November 2025

Board Leadership for Sustainable Business:

A Guide for Middle East Companies



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FOREWORD

Across the Middle East, corporate boards are facing a paradigm shift. The conversation about corporate responsibilities has shifted well beyond generating quarterly returns and the expectations of how directors lead. Several countries in the region have announced national net-zero goals and strategies, aiming to advance social and environmental progress alongside economic growth and requiring corporate responsibility to be incorporated into governance and economic diversification efforts. Companies in the Middle East operate within an ecosystem where long-term value creation is closely and increasingly linked with sustainability, with national agendas such as Saudi Vision 2030, the UAE's Net Zero by 2050 strategy, Qatar's National Vision 2030, Oman Vision 2040, Bahrain Vision 2030, and Kuwait's National Development Plan.

These expectations are becoming clearer as sustainability-related requirements are included in regional regulations, investment mandates, and consumer preferences. However, this change is not always easy to manage. Companies need a clear purpose, cooperation among leaders, and a practical approach that fits the local context of their operations, strategy, and region. Corporate boards increasingly recognize their crucial role in promoting broader societal goals, returning shareholder value, and increasing profits. Directors can help their companies succeed in the long run by broadening the remit of their oversight to include corporate responsibility and ESG criteria, encouraging forward-thinking business practices, and building trust with stakeholders.

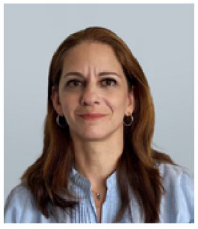
This publication serves as a practical guide for board members to drive the sustainability agenda, enabling companies to remain compliant and competitive while also shaping the future of business in the region. By viewing sustainability as central to strategy, risk management, and innovation, boards will not only lead their industries but also set benchmarks for corporate leadership in the Middle East. Uniqus Consultech supports boards and executive teams of leading organizations in translating sustainability into actionable strategies.

We sincerely hope you find the enclosed publication informative, and we would welcome participation in any discussions necessary to clarify our views expressed in the following pages. We look forward to hearing from you.

For Uniqus Consultech



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THE SUSTAINABILITY LANDSCAPE IN THE MIDDLE EAST

In recent years, there has been a strong and growing focus on sustainability and environmental, social, and governance (ESG) issues around the world, including in the Middle East. The sustainability landscape constantly evolves, particularly with new developments that bring about lasting shifts in social attitudes, policies, work, and consumption. For example, Middle Eastern stakeholders aim to address and mitigate the financial and economic impacts of environmental issues, such as climate change, by encouraging environmental protection, expanding renewable energy, and lessening the region's economic and financial reliance on fossil fuels. Social issues are also prioritized, with investors and regulators demonstrating increased preference for a broader range of economic activities that provide positive societal benefits (e.g., gender equality and improved working conditions).

Companies must demonstrate a commensurate, substantial commitment to contribute to these efforts, as investors and regulators in the Middle East show greater interest in companies that follow ESG principles. These stakeholders want greater accountability and transparency from corporations about their sustainability risks, opportunities, and impacts to guide their decisions and create a more sustainable and inclusive future for the region. Businesses are reporting on their progress in integrating ESG factors into their business models, strategies, and outcome analyses to meet these growing demands. Accordingly, the development of market-based standards and regulations in the Middle East in recent years has begun to align with and contribute to best practice efforts worldwide.

Country and Exchange-Level Developments



Bahrain

Bahrain Bourse, operator of the Bahrain Stock Exchange (BSE), has launched a voluntary ESG disclosure guide that closely aligns with the UN Sustainable Development Goals (SDGs), GRI, and Bahrain Vision 2030. The exchange joined the UN SSE initiative in 2022 and supports the development of digital ESG disclosure platforms, with plans for mandatory reporting being considered in the future. Additionally, the Central Bank of Bahrain (CBB) has issued Directive No. OG/499/2023 which outlines the ESG and sustainable finance expectations for licensed financial institutions. The Directive requires companies to integrate sustainability factors into their internal governance and risk management frameworks and report on the results of this integration. Additionally, policymakers in Bahrain are considering the development of a national taxonomy to define and standardize sustainable economic activities.

