

The background features a light gray base with abstract, flowing wavy lines in shades of green and blue. On the left and right sides, there are clusters of vertical bars and circles in various colors including green, blue, and teal, some with gradients. The overall design is modern and clean.

KANTAR

NEW SUSTAINABILITY LEGISLATION IN UAE AND KSA AND WHAT IT MEANS FOR YOU

Everything you need to know
to get ready and turn from
risk to opportunity

Kantar Sustainable Transformation Practice

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ARE YOU READY?

UAE and KSA are updating their sustainability legislation

The UAE issues a new Climate Change Law mandating organisations to report and reduce carbon emissions.

The UAE has taken a transformative step on climate action by issuing the Federal Decree-Law No. (11) of 2024 On the Reduction of Climate Change Effects, which mandates public and private sector organisations to measure and report their carbon emissions and publish time-bound plans to achieve reductions.

Coming into effect on 30 May 2025, this landmark legislation reflects the UAE's commitment to achieving climate neutrality by 2050.

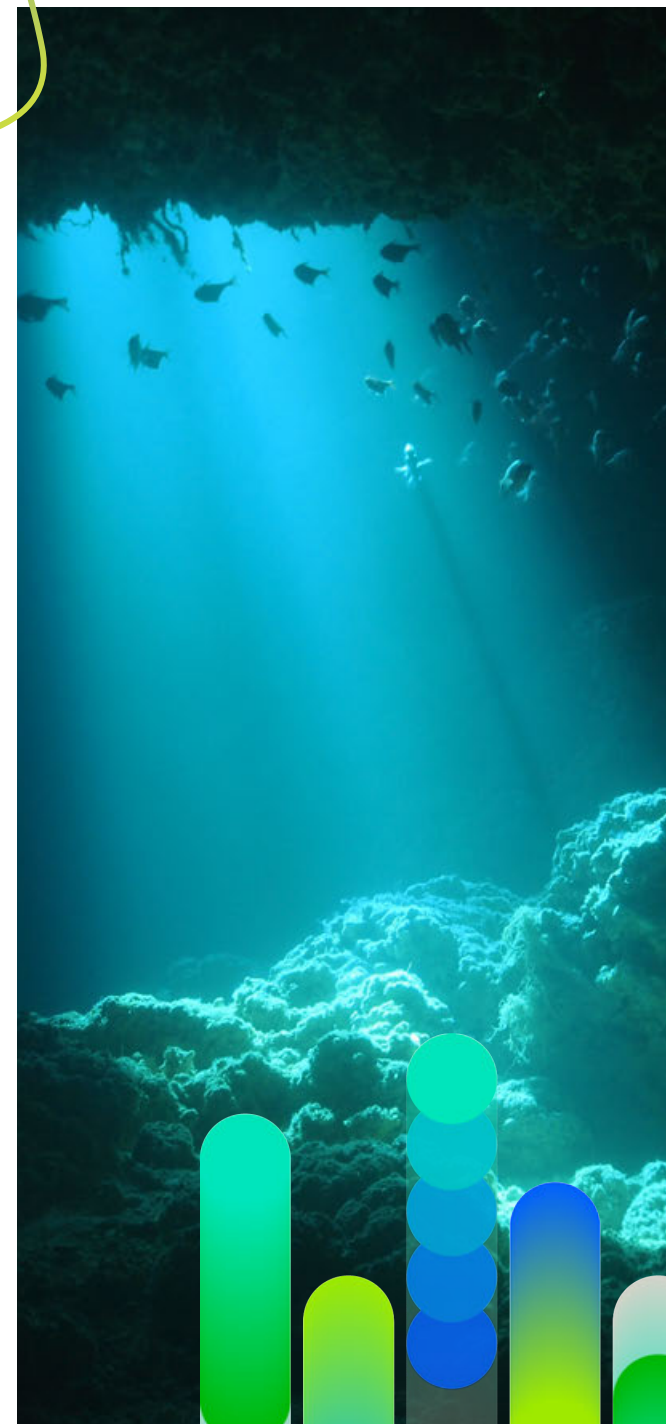
By proactively aligning with the law, companies can unlock multiple benefits. Implementing robust emissions tracking and reduction strategies can lead to cost savings through energy efficiency, access to green financing and sustainability-linked investments, and strengthened brand reputation.

The Capital Market Authority (CMA) in KSA is expected to issue a new mandatory directive for ESG reporting.

The Saudi Stock Exchange (Tadawul) created voluntary ESG Disclosure Guidelines in 2021 for organisations — and in 2023 listed businesses were urged to identify and prioritise ESG metrics most relevant to their operations.

By 2025, the Capital Market Authority (CMA) is expected to mandate ESG inclusion in IPO filings and annual reports. This aligns with Vision 2030, Saudi Arabia's roadmap for economic diversification and its ambitious net-zero emissions target by 2060.

Demonstrating ESG alignment has benefits for investor and consumer engagement as it opens new capital channels, drives operational resilience and boosts brand equity and reputation.



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Since the release of Tadawul's ESG guidelines and the CMA's evolving requirements, there has been a noticeable shift in how companies in Saudi Arabia approach ESG. What began as a focus on compliance has quickly broadened into a more strategic interest in integrating ESG across operations. Companies are moving beyond baseline reporting toward developing comprehensive ESG strategies that align with both regulatory expectations and Vision 2030 objectives.

There's a growing recognition that ESG is not just about meeting disclosure requirements - it's about long-term value creation, risk management, and positioning for future growth in an increasingly sustainability-driven economy.

