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Accounting for Tomorrow: Integrated Reporting by Gulf Developers

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What has driven Gulf sustainability reporting?

There is no doubt that both the quantity and quality of Environmental, Social and Governance (ESG) reporting in the Gulf has risen dramatically over the past decade. What has driven this change?

The first and arguably the most important factor has been the explicit inclusion of ESG in national Government plans such as Saudi Arabia's Vision 2030. Sustainability has been a pillar of how the Gulf envisages the future, but such emphasis is less common in national plans across most markets, where sustainability is often not explicitly prioritised. Vision 2030 describes ESG disclosure as 'essential' for corporate strategy and investor trust. It is explicit that, by 2030, Saudi Arabia expects 'world-class' ESG compliance across listed companies.

A second factor has been the emergence of green financing in the Gulf. Stakeholders, especially finance providers, now want to see ample and often very specific sustainability disclosures. In some cases, funding decisions are made on the basis of such disclosures.

A third driver has been initiatives by regional stock exchanges and central banks, aligned with the UN Sustainable Stock Exchanges Initiative. The Saudi Stock Exchange, for example, published ESG disclosure guidelines as early as 2018¹; the UAE Central Bank's Principles for Sustainability-Related Disclosures currently date from 2024, although there were earlier guidelines.² Such guidelines have encouraged companies to align with global standards.

Finally, the increased availability of competing standards played a role. These included the Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI), the Sustainable Accounting Standards Board (SASB), the Task Force on Climate-Related Financial Disclosures (TCFD) as well as benchmarks provided by international real estate investment organisations such as the Global Real Estate Sustainability Benchmark (GRESB).³

What has been the response from Gulf developers?

Back in 2010, there were few formal ESG reports and only ad hoc Corporate Social Responsibility (CSR) web pages. Early adoption began around 2015 with sporadic sustainability reports and announcements, and initial references to the SDGs and GRI. The pace picked up just before the pandemic, with more companies adopting TCFD standards and including increased board oversight. External assurance began to be a key demand of experienced investors. But it has been since the end of the pandemic that the process has really gathered steam with the publication of internal policies, the adoption of standards, and the publication of standalone ESG reports. This has paralleled a progressive increase in the number of signatories of the GRI, of the SDGs and of GRESB.

In the UAE, the biggest developers have largely led the way – as has been the case in jurisdictions such as the UK and Australia. Emaar's and Aldar's integrated reports have been among the most comprehensive. Emaar, for example, now reports according to the GRI and the SDGs, as well as to the Dubai Financial Market's Guide to ESG Reporting. Especially noteworthy has been the focus on Morgan Stanley Capital International (MSCI) rating performance, which reflects exposure to industry-specific ESG risks and the

ability to manage those risks relative to peers. Emaar was upgraded from BB to BBB in February 2025, its third upgrade in four years⁴, while Aldar has gone one step better in its MSCI journey, upgraded to A in June 2025.⁵

There continue to be challenges. For example, ESG reporting for existing assets is easier than for development. This explains why many of the achievements and certifications cited in developer integrated reports relate to existing assets, such as the Platinum Leadership in Energy and Environmental Design (LEED) status for the Burj Khalifa, WELL Building Standard (WELL) certification, energy management programmes through district cooling or other means, water and waste recycling initiatives, or Green Key-certification for hospitality assets. The same logic applies implicitly to materiality assessments.

UAE developers are now turning their attention to reporting on adherence to green building standards and Clean Energy Council requirements worldwide. In some cases, such as Emaar, developers have their own building design standards and guidelines that align with international green building requirements. However, there is still an ESG 'data gap' between developers and operators worldwide. In particular, MSCI and other ESG rating agencies are seeking evidence from developers of year-on-year carbon reduction and credible Scope 3 (value chain) emissions accounting, which is always difficult for developers. This includes embodied carbon strategies in materials and verified energy efficiency outcomes in delivered assets.

Developers will now receive a further impulse to improve their performance in this regard, as the UAE has issued a federal law on climate change, effective from May 2025, requiring public and private sector organisations to measure and report their greenhouse gas emissions and publish time-bound plans to achieve reductions. In this respect, Emaar's decision to establish an emissions inventory baseline that includes Scope 1, 2 and 3 emissions for key markets is both highly welcome and market leading.

In Saudi Arabia, Red Sea Global has been a standout performer in ESG reporting. Its 2024 report, its fourth, details how the group is monitoring and reporting against targets across environmental sustainability, social empowerment and governance.⁶ Red Sea's ESG reports have demonstrated a clear sustainability strategy, evidenced measurable environmental baselines, and provided biodiversity and conservation data. Each report was developed in accordance with GRI standards and has been aligned with the UN SDGs, as well as with the Saudi Vision 2030. Red Sea may have been a pioneer, but it is not alone among companies owned by Public Investment Funds (PIFs). Others, such as ROSHN, which took on the role of 'Sustainability Champion' in 2024,⁷ are evolving their whole reporting practice, and currently issue corporate updates, press releases, and CSR/ESG disclosures through its website and Vision 2030 channels.⁸