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Kuwait

Boursa Kuwait, operator of the Kuwait Stock Exchange (KSE), introduced its voluntary ESG Reporting Guide in 2021 as part of broader privatization and modernization efforts, with indicators based on WFE and SSE metrics and aligning with Kuwait's National Development Plan. Furthermore, the Capital Markets Authority (CMA) has announced mandatory ESG disclosure requirements for listed companies starting in 2026 and is currently developing the reporting framework in line with regional standards like the GCC Unified ESG Metrics and global guidelines. Kuwait is also making progress on green finance. The Kuwait Investment Authority (KIA), one of the world's most significant sovereign wealth funds, has publicly committed to integrating ESG factors into its investment decisions, supporting the country's goal of sustainable economic growth.



Oman

The Muscat Stock Exchange (MSX) has introduced its own mandatory ESG reporting framework, and the Capital Market Authority (CMA) of Oman is actively engaging with listed companies to help them prepare for these upcoming requirements. The ESG strategy is closely linked to Oman Vision 2040, highlighting sustainability in governance, the environment, and economic diversification. Both the CMA and the Central Bank of Oman (CBO) emphasize the importance of board oversight in ensuring the integration of ESG into corporate strategy, expecting boards to take a leading role in disclosure approval, target-setting, and risk oversight as part of broader governance reforms. Finally, Oman's Financial Services Authority (FSA) announced plans for the country to adopt a phased implementation of the International Financial Reporting Standards for sustainability-related disclosures (IFRS S1 and IFRS S2).



Qatar

The Qatar Financial Centre Regulatory Authority (QFCRA) has issued a Sustainable Finance Framework to guide ESG integration among financial institutions. At the same time, the Qatar Central Bank (QCB) has introduced its Principles for ESG and Sustainable Finance in 2023. These guidelines encourage financial institutions to have their boards oversee ESG issues, make sustainability an integral part of risk management and business strategies, and be transparent about their governance structures that support ESG decision-making. The Qatar Stock Exchange (QSE) released voluntary ESG guidelines with reference to recommendations from the UN SSE and World Federation of Exchanges (WFE), and these guidelines are expected to become mandatory by 2027. QSE has signed onto the UN SSE initiative, participates in capacity-building programs to support listed companies in ESG reporting, and offers a complimentary ESG dashboard and reporting tool to help listed companies enhance their performance transparency. Finally, the new Corporate Sustainability Reporting (CSR) Rules require certain firms, such as banks and insurers, to prepare sustainability reports in accordance with the ISSB Standards starting from January 2026.

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Saudi Arabia

Saudi Arabia's sustainability vision is reflected in national strategies such as Saudi Vision 2030 and the Saudi Green Initiative (SGI), with commitments to reach net zero by 2060, Saudi Arabia is committed to the Circular Carbon Economy approach, aiming to lower emissions using technologies like carbon capture, utilization, storage, clean hydrogen, and energy efficiency. ESG principles are also being integrated into public sector entities. For example, the Public Investment Fund (PIF) has developed a sustainability charter aligned with national objectives and incorporates ESG considerations into its investment decision-making and portfolio strategy. In the corporate reporting realm, the Saudi Exchange (Tadawul) has promulgated voluntary ESG disclosure guidelines in line with Saudi Vision 2030. Tadawul also chairs the Gulf Cooperation Council (GCC) Exchange Committee, which has issued a Unified ESG Disclosure Framework to standardize ESG reporting across the region. Tadawul has also launched a sustainability-linked index and a Voluntary Carbon Market (VCM) initiative, holding its first carbon credit auction in 2022.



United Arab Emirates (UAE)

The UAE Sustainable Finance Working Group, comprising regulators and financial institutions, has issued a sustainable finance roadmap to guide its adoption across the sector. Reporting mandates are also growing in the country, with the exchanges (Dubai Financial Market and Abu Dhabi Exchange) having issued ESG disclosure guidelines that follow the national visions and priorities and having committed to climate disclosure practices aligned with the Task Force on Climate-Related Financial Disclosures (TCFD). At the same time, the Abu Dhabi Global Market (ADGM) also launched a binding ESG framework for large companies meeting certain revenue or AUM thresholds. In 2026, Cabinet Decision No. 66 of 2023 will require large public and private joint-stock companies to publish annual sustainability disclosures aligned with international frameworks.