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Sara Hattar,
Director of Sustainability,
Clenergize Consultants

TAKE ACTION

on the UAE's new Climate Change Law



Phase 1

Assessment and preparation
Immediate action

This initial phase focuses on understanding the applicability of the law to your business and establishing the foundational elements for compliance.

- 1 Determine applicability
- 2 Establish governance
- 3 Develop Measurement, Reporting and Verification (MRV) System

Phase 2

Registration and initial compliance
By 28 June 2025

This phase involves registering high emitters with the National Carbon Credit Registry and developing initial emissions reduction and carbon market strategies for all applicable entities.

- 1 NRCC Registration
- 2 Develop emissions strategy
- 3 Carbon market participation

Phase 3

Operational compliance
By 30 May 2026

This phase focuses on implementing adaptation plans, improving energy efficiency, and preparing for compliance reporting.

- 1 Adaptation planning
- 2 Energy efficiency
- 3 Compliance reporting

Phase 4

Continuous improvement
2026 and beyond

This phase emphasises long-term decarbonisation, enhanced carbon emission disclosure, and ongoing review of the compliance approach. Continuous improvement.

- 1 Decarbonisation roadmap
- 2 Climate disclosure
- 3 Compliance review



PENALTIES FOR NON-COMPLIANCE

Failure to comply with the UAE
Climate Change Law may result
in significant consequences



Financial penalties

Financial penalties of up to 1million AED
for violations.



Temporary suspension

Temporary business suspension until all
requirements are met.



Legal action

Legal action, regulatory scrutiny and
reputational damage.



Loss of business

Loss of business opportunities, clients and
strategic partnerships.



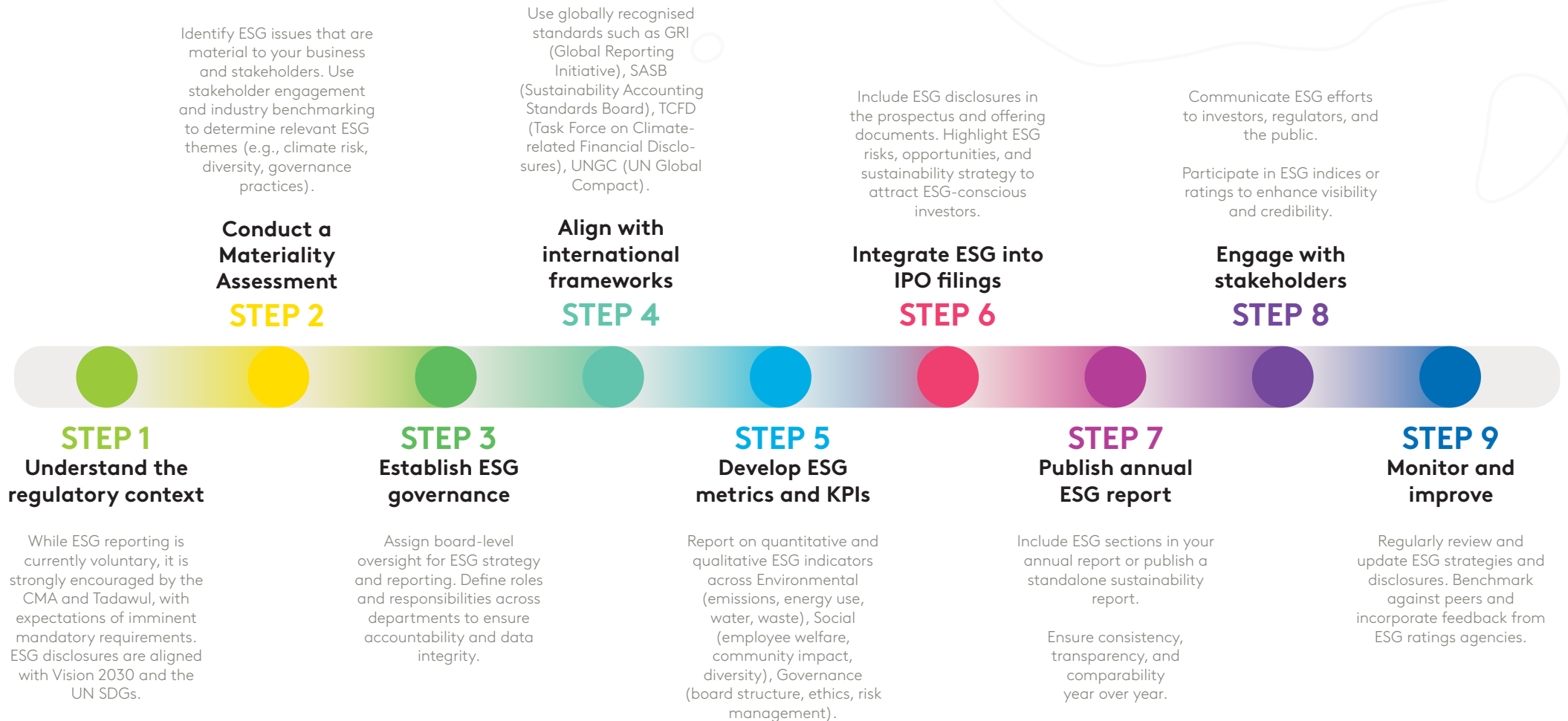
START

TODAY

If you haven't already, begin with Phase 1 immediately to assess your company's applicability and establish the necessary governance structures. Regularly monitor updates from the UAE Ministry of Climate Change and Environment to stay informed of any changes to the Climate Change Law. Consult with legal and environmental experts to ensure full compliance.

