</p>	<p><b>GRI-103</b></p>	
<p><b>SOccupational Health and Safety (OHS)</b></p>	<p><b>S5.1.</b> List of types of accidents and occupational diseases .</p> <p><b>S5.2.</b> The rate of work accidents, the rate of occupational diseases, the rate of lost working days, the rate of absenteeism and work-related deaths for all employees, with a breakdown by gender.</p>	<p><b>GRI 403-2</b></p>	
<p><b>Occupational Health and Safety (OHS)</b></p>	<p><b>S6.</b> Analysis of risks related to occupational health and safety (OHS) and implementation of an OHS risk mitigation plan including psychosocial risks (Yes / No).</p>	<p><b>GRI 103</b></p>	
<p><b>General OHS Policy</b></p>	<p><b>S7.1.</b> The existence of a policy for the elimination (abolition) of all forms of forced and/or child labor (Yes/No).</p> <p><b>S7.2.</b> If yes, is this policy communicated to suppliers and customers (Yes/No).</p>	<p><b>GRI 409</b></p>	
<p><b>Human rights</b></p>	<p><b>S8.1.</b> The existence of a human rights policy at the company level (Yes / No).</p> <p><b>S8.2.</b> If yes, does this policy cover your customers and suppliers (yes / no).</p>	<p><b>GRI-412</b></p>	
<p><b>Training</b></p>	<p><b>S9.1.</b> Average number of training hours per year, per employee and per professional category.</p> <p><b>S9.2.</b> Average number of training hours dedicated to environmental and societal themes.</p>	<p><b>GRI 404-2</b> <b>GRI 404-2</b></p>	
<p><b>Local communities</b></p>	<p><b>S10.1</b> List of local community development programs based on their needs..</p> <p><b>S10.2.</b> The percentage of the company's revenue invested in the local community.</p>	<p><b>GRI 413</b></p>	

<p><b>Diversity of management bodies</b></p>	<p><b>G1.1.</b> The percentage of women in the governance and management bodies of the organization. <b>G1.2.</b> The percentage of women on board committees.</p>	<p><b>GRI 405</b></p>	
<p><b>Board Independence</b></p>	<p><b>G2.1.</b> The separation between the functions of the chief executive officer and that of the chairman of the board of directors (yes / no). <b>G2.2.</b> The percentage of independent directors on the board of directors.</p>	<p><b>GRI 102</b></p>	
<p><b>Board's Remuneration and Incentives</b></p>	<p><b>G3.1.</b> The publication of information concerning the remuneration policies of the top management. (Yes No). <b>G3.2.</b> Taking into account of CSR performance criteria in the remuneration of board directors (Yes / No).</p>	<p><b>GRI 102-35</b> <b>GRI 102-36</b></p>	
<p><b>Collective Bargaining</b></p>	<p><b>G4.</b> The percentage of the total number of employees covered by collective bargaining agreements.</p>	<p><b>GRI 102-41</b></p>	
<p><b>Social and Environmental Assessment of Suppliers</b></p>	<p><b>G5.1</b> A description of the organization's supply chain. <b>G5.2.</b> Systems used to analyze suppliers using social and environmental criteria and the list of social and environmental criteria used. <b>G5.3.</b> Percentage of suppliers and supply chain partners analyzed respectively using environmental social criteria and the list of these criteria.</p>	<p><b>GRI 414-1</b> <b>GRI 308</b> <b>GRI 102-9 (Chaine d'approvisionnement)</b></p>	 
<p><b>Ethics and Anti -Corruption</b></p>	<p><b>G6.1.</b> The company has adopted a code of good conduct and / or deontology and / or ethics. <b>G6.2.</b> The percentage of governance members, employees and partners who have been trained in ethical issues and the organization's anti-corruption policies and procedures. <b>G6.3.</b> The company has an anti-corruption policy (Yes / No).</p>	<p><b>GRI 102</b> <b>GRI 103</b></p>	