Outside of the GCC

Several other Middle Eastern countries are also advancing national sustainability agendas, albeit with varied levels of regulatory maturity and market readiness. Egypt, as a key regional player, has embedded sustainability into its Egypt Vision 2030 and has launched its Sustainable Development Strategy, while its Financial Regulatory Authority (FRA) now requires listed companies to publish ESG and TCFD-aligned climate disclosures. Egypt has also issued green bonds, including the region's first sovereign green bond in 2020, and is promoting sustainable finance through its updated capital markets law. Jordan has introduced a National Green Growth Plan, and the Jordan Securities Commission is exploring ESG disclosure guidelines. Lebanon's central bank has published sustainability principles for financial institutions, and Iraq has announced a National Adaptation Plan with support from international development partners. Turkey is also advancing regulatory alignment, particularly through the Turkish Capital Markets Board (CMB), which published voluntary sustainability reporting standards for listed companies in 2020. In 2023, Turkey reaffirmed its intent to align national reporting requirements with ISSB standards, as part of a broader effort to converge with EU Green Deal expectations and improve the ESG readiness of Turkish capital markets. The Istanbul Stock Exchange (Borsa İstanbul) is a member of the UN Sustainable Stock Exchanges (SSE) initiative and has launched its own Sustainability Index to promote ESG integration among Turkish companies.

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There is a growing recognition across the broader Middle East that aligning with global ESG standards is essential for climate resilience, investor confidence, and access to international capital flows. For regional boards operating across or investing in these markets, staying attuned to these developments is critical to anticipating regulatory shifts, and long-term sustainability opportunities.

Global Reporting Frameworks Influencing the Region:

Now and in the future, companies operating in the Middle East must increasingly prepare for regulatory alignment, investor scrutiny, and growing stakeholder demand for credible, transparent, and comparable sustainability-related data. The result is a dynamic landscape where boards must stay informed and proactive to guide their companies through this period of transformation and opportunity. Many regulators and exchanges are integrating global frameworks into domestic policy frameworks and reporting mandates, with entities in the Middle East aligning with global ESG disclosure standards such as:

ISSB's IFRS S1 and S2

Issued in 2023, these standards are becoming the global baseline for sustainability-related financial disclosures. In the Middle East, Qatar has taken steps to align with the ISSB Standards in national legislation, with the new Corporate Sustainability Reporting (CSR) Rules mandating from 2026 onwards, Category A firms (banks and insurers) to publish their sustainability reports in accordance with IFRS S1 and S2. Many UAE-listed entities are also actively aligning their sustainability and integrated reports with ISSB Standards, demonstrating strong market momentum and voluntary integration. Most recently, Oman's financial regulator has announced plans to implement requirements aligned with the ISSB Standards.

TCFD and TNFD:

These frameworks emphasize financial risks related to climate change and nature, respectively, with growing relevance for Middle East companies. Climate and biodiversity are two sustainability-related issues increasingly prioritized by Middle Eastern governments, investors, financial regulators, and other stakeholders. Several companies in the region have begun piloting Taskforce on Nature-related Financial Disclosures (TNFD)-aligned assessments, especially in high-impact sectors such as energy, infrastructure, and agriculture.

GRI, Sustainability Accounting Standards Board (SASB), Climate Disclosure Standards Board (CDSB), Integrated Reporting, and World Economic Forum (WEF) Stakeholder Capitalism Metrics

These additional frameworks support comparability and investor-grade ESG disclosures. The use of GRI and SASB in dual-reporting formats continues to grow among listed companies seeking to meet impact and financial materiality requirements.

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Therefore, transparency around sustainability is a strategic concern that rightfully belongs at the board level, not only because boards oversee the integrity of disclosures, but because the implications of sustainability reporting extend far beyond the boardroom. In today's interconnected ESG landscape, transparency is a key driver of stakeholder trust, regulatory compliance, and market competitiveness. For boards, the credibility and clarity of a company's disclosures can directly impact:



Access to Capital

Investors and lenders rely on sustainability disclosures to assess long-term risk-adjusted returns, determine eligibility for green or sustainability-linked financing.



Regulatory Compliance

ESG reporting is increasingly embedded in listing rules, national strategies, and financial supervision. Clear, timely, and standards-aligned reporting is crucial for meeting evolving legal obligations and avoiding reputational or financial penalties.



Customer and Market Relationships

Business partners and customers, particularly in global value chains, use ESG data to evaluate supplier alignment with their commitments, such as carbon reduction targets, responsible sourcing, or human rights compliance.



Talent and Workforce Expectations

A company's sustainability transparency is increasingly viewed by employees and job seekers as a proxy for its values, ethics, and long-term relevance. Authentic and open reporting helps attract and retain purpose-driven talent.