TAKE ACTION

on KSA's Capital Market Authority ESG inclusion mandate for annual reports and IPO filings





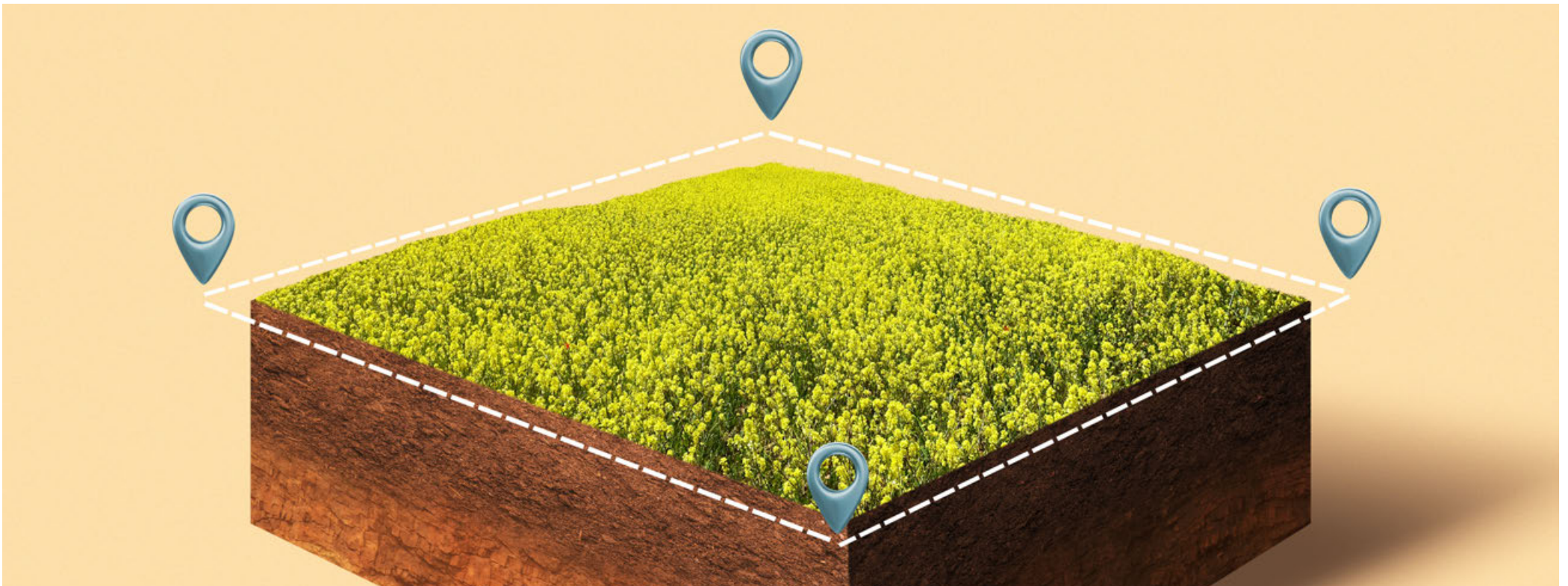
START

TODAY

Review your readiness if the Capital Market Authority announced mandatory ESG inclusion for annual reports and IPO filings tomorrow, by assessing where you are on steps 1–9. Regularly monitor updates from the CMA and Tawadul. Consult with legal and environmental experts to ensure readiness.

BUT IT DOESN'T END HERE

By viewing the regulation changes as an opportunity rather than simply a compliance obligation, businesses can align regulatory requirements with business growth strategies and contribute meaningfully to the Gulf's vision for a sustainable future while making commercial gains.



GROWTH OPPORTUNITIES for brands

If businesses think about these regulatory shifts as more than just a compliance and risk reduction exercise, a world of opportunities and commercial gains opens up.

Access to capital

ESG-compliant firms are more attractive to institutional investors and sovereign wealth funds, many of which are aligning portfolios with ESG principles.

Are you equipped to tap into this capital?

Public-private partnerships

Governments in both the UAE and KSA are offering incentives, grants, and carbon offset mechanisms to support climate-aligned business models. This creates fertile ground for collaboration and innovation.

Are you ready to partner for progress?

Sustainable Innovation

Brands that develop low-carbon products, circular economy models, or green technologies will be well-positioned to lead in a market increasingly driven by environmental performance.

Are you ready to innovate or will you be left behind?

Sustainable Innovation

The rise of green and socially conscious consumerism unlocks new products – eco-friendly packaging, carbon-neutral services, and ethical sourcing are no longer niche but mainstream expectations.

Is your brand ready to meet these consumer demands?

Reputation and trust

Transparent ESG reporting builds stakeholder trust. Companies that lead in sustainability can enhance brand equity, as consumer values are shifting.

Is your brand ready to be a leader?

ESG is a business imperative

While preparing for compliance is essential, forward-thinking businesses can leverage this transition to create strategic advantages.

\$12T

McKinsey and the World Business Council for Sustainable Development (WBCSD) have both, independently, estimated the economic opportunity represented by the sustainable transition at \$12 trillion per year.

The Kantar BrandZ study reveals that sustainability perceptions build brand equity and predisposition, drive volume and enhance the ability to command a premium. Sustainability perceptions alone contribute up to 10% to the value of the Kantar BrandZ global top 100 brands – and yet, they are still leaving a potential \$600 billion on the table according to our latest estimation.