## Governance

<p><b>Data Privacy</b></p>	<p><b>G7.</b> The company has a data privacy policy (Yes / No).</p>	<p><b>GRI 103</b> <b>GRI 418</b></p>	
<p><b>Principle of legality</b></p>	<p><b>G8.</b> Rate of internal departments having been affected by a regulatory compliance assessment.</p>	<p><b>GRI 307</b> <b>GRI 419</b></p>	
<p><b>Stakeholder involvement</b></p>	<p><b>G9.1.</b> A list of stakeholder groups with which the company has entered into a dialogue. <b>G9.2.</b> Modalities and frequency of dialogue by type and by stakeholder group. <b>G9.3.</b> Key questions and concerns raised in the dialogue with stakeholders and how the organization responded.</p>	<p><b>GRI 101</b> <b>102-42</b> <b>GRI 102-43</b> <b>GRI 102-44</b></p>	
<p><b>Sustainable procurement</b></p>	<p><b>G10.1.</b> Share of purchases from startups or initiatives in favor of startups. <b>G10.2.</b> Share of purchases from TPE, with indication of the % of cooperative and any SSE (Social and Solidarity Economy) company. <b>G10.3.</b> Average payment time for VSE / SME suppliers.</p>		  
<p><b>ESG reporting</b></p>	<p><b>G11.</b> Publication of a CSR-DD report (Yes / No).</p>		



## 7. Appendices 1

### the 17 Sustainable Development Goals (SDGs)



End extreme poverty in all forms by 2030.



Achieve gender equality and empower all women and girls.



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



Take urgent action to combat climate change and its impacts.



Strengthen the means of implementation and revitalize the global partnership for sustainable development.



End hunger, achieve food security and improved nutrition and promote sustainable agriculture.



Ensure availability and sustainable management of water and sanitation for all.



Reduce inequality within and among countries.



Conserve and sustainably use the oceans, seas and marine resources for sustainable development.



Ensure healthy lives and promote well-being for all at all ages.



Ensure access to affordable, reliable, sustainable and modern energy for all.



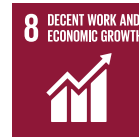
Make cities and human settlements inclusive, safe, resilient and sustainable



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Ensure sustainable consumption and production patterns.



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.



## 7. Appendices 2

### The Financial Sector and ESG Reporting: How can capital providers and insurers develop it?

#### **The finding**

The challenges of sustainable development for financial institutions are twofold.

On the one hand, they have sustainable development issues common to other companies.

On the other hand, they have a particular responsibility because of the specific nature of their activity and the influence they exert in this context on the functioning of the economy<sup>8</sup>.

Since the beginning of the 2000s, the banking and financial sector has taken a growing interest in CSR, both in terms of the direct social and environmental impacts of its investment activities and gradually in terms of its financing activities.

Beyond being a trend, this interest is now a reality: financial players and the insurance sector are now aware of the growing importance of risks and opportunities linked to ESG issues.

#### **Examples of ESG issues specific to the financial and banking sector**

##### **Environmental issues specific to the financial sector**

- 1 - Funding and support for green project leaders
- 2 - Financing the energy transition of companies and individuals
- 3 - Creation of new products and services respectful of the environment (green funds, ecological bank cards, etc.)
- 4 - Prevention of social and environmental risks in banking and financial activities
- 5 - Training of employees on social and environmental risks related to financial products and services)
- 6 - Develop environmental risk insurance solutions

##### **Socio-economic issues specific to the financial sector**

- 1 - Accessibility of banking products and services: banking offers for the most vulnerable, the development of microfinance, the development of inclusive insurance, financial education, etc.
- 2 - Prevention of over-indebtedness and support for customers in difficult situations
- 3 - Management of ethical and fiduciary risks: fight against money laundering, tax evasion, and corruption
- 4 - Support for entrepreneurship, particularly responsible.

8 ORSE Guide (2005), *Sustainable Finance*

## What are the main frameworks for the integration of ESG criteria by the financial sector ?

In addition to the general guidelines presented above, several initiatives, frameworks and even references have been developed to support the various financial players in the role they are supposed to play in the context of the ecological transition. Some of these recognized initiatives in the field are presented below.

### The Principles of Responsible Investment (PRI)

The Principles for Responsible Investment is an initiative of the Secretary- General of the United Nations, set up by the United Nations Environment Financial Initiative (UNEP FI) program and the United Nations Global Compact.