Reputation and Social License to Operate

Civil society, the media, and local communities look to ESG disclosures to assess how companies impact people and the environment. Boards prioritizing transparency help reduce the risk of stakeholder backlash, activism, or regulatory scrutiny.

Ultimately, transparency in ESG reporting is not only a compliance issue but also a strategic lever for enhancing stakeholder engagement and managing risk. Boards that proactively promote progress in corporate responsibility through credible, decision-useful reporting help position their companies for long-term success in a world where sustainability performance is increasingly scrutinized and regulated.

SUSTAINABILITY IN THE BOARDROOM

ESG issues encompass strategic, financial, and operational factors, making them a fundamental responsibility of board members. By actively engaging in sustainability efforts, boards can enhance long-term resilience, foster innovation, and gain a reputational edge. Uniqus has identified several key drivers that shape board member responsibilities regarding effective ESG governance:

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Material Risks and Opportunities

Thematic sustainability issues, including climate change, labor practices, regulatory shifts, and biodiversity loss, present significant risks to business continuity. ESG risks can lead to significant financial repercussions, including regulatory penalties, supply chain disruptions, and reputational damage. Proactive engagement on these topics not only mitigates downside risk but also enhances investor confidence, attracts capital, and supports long-term value creation. Meanwhile, sustainable products and practices can open up new market opportunities. Boards can regularly assess whether sustainability considerations are incorporated into strategic planning, capital allocation, scenario modeling, and stakeholder engagement practices.

ESG Issue	Definition	Risks	Opportunities
Climate Change	Long-term changes in temperature and weather patterns caused by greenhouse gas (GHG) emissions lead to physical risks (e.g., extreme weather events, sea level rise) and transition risks (e.g., policy shifts, market disruptions).	Asset devaluation due to extreme weather and transition risks, such as carbon pricing, regulatory penalties, and reputational damage from insufficient climate action or failure to disclose emissions.	Emerging markets in renewable energy and climate adaptation technologies. Competitive advantage from implementing decarbonization strategies, enhancing GHG transparency, and aligning with global frameworks (e.g., ISSB, SBTi).
Labor Practices	Conditions and standards concerning employee treatment (e.g., gender equality), wages, safety, and rights.	Operational disruptions due to employee turnover, strikes, lawsuits, and legal penalties for non-compliance.	Enhanced retention and employer reputation through equitable labor practices.
Regulatory Shifts	Changes in laws, standards, or policies concerning environmental or social compliance.	Higher compliance costs and penalties for breaches.	First-mover advantage in new markets and access to green or sustainable financing.

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ESG Issue	Definition	Risks	Opportunities
Biodiversity Loss	The decline of species and ecosystems is affecting the stability of natural systems.	Supply chain disruptions due to raw material scarcity and reputational risks.	Innovation in nature-positive products and services for ecosystem restoration.
Human Rights in Supply Chains	Issues such as forced labor, unsafe working conditions, and inadequate worker protections may exist throughout the entire value chain.	Loss of customers or contracts and exclusion from ESG indexes.	Leadership in ethical sourcing and enhanced brand trust.
Water Scarcity	Limited access to clean water resources in some regions.	Production delays or increased utility costs.	Innovation in Water Efficiency and Closed-Loop Water Systems.

Fiduciary Duty and Value Creation

Policymakers worldwide have acknowledged that fiduciary duty encompasses material non-financial risks, highlighting that sustainability is vital for long-term financial success. Companies in the Middle East need to demonstrate board-level oversight of sustainability, as regulatory, investment, and governance environments increasingly suggest that non-financial risks are critical to fiduciary oversight. For example, market leaders such as Mubadala, PIF, KIA, and QIA actively require the integration of ESG principles and responsible investing into their portfolio decisions, showing that fiduciary duty includes considering ESG factors for investee companies. Firms aiming to access international capital markets must also increasingly prove they have board-level oversight of sustainability issues. The table below details the timeline of key regulatory and investor developments supporting the inclusion of ESG within fiduciary duty.



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2005

Global

The Freshfields Report (UNEP FI) affirms that ESG integration is part of fulfilling fiduciary duty.

2015

Global

The UN PRI's 'Fiduciary Duty in the 21st Century' report reaffirms the relevance of ESG for fiduciaries.

2020

UK

Pension funds are required to integrate climate risks aligned with TCFD under fiduciary obligations.

2021

EU

The SFDR mandates that financial market participants disclose their ESG integration as part of their investment duties.