88% **New forms
of thinking**

In Kantar's work with the Climate Governance Initiative, 88% of board directors felt that climate requires new forms of thinking and leadership from the boardroom, the executive and the workforce.

84% **Opportunity
and innovation**

of board directors said that climate represents opportunity and innovation for business. As global markets embed resilience into industrial policy and long-term investment strategies, companies that embrace these changes will be best positioned to lead the next industrial revolution.

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We are responsible for spreading the awareness of ESG by measuring our consumption and awarding divisions who perform best in reducing their waste. We are also responsible for encouraging the private sector to consider ESG as part of their strategy.

**Sustainability
should be a
priority all the
time.** //

Tareq Al-Sadhan,
CEO of Riyadh Bank



CONSUMERS ARE WATCHING

and scrutinising how brands respond to the world's challenges

so the social and environmental impact brands have is no longer just a nice to have. And the speed of change requires speed of action.



42%

say it is businesses' responsibility to solve climate and environmental issues.



32%

believe businesses have a responsibility to make society more fair.

83%

of brands have a
NET NEGATIVE
consumer rating

In 2024, Kantar conducted a comprehensive research and development programme to enhance our understanding of the dynamic between sustainability and brands. Out of the 522 brands we tested with our new methodology, 83% had a NET NEGATIVE consumer rating on sustainability.

This isn't conducive to positive change or commercial success.

If people don't believe that buying these brands is going to make any difference, why would they do it?

Strong brand perceptions and equity in this space is the key missing piece that connects demand with action.

**So how can you find
your path to brand
building and growth
with sustainability?**



Currently,

MOST BRANDS FAIL

to reap brand equity and commercial rewards from their ESG commitments.

Brands are not generating desired ROI as sustainability isn't leveraged in a way that supports and fits with their equity.

We need to find the missing critical strategic direction between corporate ESG and brand activation. And of course to do this, we need to harness the power of marketing.



So how do you build strong sustainable brands that drive growth?

Brands grow by being meaningfully different to more people

Sustainability can be an amplifier or inhibitor of Meaningful Difference and brand growth.

Sustainability perceptions alone contribute

UP TO 10%

to the value of brands in the global BRANDZ TOP 100

BRANDS GROW BY BEING MEANINGFULLY DIFFERENT TO MORE PEOPLE

Growth accelerators for winning marketers to operationalise effectively

PREDISPOSE MORE **PEOPLE**

Sustainability predisposes more people toward your brand

People pay more attention to communications with a sustainability message, which helps creative execution stand out.

BE MORE **PRESENT**

Sustainability opens opportunities to find new spaces

Sustainability is reshaping consumer demand in every sector, helps mature categories and broadens horizons.

FIND NEW **SPACE**

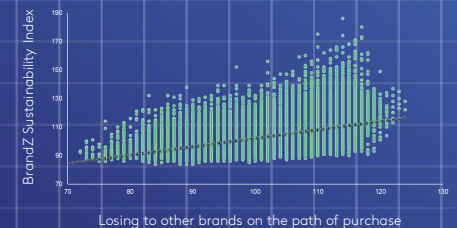
Sustainability needs to be easier to buy, not just easy to choose

Being more present is key to closing the value-action gap. Inadequate price, availability, distribution, visibility etc. are currently disserving brands' efforts to scale sustainability.

Ad distinctiveness



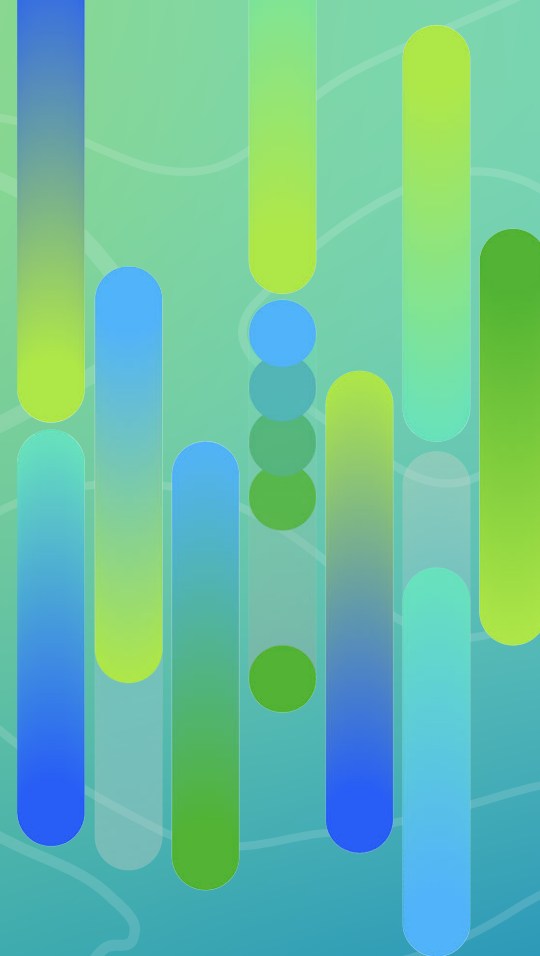
Examples



Brands that are meaningfully
different to more people command

5x

penetration today –
and real advantage
in penetration growth
over two years.



Your brand perceptions on sustainability will
either inspire or inhibit your brand growth.
But how do you find your path to building
Meaningful Difference on sustainability?