It is the world's largest responsible investment initiative that aims to identify the links between investments and environmental, social ,and governance issues and to help companies incorporate these issues into their decisions by investment and - thereby improving the long-term returns of beneficiaries.

These principles, of which there are 6, provide a range of possible actions to be able to incorporate ESG issues into portfolio management activities.

There are 6 principles for responsible investment. Investors who undertake to respect them must :

**1** - Take ESG issues into account in their investment decision-making processes.  
**2** -Take ESG issues into account in their policies and shareholder practices.  
**3** - Ask the companies in which they invest to publish reports on their ESG practices.

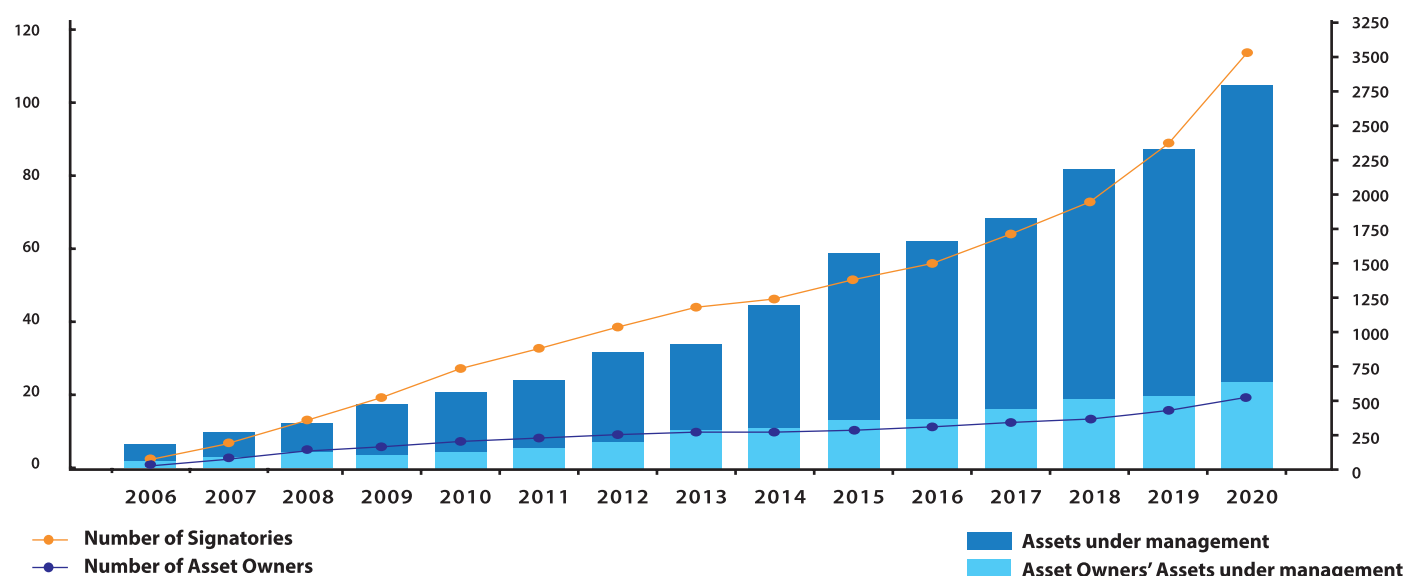
**4** - Promote acceptance and application of PRI among asset managers.  
**5** - Work in partnership with financial sector actors who are committed to respecting the PRI to improve their efficiency.  
**6** - Report on their activities and progress in applying the PRI.

Although these principles are voluntary, the number of PRI signatories has steadily increased from 63 to over 3,000 signatories. As for institutional investors, this represents more than 23.5 trillion dollars in assets, while the signatory asset managers total more than 100,000 billion in assets.

### PRI growth 2006-2021

Assets under management (US\$ trillion)

N° Signatories



# The Financial Sector and ESG Reporting

## What are the main frameworks for the integration of ESG criteria by the financial sector?

### Equator Principles

The Equator Principles, which came into being in June 2003 at the initiative of a group of international banks, is an international framework for managing social and environmental risks in project financing.