2022

USA

The US Department of Labor's ESG rule permits ESG considerations in ERISA plan decision-making when they are financially material.

2023

KSA

Saudi Exchange issues ESG disclosure guidelines. PIF integrates ESG into portfolio strategy.

UAE

ADGM ESG Disclosure Framework requires qualifying firms to report ESG risks at the board level.

GCC

GCC Unified ESG Metrics have been introduced, covering 29 standards, including board diversity, GHG, and data privacy.

2024

Qatar

The Qatar Stock Exchange updates its ESG KPIs, including board oversight, as part of its disclosures.

2025

Global

Over 50 jurisdictions now require board members to demonstrate climate-related competence as part of their fiduciary responsibilities, reflecting a major expansion in the regulatory view of sustainability governance.

Stakeholder Expectations

Employees, investors, and consumers are increasingly rewarding companies whose values align with their own, compelling boards to ensure their companies meet growing stakeholder expectations. Companies face scrutiny not only for what they may not disclose but also for their actions and behavior. A clear board-level commitment to sustainability establishes the tone for ethical conduct and responsible growth.

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CORE AREAS OF BOARD OVERSIGHT

Board members must oversee a wide array of sustainability topics, but a focused approach on the most material issues is essential. Below are priority areas relevant to most Middle East businesses:

ESG Issue Area	Context in the Middle East	Example Board Responsibility
Climate Action & Decarbonization	The imperative to reduce heavy economic reliance on fossil fuel economies and increasing regulatory pressures (e.g., UAE Net Zero 2050, Saudi Vision 2030) have made climate action essential for competitiveness and access to capital.	Approve net-zero targets, oversee transition plans, track emissions data, and ensure adherence to voluntary or mandatory reporting frameworks.
Human Capital & Diversity	Changing population demographics, gender equality initiatives (e.g., UAE SCA board requirement, Saudi Vision 2030), and talent retention challenges necessitate proactive workforce strategies in accordance with national visions.	Advocate for gender diversity, inclusive leadership, employee well-being, and equitable opportunities; view board diversity as a strategic issue.
Supply Chain Integrity	Global supply chain connections and scrutiny from international partners (e.g., EU CSDDD, German Supply Chain Act, US Uyghur Forced Labor Prevention Act) necessitate transparency and resilience, especially in industries such as construction, logistics, and manufacturing.	Ensure ethical sourcing, oversee human rights due diligence, and promote climate resilience in supplier relationships; recognize reputational and regulatory risks throughout the value chain.
Governance & Ethics	Investor expectations and regional reforms in transparency, anti-corruption, and corporate governance frameworks are increasing, particularly for listed and family-owned businesses. This is reflected in ESG-linked disclosures, index inclusion, and investment decisions (particularly sustainable finance products).	Promote transparency, protect whistleblowers, ensure data privacy, and enforce anti-bribery programs; define company values and align them with sustainability objectives.

Boards should ensure these issues are incorporated into their organizations' enterprise risk management, business planning, and performance incentives. They must also hold executive management accountable for progress and provide strategic oversight instead of merely offering passive endorsement.

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STRENGTHENING BOARD-MANAGEMENT ENGAGEMENT ON SUSTAINABILITY

Key Questions to Ask Management

To lead in sustainability, board members should regularly challenge management with forward-thinking questions. Examples of such questions may include, but are not limited to, the following:

- Are we aligned with national and global sustainability targets? What is our current progress?
- What are our material sustainability risks, and how are they managed on an ongoing basis?
- How does our current business model align with a low-carbon, equitable future?
- Do we have a climate transition plan with measurable targets and timelines?
- How is performance on sustainability issues incentivized across leadership and the rest of the organization?
- Are we investing in the right tools, data, and systems needed to track progress?
- How do our disclosure practices align with international and domestic frameworks (e.g., ISSB, CSRD, GRI)?
- Are our sustainability commitments integrated into capital allocation, procurement, and operations?
- What is our strategy for managing climate, water, and biodiversity risks across our physical assets?

These questions can help boards move from oversight to strategic direction. They also foster management's discipline and transparency, reinforcing a culture of accountability.

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Best Practices on Board-Management Engagement

To lead in sustainability, board members must go beyond passive oversight and establish proactive, structured dialogue with executive management. Regular engagement ensures the board stays informed about sustainability risks and opportunities, while reinforcing accountability throughout the organization. Uniqus has observed several of the following practices among leading businesses in the Middle East:

ESG Board Committee or Champion

Boards can designate a dedicated board-level sustainability committee or appoint a lead director with expertise in sustainability or related fields (e.g., environmental or chemical science, ESG reporting, or sustainable finance). This individual or committee should engage directly with executive teams, monitor strategy execution, and provide informed briefings to the full board.