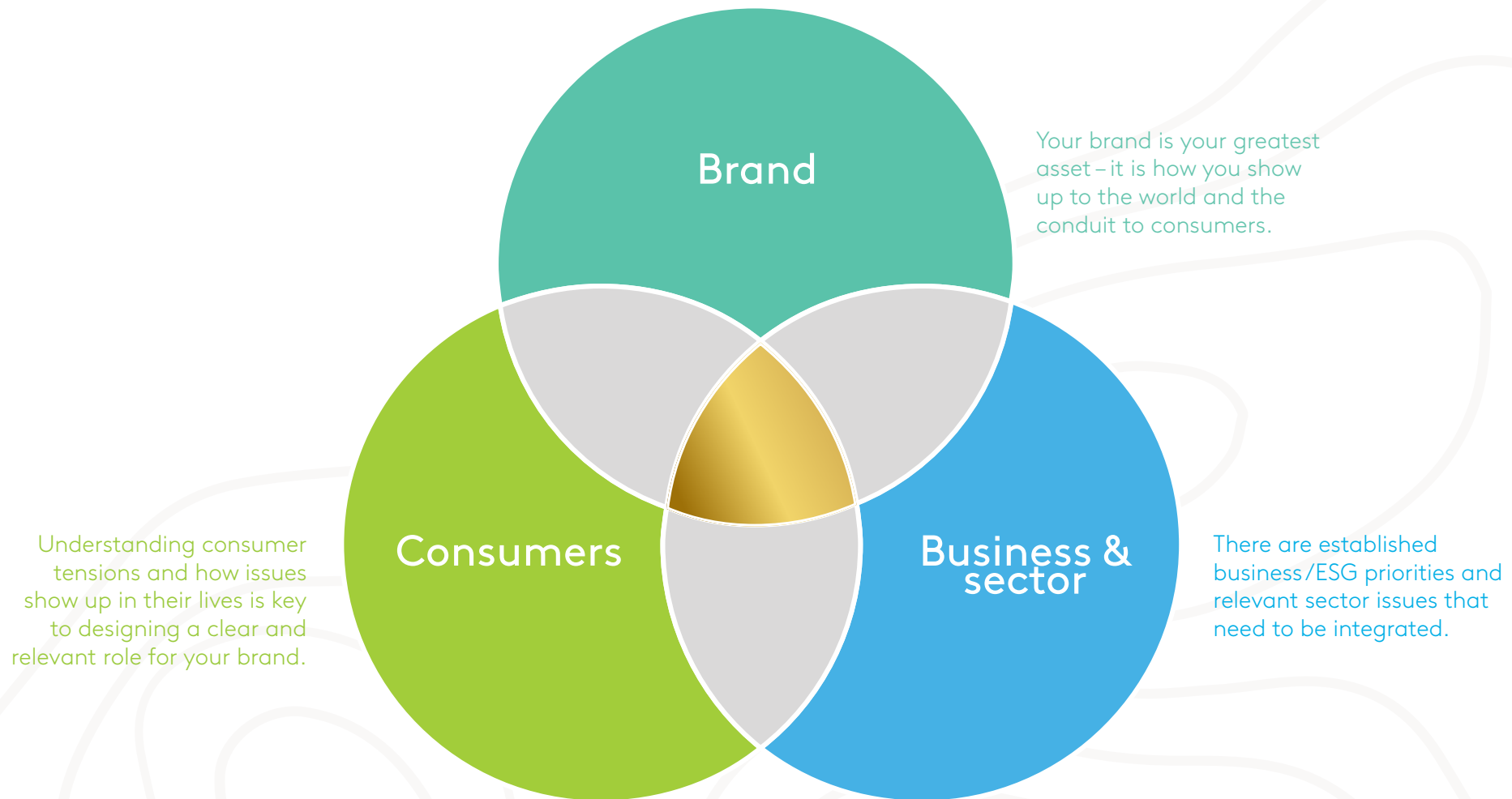
**Opportunities for growth differ on a
sector-by-sector basis.**

To maximise commercial returns, it is crucial brands' marketing efforts focus on the sustainability areas where they can unlock consumer engagement.

Kantar's Sustainable Transformation Practice has the tools to help you build consumer trust, optimise your brand positioning, drive innovation and ultimately enhance your competitive advantage and future proof your brand.

A meaningfully different brand sustainability strategy must be rooted in the business and sector, the brand, and with an uncompromising focus on consumers

Understanding consumer tensions and how issues show up in their lives is key to designing a clear and relevant role for your brand