This is a list of 10 principles that are applied to projects with a total cost of capital greater than US \$ 10 million.

The **10** principles of the equator are:

- **Principle 1:** Review and categorization.
- **Principle 2:** Environmental and social assessment.
- **Principle 3:** Applicable environmental and social standards.
- **Principle 4:** Action plan and management system.
- **Principle 5:** Stakeholder participation.
- **Principle 6:** Grievance mechanism.
- **Principle 7:** Independent review.
- **Principle 8:** Commitments to make or not to make («Covenants»).
- **Principle 9:** Independent monitoring and reporting.
- **Principle 10:** Reporting by EFPIs <sup>9</sup>.

Financial institutions that follow these principles undertake to grant loans only to borrowers who agree to respect, in social and environmental matters, policies and procedures by the principles of the equator.

There are 3 versions of the Equator Principles: the first version which saw the light of day in 2003, a revised version in 2006, the latest being that of 2013 which is more demanding than the old ones.

### Principles for Responsible Insurance - Principles for Sustainable Insurance

The principles for Responsible Insurance saw the light of day in June 2012 in Rio de Janeiro, ahead of the "Rio +20" conference. This is the culmination of a work initiated in 2006 between the leaders of the insurance sector, under the aegis of the United Nations Environment Program (UNEP).

These principles provide the global insurance industry with a frame of reference on how to approach ESG risks and opportunities. More precisely, made up of 4 pillars, these principles formalize the integration of the concept of corporate responsibility in the mission of insurers.

The 4 principles of this standard commit its signatories :

**1 - to integrate** with decision-making environmental, social, and governance (ESG) issues related to the insurance sector / their activities.

**2 - to collaborate** with their clients and business partners to make them aware of environmental, social, and governance (ESG) issues, to encourage them to take greater account of risk and to develop concrete solutions;

**3 - to cooperate** with governments, regulators, and other stakeholders to promote global action within society that responds to environmental, social and governance issues.

**4 - to report** the application of the principles and demonstrate transparency by regularly publishing the progress of their implementation.

## What are the specific indicators for the various financial sector actors?

In addition to the common indicators mentioned above, companies in the financial sector can rely on the following specific indicators from the GRI sector benchmark dedicated to the financial sector:

<u>GRI Code</u>	<u>Indicator</u>
<b>FS1</b>	Policies with specific environmental and social components to the business lines.
<b>FS2</b>	Procedures for assessing and screening environmental and social risks in business lines.
<b>FS3</b>	Process for monitoring client's implementation of and the compliance with environmental and social requirements included in agreements or transactions.
<b>FS4</b>	Process for improving staff competency to implement the environmental and social policies and procedures as applied to business lines relating to environmental and social policies.
<b>FS5</b>	Interactions with clients/ investees/partners regarding environmental and social risks and opportunities.
<b>FS7</b>	Monetary value of products and services designed to deliver a specific social benefit or each business line broken down by purpose.
<b>FS8</b>	Monetary value of products and services designed to deliver a specific environmental benefit or each business line broken down by purpose.
<b>FS12</b>	Voting rights policies applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.
<b>FS14</b>	Initiatives to improve access to financial services for disadvantaged people.
<b>FS16</b>	Initiatives to enhance financial literacy by type of beneficiary.





## 7. Appendices 3

### The IFC Performance Standards on Environmental and Social Sustainability

**The Performance Standard 1:**

Assessment and Management of Environmental and Social Risks and Impacts.

**Performance Standard 2:**

Labor and Working Conditions.

**Performance Standard 3:**

Resource Efficiency and Pollution.

**Performance Standard 4:**

Community Health, Safety and security.

**Performance Standard 5:**

Land Acquisition, Restrictions on Land Use and Involuntary Resettlement;

**Performance Standard 6:**

Biodiversity conservation and sustainable management of Living Natural Resources;

**Performance Standard 7:**

Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities;

**Performance Standard 8:**

Environmental and Social Standard 8: Cultural Heritage;

**Environmental and Social Standard 9:**

Financial Intermediaries.

**Environmental and Social Standard 10:**

Stakeholder Engagement and Information Disclosure.



## 7. Appendices 4

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