Key Driver: For example, a study from the GCC Board of Directors Institute surveyed companies in the region and found that 43.2% of respondents factored board-level oversight of their goals, strategies, remuneration, and company structure (e.g., management and adherence to regulations) into their ESG-related reporting. As board-level oversight of ESG becomes a growing trend across the region, companies will increasingly need to demonstrate strong governance to remain competitive. Establishing a dedicated ESG board committee or appointing an ESG champion at the board level is an effective way to embed this oversight and drive strategic alignment.

Board Expertise and Diverse Nominations

Boards need to assess their collective skills to make sure they can oversee sustainability issues effectively. This includes nominating directors with proven expertise in areas such as climate science, reporting, sustainable finance, or stakeholder engagement. Additionally, diversity in gender, nationality, and professional background can improve board performance and decision-making. Nomination committees should include ESG oversight capabilities and diversity factors in their criteria for selecting directors.

Key Driver: Exchanges in the region have stipulated Board member diversity and expertise requirements, making this not only the best practice but also a market requirement. For example, Dubai Financial Market (DFM) and Abu Dhabi Securities Exchange (ADX) have required listed companies to include at least one woman on the board, leading to an increase of 200 percent in women's representation on the boards of listed public joint stock companies in the past three years in the UAE.

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Regular Sustainability Updates

Management should provide regular, structured updates to the board. These updates could include progress on key sustainability metrics, alignment with regulatory and disclosure frameworks like ISSB and CSRD, stakeholder concerns, and performance against internal sustainability goals. The board may need special sessions after major events, such as regulatory changes or significant incidents like environmental accidents or labor issues.

Key Driver: Standards setters and global governance bodies, such as the UN Principles for Responsible Investment (PRI) and the International Corporate Governance Network (ICGN), emphasize that boards should receive regular, structured ESG updates, integrated into financial oversight mechanisms to treat sustainability as a core governance topic rather than a separate issue. ESG ratings agencies (e.g., MSCI, Sustainalytics) also evaluate companies not only on environmental and social performance, but also on governance quality; specifically, the timeliness, consistency, and depth of sustainability-related disclosures to the board. Strong governance over sustainability matters signals organizational maturity and transparency, which directly impacts ESG ratings. These ratings are increasingly integrated into investment screening and decision-making by institutional investors, companies with weak governance or inadequate board engagement risk being deprioritized by capital allocators.

Integration into Annual Strategy Reviews

Sustainability should be incorporated into companies' strategic planning processes. For example, climate risk scenario planning may be included in business continuity planning, decarbonization targets may guide capital expenditure decisions, and ESG due diligence may impact investment decisions.

Key Driver: As ESG factors increasingly influence long-term value creation, integrating sustainability into annual strategic planning, overseen by the board, ensures alignment between a company's financial goals and environmental and social responsibilities. Leading investors and regulators now expect companies to demonstrate how climate and ESG risks are embedded into core decision-making, particularly in capital allocation, M&A, and risk management processes. For example, integrating climate scenario planning into business continuity processes or aligning decarbonization targets with capital expenditures can strengthen resilience, boost investor confidence, and support credible transition narratives.

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Board-Executive Workshops

Regular joint strategy sessions can help align the board and leadership with long-term sustainability goals and innovation paths. Third-party consultancies with expertise, such as Uniqus, can facilitate knowledge-sharing workshops.

Key Driver: As sustainability becomes a priority at the board level, alignment between directors and executive leadership is essential to ensure that ESG goals are integrated into long-term strategy rather than treated as separate initiatives. Regular joint workshops offer a structured space for strategic discussion, knowledge sharing, and cross-functional alignment, especially on complex issues like climate risk, innovation pathways, and stakeholder expectations. Involving expert third-party facilitators can also introduce external perspectives, enhance the board's ESG understanding, and build credibility with investors and regulators who look for evidence of active board involvement in sustainability.

Executive Remuneration Tied to ESG Performance

Boards might consider adding sustainability-linked key performance indicators to executive remuneration. These could include climate goals (e.g., emissions reduction, energy efficiency), social metrics (e.g., workforce diversity, health and safety), or governance standards (e.g., ethics and compliance). Connecting compensation to ESG results strengthens management accountability and demonstrates the organization's dedication to long-term value creation.