SOME BRANDS ARE GETTING IT RIGHT

There are already visionary brand leaders in the region that we can learn from



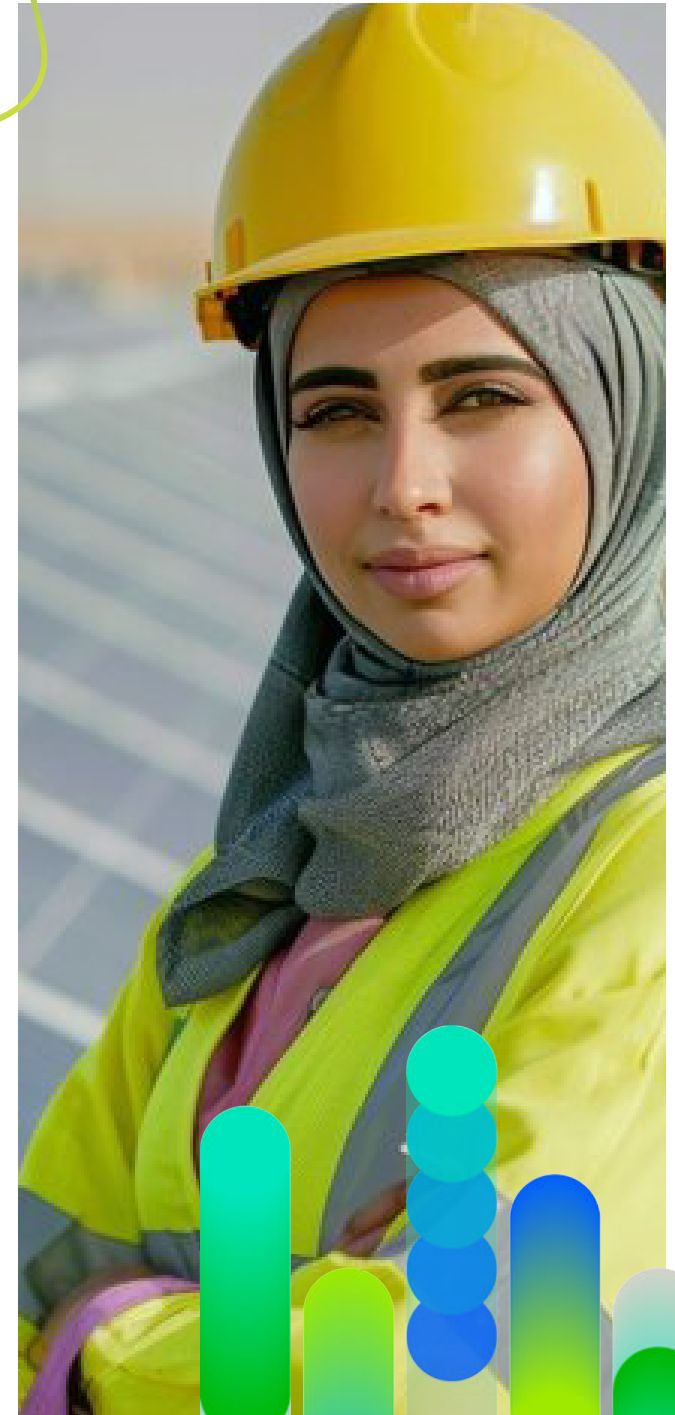
As the most valuable Saudi brand according to the 2024 Kantar BrandZ Most Valuable Emirati and Saudi Brands, Al Rajhi Bank has leveraged its strong brand equity to integrate sustainability into its core operations. By focusing on sustainable finance and aligning with Vision 2030, the bank has enhanced its reputation and attracted sustainability-focused investors.



In response to the introduction of the sugar tax and VAT in KSA, PepsiCo has focused on sustainable product innovation and marketing strategies that resonate with health-conscious consumers. This approach has helped the brand regain market share and strengthen its position in the region.



As the fastest riser in the Kantar BrandZ Emirati and Saudi rankings, Tawuniya has capitalised on the growing demand for sustainable insurance products. By offering eco-friendly insurance options and promoting sustainability initiatives, the company has enhanced its brand value and customer loyalty.





HOW KANTAR CAN HELP

your brands grow in this new business reality. Four things you should be thinking about...

1 Sustainability Sector Index

Zoom in on the issues consumers see as relevant to your sector or category.

Within the context of your corporate ESG strategy, you need to understand what the issues are that will get traction with consumers, in order to best allocate marketing spend.

2 Brand Sustainability

Identify where and how your brands have the right to play to drive growth.

Where do your brands have legitimacy and equity, and what are the specific reasons to believe to focus on.

3 Bridging the Gap

Close the value-action gap by understanding how to unlock different people's behavioural barriers.

Only a proportion of people are committed sustainability aficionados – for most, there are real and specific barriers that brands can target.

