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## Bridging the Gap: Sustainability Reporting Challenges in Achieving the SDGs in the UAE

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### Abstract

As the United Arab Emirates (UAE) accelerates its pursuit of the United Nations Sustainable Development Goals (SDGs), sustainability reporting has emerged as a key instrument for tracking progress, promoting transparency, and driving responsible corporate behavior. However, despite notable advancements in policy and infrastructure, substantial gaps persist in the quality, consistency, and comparability of sustainability disclosures across sectors. This study investigates the challenges faced by UAE organizations in aligning their sustainability reporting practices with SDG targets. Key obstacles include fragmented regulatory guidance, lack of standardized metrics, data reliability issues, and limited stakeholder engagement. The paper emphasizes the need for a unified reporting framework, enhanced institutional capacity, and greater integration of sustainability into core business strategies to ensure that reporting truly supports sustainable development outcomes.

**Keywords:** Sustainability Reporting, SDGs, UAE, Corporate Social Responsibility, ESG, Development Policy, Integrated Reporting, Stakeholder Engagement, Sustainable Development, Reporting Frameworks

### Introduction

The pursuit of sustainable development has become a defining priority of national and corporate agendas across the globe. The United Nations' 2030 Agenda for Sustainable Development, embodied in the 17 Sustainable Development Goals (SDGs), offers a universal blueprint to eradicate poverty, protect the planet, and ensure prosperity for all. The United Arab Emirates

(UAE), as a regional economic powerhouse and global hub for innovation, has demonstrated a strong commitment to these goals through policy initiatives, public-private partnerships, and significant investment in sustainable infrastructure[1].

From renewable energy projects such as Masdar City to the UAE Vision 2021 and the more recent UAE Net Zero by 2050 initiative, the country has strategically aligned its national development trajectory with the SDGs. However, translating this high-level commitment into measurable progress requires rigorous, transparent, and comprehensive sustainability reporting. Sustainability reports provide critical insights into how companies and institutions are contributing to the SDGs, enabling stakeholders—including investors, policymakers, and civil society—to assess alignment, track performance, and hold entities accountable.

Yet, in practice, sustainability reporting in the UAE remains inconsistent, fragmented, and often lacks depth. While several large corporations and state-owned enterprises publish detailed reports, many small and medium-sized enterprises (SMEs) either produce limited disclosures or omit sustainability data entirely. Even among leading firms, the linkage between reported indicators and specific SDG targets is frequently superficial or absent altogether. This disconnect weakens the utility of reporting as a strategic tool and impairs efforts to coordinate national progress on sustainable development[2].

One key reason for these deficiencies is the lack of a unified sustainability reporting framework that is tailored to the UAE's economic structure and development context. Companies often rely on international standards such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), or the Task Force on Climate-Related Financial Disclosures (TCFD). While these frameworks are valuable, they are not fully integrated with the SDGs nor aligned with regional priorities. Moreover, the voluntary nature of most sustainability disclosures in the UAE leads to selective reporting, whereby firms highlight achievements but omit challenges or trade-offs.

Another critical issue is data quality and availability. Sustainability metrics often rely on estimates or incomplete datasets, especially in areas such as emissions, gender equity, or supply

chain responsibility. Limited technical capacity within organizations, coupled with weak internal data governance, further compounds this issue. In the absence of robust assurance mechanisms or regulatory oversight, stakeholders may question the credibility and relevance of reported data.

Stakeholder engagement also presents a challenge. While many reports are designed for investor audiences, they often overlook the informational needs of broader stakeholders, including communities, employees, and regulators. This narrow focus limits the potential of sustainability reporting to serve as a platform for inclusive dialogue and shared accountability[3].

The implications of these challenges are significant. Inadequate sustainability reporting hampers the UAE's ability to monitor SDG progress at both micro and macro levels. It limits the flow of ESG-related capital into the region and undermines public trust in corporate sustainability claims. More broadly, it slows the country's transition toward a truly inclusive and accountable development model.