Key Driver: Institutional investors increasingly prefer a principles-based approach to ESG-linked executive remuneration, believing executive compensation should be linked to ESG performance in a way that is meaningful, measurable, and tied to long-term value creation. In the Middle East, some companies have already started linking executive pay to sustainable metrics, while globally, it is reported that 77.2% of S&P 500 companies have already implemented it. Companies that proactively integrate ESG matters into executive remuneration will be positioned at the forefront of governance innovation, providing a competitive edge over regional peers and aligning with the best global practices adopted by the world's largest and most reputable companies.

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From Boardroom Intent to Business Action

Turning sustainability from a boardroom priority into a business reality requires unified action across the entire organization. This process involves translating strategic oversight into practical implementation, embedding sustainability into the organization's core through its structures, personnel, and decision-making processes. Key pathways to implementation include

Embedding Sustainability in Strategy 01

Companies need to make sure that sustainability goals are completely aligned with business priorities. This involves recognizing sustainability risks and opportunities as key parts of strategic planning, budgeting, and performance tracking. For example, product development teams can include eco-design principles, while commercial teams should customize go-to-market strategies to feature low-carbon or inclusive products. Market expansion can take into account environmental limits and the social license to operate in new areas. Moreover, investment decisions may evaluate ESG compatibility and the long-term sustainability of acquisition targets.

Leveraging the Finance Function 02

The finance team plays a crucial role in translating sustainability priorities into measurable outcomes. CFOs should develop ESG-aligned budgets, integrate climate and sustainability metrics into enterprise performance dashboards, and incorporate ESG risks into enterprise risk management frameworks. Finance teams can also take the lead in modeling climate-related financial disclosures, evaluating the financial impact of emissions targets, and managing the issuance of sustainability-linked bonds and green financing instruments.

Activating Other Functional Leadership Across the Business 03

- **HR:** Integrate sustainability into talent attraction strategies by including ESG performance in leadership KPIs and shaping organizational culture. Implement inclusive hiring practices and diverse metrics that align with board-level goals.
- **Operations:** Establish facility-level emissions and water consumption targets. Incorporate energy efficiency, a circular economy, and waste reduction into operational planning and procurement. Enable supply chain decarbonization through low-carbon logistics or local sourcing.
- **Legal & Compliance:** Monitor rapidly evolving disclosure and due diligence regulations across markets (e.g., EU CSDDD, GCC ESG frameworks). Embed ESG clauses in supplier contracts and ensure that codes of conduct comply with international human rights standards.

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- **IT:** Develop ESG data infrastructure, including dashboards for real-time tracking of environmental and social KPIs. Enhance auditability, traceability, and integration into existing ERP systems. Support cybersecurity and data privacy programs that align with governance frameworks.

Build Cross-Functional Governance and Ownership 04

Consider establishing a sustainability steering committee made up of leaders from strategy, finance, HR, legal, operations, and IT, ensuring clear accountability and defined ownership of sustainability objectives. Set a regular reporting schedule for the board (e.g., quarterly or biannually), providing dashboards and performance updates that include narrative context. Align executive incentive plans with sustainability targets and offer ongoing ESG capacity-building for senior management and business units.

Foster a Culture of Continuous Improvement 05

Beyond structures, sustainable transformation requires a change in mindset. Encourage innovation focused on sustainability (e.g., low-carbon products, inclusive service delivery), embed learning loops to evaluate and refine the sustainability strategy, and engage middle management and employees through campaigns and rewards that align personal purpose with company impact. After evaluating the current state, consider setting science-based, meaningful, and ambitious goals over the short and long term to improve over time.

Business transformation requires commitment across people, processes, and technology. The board's role is not only to set the tone from the top but also to demand execution, track outcomes, and reinforce the message that sustainability is not just a department or a disclosure, but rather a way of doing business.



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Uniqus POV

Navigating Reporting, Assurance, & Transparency

Although corporate sustainability involves more than just disclosure and regulatory compliance, reporting remains essential for businesses to show accountability. However, corporate sustainability disclosures are becoming more complex and important as stakeholders seek greater transparency about the sustainability actions and performance of companies. Boards must ensure their organizations are prepared for the changing sustainability reporting environment. Key factors in the sustainability disclosure landscape include:

Global Convergence

The emergence of ISSB (IFRS S1 & S2), the EU's CSRD and recent Omnibus updates, and regional taxonomies (e.g., UAE's sustainable finance regulations) means that more companies will need to report in accordance with converging international standards. Companies operating globally, listing on foreign exchanges, or attracting international investors will likely fall under these scopes.