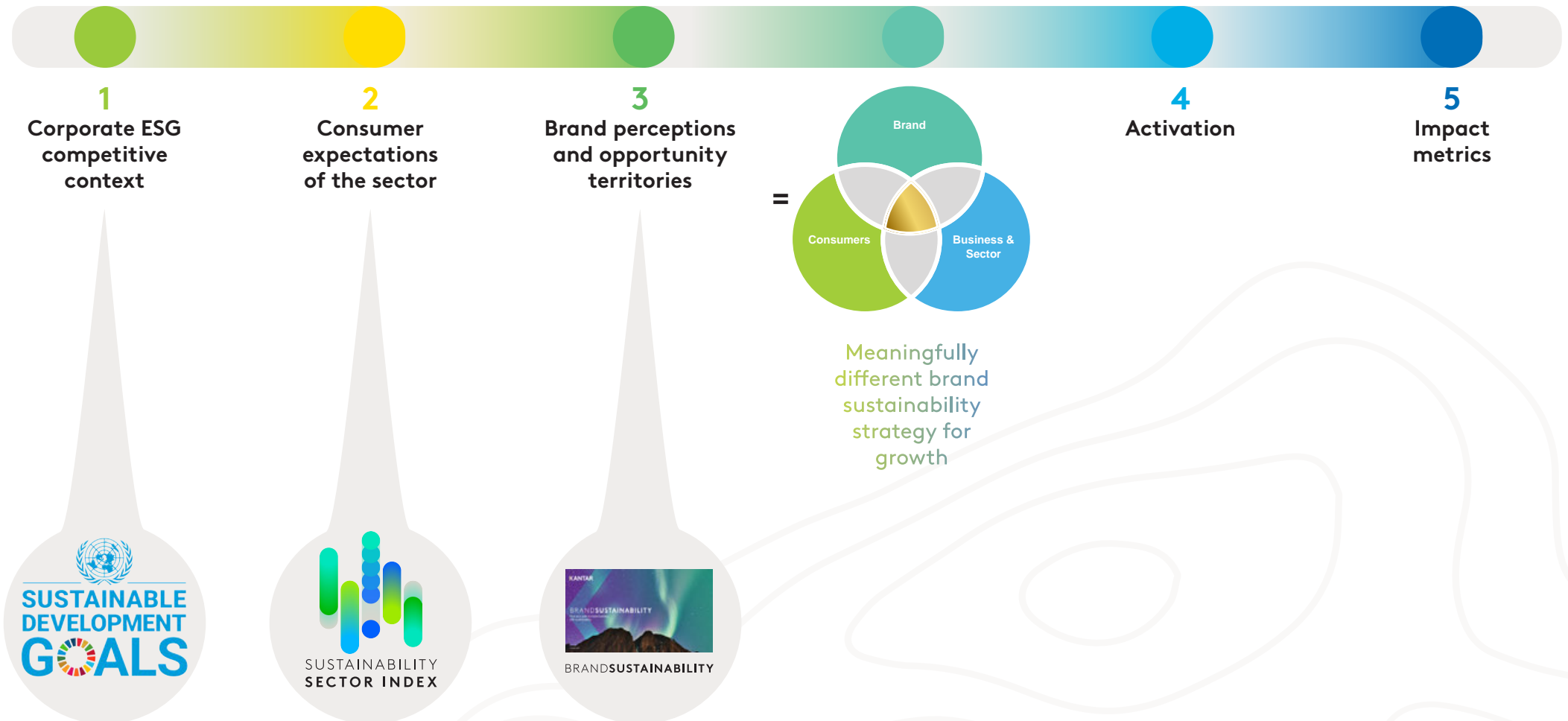
4 Sustainable Marketing Index

Benchmark the sustainability capabilities of your marketing organisation.

Diagnose the gaps preventing you from delivering against the growth strategy, driving brand power and fulfilling consumer demand.

THE PATH

for moving from macro commitments
to a meaningfully different brand
strategy and activation plan



Answering five big questions, **the Sustainability Sector Index** points to the most effective direction for your brand in your sector

1

How do sustainability issues impact people?

What people care about and act upon is strongly linked to where they are in the world. We explore how sustainability connects and impacts people's lives overall and in connection to the 17 SDGs.

2

What issues most affect your sector?

Identify and prioritise the most relevant concerns for your brand. We look at issues directly associated with your sector and how that compares to the issues people are most concerned about in general and in their own country.

3

How well is your sector meeting people expectations?

View how your sector is perceived against critical sustainability territories like climate change as well as key marketing pillars like strategy, innovation, activation, impact and social/greenwashing to further inform your action plans.

4

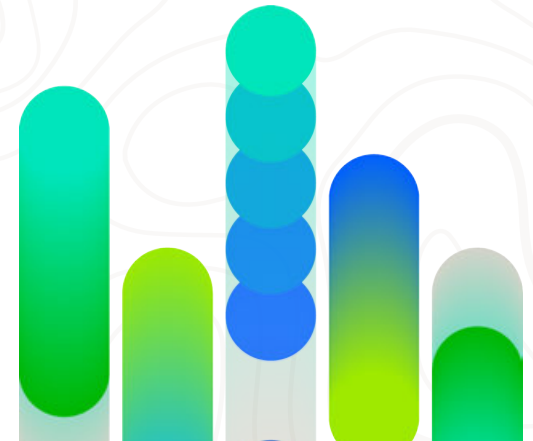
What are the related sustainable behaviours?

Uncover the behaviour dynamics at play in your sector, the size of the value-action gap and the most tangible barriers to adoption of sustainable offering in your sector.

5

How to hit the right messaging and audiences?

Find out about the different target audiences to engage and how to reach them with the right degree of message sophistication.



Once you have the foundational sector specific knowledge, you can **develop your brand sustainability strategy** to optimise your growth opportunity with BrandSustainability

How is my brand currently perceived?

We measure current brand credentials on sustainability, formalised into a Sustainability Score. Our Sustainability Power metric pinpoints whether a brand's efforts on sustainability feed into building brand equity.

What sustainability positioning territories should I pursue?

On top of understanding existing imagery associations, we will provide direction on the best messages your brand should communicate to predispose more people.

Are there any risk areas to mitigate?

Alleviating concerns that people have toward your brand is an essential trust point. We run an assessment of the risk areas your brand is facing, both in terms of behaviours or negative impact.

How can I drive more adoption and scale?