How do Saudi listed companies compare to their PIF-owned counterparts? Jabal Omar, for example, has focused on explaining its ESG journey, and reports ESG independently, which explains its SDG transparency rating.⁹ Other important Saudi developers, such as Al Akaria and Retal, still take a much more restrained approach to ESG reporting. There is no doubt about their commitment, reflected by the awards they have both received, but they have not issued separate ESG reports to date. Their ESG reporting is included in their annual reports, but there is no MSCI ESG rating yet for Saudi developers. The closest parallel is the CSR Hub reporting for the Saudi Real Estate company.¹⁰

Evidence suggests that the ESG reporting landscape in the Gulf is still emerging. Australian listed developers such as Mirvac, Stockland and Goodman, for example, typically achieve higher MSCI ESG ratings than UAE developers. This is because they

operate in a regulatory environment with mandatory carbon reporting, audited sustainability disclosures, high conformity with the much-debated system of international controversy scoring,¹¹ and mature governance frameworks, all of which align closely with MSCI's risk based methodology. By contrast, UAE developers like Emaar and Aldar with larger development portfolios face more complex, harder to quantify ESG risks around construction supply chains, labour and land use, making it harder to score highly despite sound underlying sustainability practices. As a result, the largest Australian developers reach A or AA, while even the largest UAE developers have so far tended to plateau at BBB-A. A similar rating divergence can be observed with the Dow Jones Best-in-Class (formerly DJSI) ranking, although Aldar's disclosures have helped it climb,¹² and with CSR Hub.¹³

The future: Gulf leadership in integrated reporting

Surprisingly, this situation may prove to be a good springboard for future Gulf leadership in integrated reporting. We are now entering an era of global convergence of standards. The International Sustainability Standards Board (ISSB) has consolidated frameworks like SASB and TCFD into a single set of global sustainability disclosure standards. No longer will ESG be treated as a separate 'add on'; it will now be woven into financial reporting itself, into annual reports in particular. The ISSB has already published two standards, compulsory for climate-related disclosures and voluntary for general sustainability disclosures. Saudi companies such as Al Akaria recognised the need for adherence to both of these standards back in 2023, although so far they have taken the view that there would be no significant impact on the consolidated financial statements.¹⁴

Global investors have supported the ISSB's goal of finally connecting financial and non-financial performance, and with ample justification: the evidence available to consultants continues to demonstrate how sustainability achievements and risks influence long-term value creation. Yet wide disparities in reporting continue to exist. Moreover, the global drive towards consolidated, mandatory reporting – as adopted for large companies in Australia – has been curbed by competitiveness concerns in the EU and adverse political currents in the USA. Therefore, the opportunity now exists for the Gulf to steal a march on other jurisdictions by focusing on both the range of companies that will adopt integrated reporting and the quality of the reporting.

The second factor that should encourage Gulf leadership is that ISSB compliance ensures transparency, but it does not guarantee a high ESG rating. Ratings agencies evaluate performance, not just disclosure. So, although the ISSB standards are a starting point, they do not guarantee a seat at the top table of ESG ratings. Measurement, disclosure and improvement are key, as MSCI cannot reward what it cannot see and verify. In this respect, the advantage that leading Australian developers have gained from making ESG datasets freely available is a lead that Gulf developers can – and arguably should – follow.¹⁵ Emaar is already collecting data through its Reporting and Data Capture Working Group and providing very similar information in its integrated report, for example on social and environmental capital.¹⁶ All that is now needed is to systematise the presentation and deploy historical time series.

There are plenty of other opportunities for Gulf developers to improve their ESG reporting. There are relatively 'easy wins' that will enable Gulf developers to deliver the data required for ISSB compliance and that will enable them to climb the MSCI rankings.

For example, all developers can improve by publishing LTIFR (Lost Time Injury Frequency Rate) and TRIFR (Total Recordable Injury Frequency Rate) statistics from their contractors,¹⁷ along with incident responses evidencing remediation, which Emaar already does.

Developers can also demonstrate that they understand the importance of clean supply chains, as Aldar has done with its advocacy of the Real Estate Climate Pledge for its suppliers.¹⁸ They need to explain how they actively monitor their supply chains to ensure their adherence with their own standards, and how they intervene where necessary. Emaar's creation of a human rights framework is already an important step in this direction.



From reporting maturity, the next step is to rating maturity. The stakes remain high, as the rewards to the leaders will be access to cheaper capital, higher quality human capital, and control over the future of the global real estate sustainability narrative.

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Conclusions: Leadership within grasp

Until now, Gulf ESG reporting beyond the listed sector has been largely voluntary but strongly encouraged. In this phase, huge strides have been made in the quantity and, above all, the quality of reporting over the past decade both in Saudi Arabia and the UAE. With the introduction of mandatory reporting, the future is even brighter: while the creation of the ISSB and the harmonisation of global standards might at first seem to rule out the possibility of leadership in this area, backsliding in important jurisdictions shows that the reverse is actually true. From reporting maturity, the next step is to rating maturity. The stakes remain high, as the rewards to the leaders will be access to cheaper capital, higher quality human capital, and control over the future of the global real estate sustainability narrative.

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