This paper explores the main challenges facing sustainability reporting in the UAE as it strives to achieve the SDGs. In the following sections, we first examine the structural and operational barriers that impede effective reporting. Then, we explore policy and strategic solutions to strengthen reporting systems and bridge the gap between sustainability rhetoric and impact. In doing so, we aim to offer actionable insights that can help UAE institutions transform sustainability reporting into a powerful lever for long-term development and global leadership.

## **Structural and Operational Barriers in UAE Sustainability Reporting**

Despite the UAE's strong policy commitment to sustainable development, the practice of sustainability reporting across the private and public sectors remains uneven and faces several structural and operational barriers. Understanding these obstacles is essential to building a robust reporting ecosystem that can meaningfully contribute to the achievement of the SDGs[4].

A primary structural challenge is the fragmented regulatory environment surrounding sustainability disclosures. Currently, there is no mandatory national framework in the UAE that specifically governs sustainability or SDG reporting across all sectors. While the Abu Dhabi

Securities Exchange (ADX) and Dubai Financial Market (DFM) have issued voluntary ESG reporting guidelines for listed companies, compliance remains sporadic. Many non-listed firms, SMEs, and public entities are not covered by any uniform reporting expectations. This fragmentation leads to a wide variation in both the content and quality of reports, making aggregation and comparability of data at the national level extremely difficult[5].

Another barrier is the absence of standardization in reporting metrics. Organizations frequently adopt different frameworks—GRI, SASB, TCFD, or the Integrated Reporting Framework—depending on their sector, international affiliations, or investor preferences. While these frameworks provide structure, their disjointed adoption results in data that are not aligned with SDG indicators or with each other. This lack of harmonization frustrates attempts to assess national-level progress toward the goals, since corporate data are often not mappable to the official SDG monitoring framework used by the UAE government.

Capacity and expertise gaps within organizations further hinder the effectiveness of sustainability reporting. Many companies in the UAE, particularly outside of large multinationals or state-owned enterprises, lack dedicated sustainability teams, reporting specialists, or trained personnel who understand both global frameworks and local development goals. In such environments, sustainability reports may become marketing tools rather than genuine assessments of ESG performance and SDG contribution. The lack of internal knowledge and the over-reliance on external consultants may also lead to inconsistencies in long-term reporting[6].

Data reliability is another critical issue. Insufficient internal controls, poor data governance, and limited third-party assurance contribute to questionable data accuracy and transparency. In sectors like construction, energy, and transportation—key industries in the UAE’s economy—emissions, waste, and labor statistics are often inconsistently reported or calculated using non-standard methods. Without reliable data, it becomes challenging to measure real progress or to identify gaps that require policy attention.

Stakeholder inclusivity represents a final operational concern. Most sustainability reports are designed to meet investor requirements or to enhance corporate branding. As a result, they may

ignore the needs of broader stakeholders such as labor organizations, local communities, or government bodies tasked with SDG monitoring. Reports are often published in English only, lack public accessibility, and seldom invite feedback. This limits their potential as a tool for accountability and dialogue[7].

Combined, these barriers significantly constrain the ability of sustainability reporting to support the UAE's national SDG agenda. Reporting remains skewed toward image-building rather than genuine impact assessment, with metrics selected to showcase strengths rather than identify weaknesses or trade-offs. Furthermore, in the absence of external pressure—either from regulators or civil society—many organizations have little incentive to move beyond superficial disclosures.

Addressing these barriers requires a systemic approach that unifies reporting frameworks, builds institutional capacity, improves data quality, and centers stakeholder engagement. Without such efforts, sustainability reporting will continue to fall short of its potential, serving more as a public relations function than a developmental tool[8].