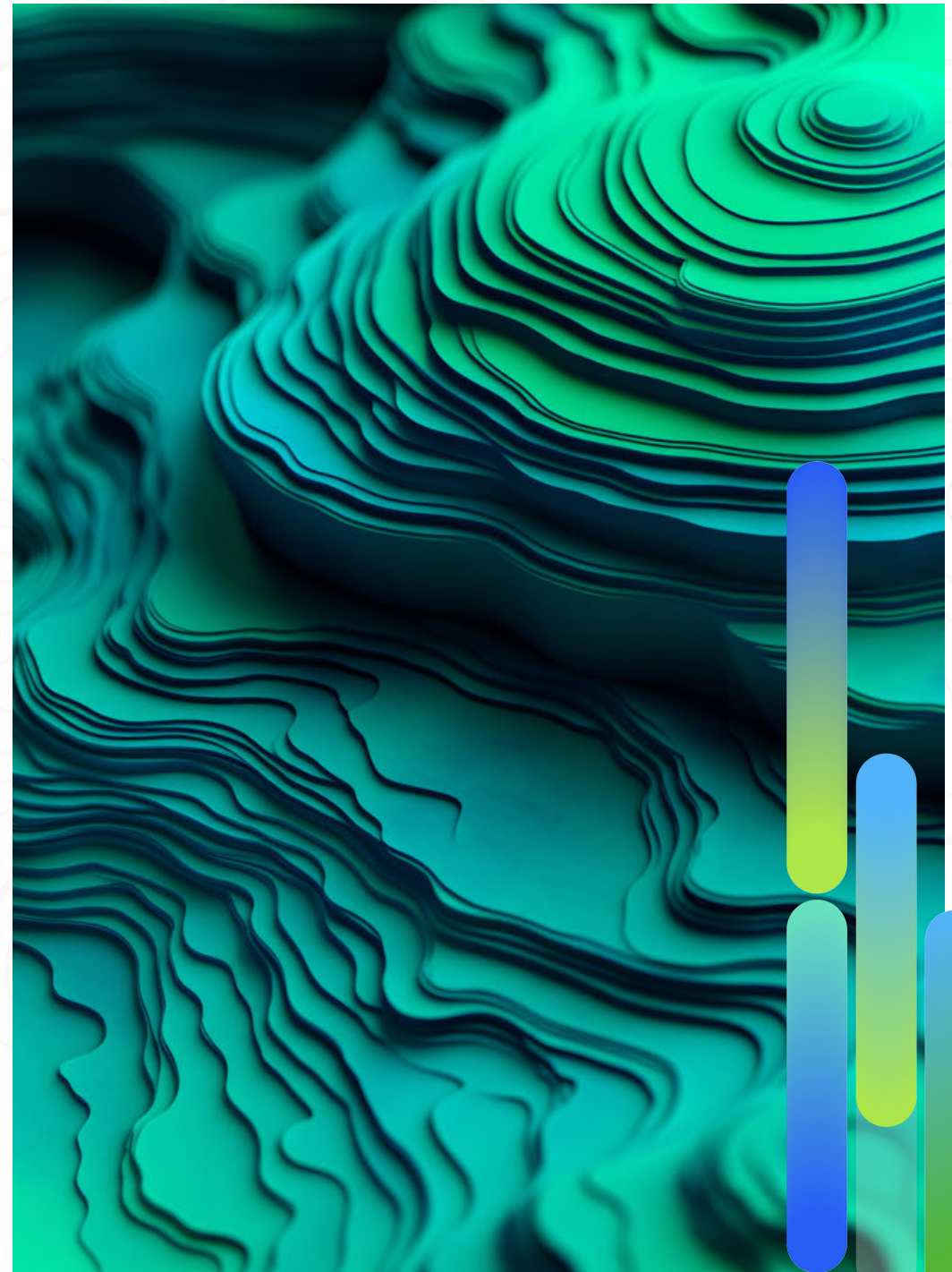
Being more present is key to driving more adoption. Pinpoint what market factors your brand should focus to make your sustainability offering easier to buy – those where you have more to lose or more to win if under-delivered.

How to lay fertile ground for equity?

The awareness of a brands' sustainability efforts is the foundation – without it, there is no ground for equity building. Emotions are key to enabling change. We measure brands against the eight emotional characteristics that drive trust.

What are the most promising areas of change?

Unlock new spaces with a reality check on consumers' new behaviours and how successful your brand is at facilitating them vs competitors. We will identify the best white spaces or opportunities to go after.





LOOKING

AHEAD

As the UAE and KSA position themselves as regional leaders in sustainability, businesses that act early will not only ensure compliance but also unlock competitive advantages. The shift toward mandatory ESG reporting is a clear signal – the future of business in the Gulf is green, transparent, and accountable.

For brands, this is a moment to lead – not just in meeting regulations, but in shaping a more sustainable and resilient economy. Are you ready to seize this opportunity?

ABOUT THIS DOCUMENT

This guidance framework aims to assist organisations in understanding and preparing for compliance with the UAE Climate Change Law. It outlines key phases and considerations to help entities navigate the transition toward sustainable operations and effective emissions management.

Important notice

This document serves as a general guidance framework only. As such, businesses should:

- Consult with their respective sector regulatory authorities for industry-specific requirements.
- Align their compliance strategies with the Ministry of Climate Change and Environment's directives.
- Seek professional legal and environmental advice tailored to their specific circumstances.
- Regularly monitor updates to climate-related regulations as implementation approaches.

The guidance provided herein is based on currently available information and may be subject to change as regulatory details evolve. Businesses are encouraged to develop comprehensive compliance strategies that address both mandatory requirements and voluntary best practices in climate governance.

Sources

This guidance document was developed based on the following official and expert references:

UAE Legislation Portal:
Federal Decree-Law No.(11) of 2024

KPMG UAE:
Understanding the UAE Climate Change Reduction Law

UAE Ministry of Climate Change and Environment (MOCCA)

Saudi Stock Exchange:
(Tadawul) ESG Guidelines

CONTACT

AGot questions about your sustainability journey?
Reach out to Astrid Ricketts or your Kantar contact.

Astrid Ricketts

Sustainable Transformation Practice Lead,
Middle East, Africa & Türkiye

astrid.ricketts@kantar.com

Amol Ghat

CEO
MENAP

amol.ghate@kantar.com

Find out more on [kantar.com](https://www.kantar.com)

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S U S T A I N A B L E
T R A N S F O R M A T I O N