Double Materiality

Reporting should reflect financial materiality (i.e., impacts on the company) and impact materiality (i.e., the company's effects on people and the planet). Impact materiality and double materiality become particularly relevant under frameworks such as the CSRD and GRI. They are increasingly anticipated even in jurisdictions that adhere to financial materiality-only disclosure methods.

Assurance Readiness

Investors and regulators increasingly demand independent assurance for sustainability disclosures. Assurance fosters internal confidence in reported data and helps prepare for regulatory scrutiny. Boards must ensure that internal controls are established to support third-party verification, as designing an internal control framework for non-financial information becomes imperative for businesses to achieve these objectives. While some large organizations have begun implementing internal control frameworks, most businesses have yet to undertake this journey. To be assurance-ready, companies seeking to report on ESG should develop an internal controls framework aligned with best practices.

Technology Enablement

Manual reporting with spreadsheets is becoming increasingly insufficient as data collection and disclosure needs evolve. Boards should inquire with management about how ESG reporting is being digitized and systematized, including the use of platforms like Uniqus' proprietary technology solution, ESG UniVerse, which is enabled by AI and sustainability professionals to automate data collection, mapping, and reporting.

Transparent reporting fosters credibility, enhances investor confidence, and facilitates access to capital, particularly in sustainability-linked finance markets.

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Benefits of Boardroom Integration

Sustainability is more than just a trend. It signals a fundamental shift in how companies are valued, regulated, and trusted. Boards in the Middle East have both a responsibility and an opportunity to shape their businesses' future. By raising sustainability to the boardroom level and promoting implementation at every part of the company, they can help their organizations succeed.

We have seen that when boards take an active role in setting or approving ESG priorities, approving sustainability-linked investments, and overseeing transparent performance reporting, companies are better positioned to drive innovation, manage risk, and capture long-term value. Such practices demonstrate that sustainability is not merely a cost but also an investment in innovation, reputation, and long-term relevance.

In our view, companies that act early and consistently will gain a reputational and financial edge. Therefore, boards must:

01 Engage deeply with sustainability risks and opportunities

02 Oversee integrated strategy and performance

03 Demand transparent, credible reporting

04 Champion a culture of long-term value creation



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At Uniqus, we are ready to partner with you on this journey, combining deep expertise, innovative technology, and a dedication to turning sustainability goals into lasting results. We assist organizations in transforming sustainability ambitions into measurable outcomes. Board and companies can benefit from our integrated suite of services, including:

Sustainability Strategy

From materiality assessments, performance metrics, and stakeholder engagement to roadmap design and governance frameworks

Regulatory & Ratings Readiness

Including tailored gap assessments and disclosures aligned with CSRD, ISSB, GRI, and other global and regional frameworks; assistance with ESG ratings such as S&P Global – DJSI, EcoVadis, and MSCI

Reporting & Assurance Readiness

Implementation of ESG UniVerse platform, audit trail documentation, and assurance support using COSO-aligned control frameworks

Decarbonization & Climate Action

Carbon accounting, financed emissions, target setting (e.g., SBTi alignment), net zero strategy, transition planning and implementation, climate-related risk reporting (e.g., TCFD, CDP, TNFD), climate risk assessments, and scenario modeling

Supply Chain & Human Rights

Due diligence frameworks, supplier engagement tools, and reporting aligned with the UN Guiding Principles

Diversity & Inclusion

Board diversity diagnostics, DEI strategy workshops, and gender parity planning

Sustainable Finance

Development of sustainable finance frameworks or elements (e.g., governance, roadmap, policy), climate stress testing, sustainable finance products, climate action, portfolio due diligence and monitoring, alignment with financial taxonomy or disclosure expectations (e.g., UN PRI, UN PSI, UN PRB, NZBA, EU Taxonomy)

Training & Awareness

ESG and sustainability reporting, awareness programs on relevant ESG matters (e.g., climate action or ratings mechanisms)

We integrate global experience with local insights to provide practical, technology-driven solutions. Our strength is in making sustainability concrete, backed by analytics, accountability, and assurance readiness.

A TEAM THAT YOU CAN TRUST TO DELIVER



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