## **Strategic Solutions for Effective SDG-Aligned Reporting in the UAE**

Transforming sustainability reporting into an effective driver of SDG achievement in the UAE will require both structural reform and strategic innovation. To bridge the current reporting gap, a multidimensional approach must be adopted—one that addresses regulatory, institutional, technical, and cultural aspects of disclosure. This section outlines key solutions that can enhance the credibility, comparability, and developmental value of sustainability reporting in the UAE context[9].

The first step is the establishment of a unified national sustainability reporting framework that is explicitly aligned with the SDGs. While international standards such as GRI and SASB are valuable, they must be contextualized for the UAE's development priorities, sectoral composition, and regulatory capacity. A customized national framework, possibly modeled after the EU's Corporate Sustainability Reporting Directive (CSRD), would provide uniform definitions, indicators, and disclosure formats. By integrating SDG targets and sub-indicators

directly into the reporting structure, companies would be required to show how their operations contribute to (or detract from) specific national development outcomes.

Alongside standardization, mandatory reporting requirements should be gradually introduced—starting with large listed companies and high-impact sectors such as energy, construction, and transportation, before extending to SMEs and public institutions. Regulatory bodies like the UAE Securities and Commodities Authority (SCA) and the Ministry of Economy could coordinate these efforts in collaboration with the UAE National Committee on SDGs. Phased implementation, coupled with capacity-building initiatives, would allow organizations to adapt without overwhelming resources[10].

To support this transition, capacity development is crucial. Companies must be equipped with the knowledge, tools, and human resources needed to produce high-quality reports. This includes training programs on SDG integration, ESG data management, and impact measurement. Academic institutions and business associations in the UAE can play a key role in developing specialized curricula, certifications, and workshops tailored to local needs. Public-private partnerships can also fund technical assistance and advisory services for SMEs and public entities.

Improving data quality and assurance mechanisms is another strategic imperative. Companies should adopt integrated digital platforms for ESG data collection and management, ensuring consistency across reporting cycles. Independent third-party verification should be encouraged, not only to enhance credibility but also to build internal accountability. Regulatory incentives—such as public recognition, tax benefits, or procurement preferences—could motivate firms to invest in data integrity and assurance processes[11].

Another critical element is stakeholder engagement. Sustainability reporting must become a participatory process, reflecting the interests and concerns of multiple actors—not just shareholders. Firms should conduct materiality assessments involving employees, communities, regulators, and development experts. Reports should be published in accessible formats and

languages and include mechanisms for feedback and dialogue. By broadening the reporting audience, companies can improve legitimacy and foster trust.

At the national level, the government should create a centralized sustainability reporting repository linked to the UAE's SDG monitoring platform. This would enable aggregated data analysis, benchmarking, and progress tracking across sectors and regions. Such a repository could also enhance investor confidence and support ESG-focused capital markets, aligning financial incentives with sustainable development outcomes[12].

Finally, sustainability reporting must be embedded into corporate governance and strategic planning. Boards of directors should be mandated to review and approve sustainability reports, while executive performance metrics should include ESG and SDG-related targets. Integrated thinking—where financial, environmental, and social performance are considered holistically—must become standard practice.

The UAE's commitment to sustainability is undeniable. However, unless reporting practices evolve to match the complexity and ambition of the SDGs, much of this progress may remain symbolic. A robust, transparent, and inclusive sustainability reporting system is not just a tool for compliance—it is a foundation for national resilience, economic competitiveness, and global leadership in sustainable development.

## Conclusion

While the UAE has made commendable progress in aligning national priorities with the SDGs, significant challenges remain in translating sustainability rhetoric into effective reporting practice. Fragmented frameworks, inconsistent data, limited institutional capacity, and narrow stakeholder focus continue to hinder the ability of reporting to drive meaningful progress. To bridge this gap, the UAE must establish a unified, mandatory, and participatory sustainability reporting system aligned with national and global development goals. Only then can sustainability reporting evolve from a compliance exercise into a strategic engine for achieving the SDGs.

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