UAE Climate Change Law

What it means for entities and how to prepare

June 2025

For the first time, all entities in the UAE will be required to monitor their greenhouse gas emissions, periodically report on them, and submit their plans for reducing those emissions. This marks a significant regulatory shift in the UAE sustainability and climate change landscape. To stay ahead of regulatory deadlines and increasing compliance requirements, entities must take proactive steps to ensure readiness. Compliance is not optional – early preparation is essential to mitigate legal, operational, and financial risks.

In brief

In April 2024, the UAE experienced its heaviest rainfall in over 70 years, resulting in widespread flooding and infrastructure damage. The event served as a wake-up call – sharpening national focus on climate resilience. Less than five months later, the UAE introduced landmark climate legislation – Federal Decree Law No. (11) of 2024 on the Reduction of Climate Change Effects (the **Climate Change Law**) – requiring all entities, including those in free zones, to measure, report, and plan for the reduction of their greenhouse gas (**GHG**) emissions.

The Climate Change Law, part of the UAE's commitment to net-zero GHG emissions by 2050, was issued on 28 August 2024, came into force on 30 May 2025, and requires full compliance with its provisions by 30 May 2026. Entities that fail to meet the reporting requirements will face fines ranging from AED 50,000 to AED 2 million. To avoid penalties and take advantage of government incentives, entities should immediately assess their current GHG emissions data, identify any gaps, begin to establish the necessary reporting mechanisms, and begin developing actionable GHG emissions reduction plans in line with the UAE's annual targets.

In detail

The Climate Change Law represents a significant shift in the UAE's approach to environmental governance – from voluntary sustainability initiatives to mandatory obligations, requiring both public and private sector entities to track and report their GHG emissions for the first time.

Key provisions of the law:

Mandatory GHG emissions reporting and plan submission:

All entities in the UAE, regardless of their size or sector, must measure and disclose their GHG emissions under the Climate Change Law. This requirement also extends to entities operating within free zones, ensuring comprehensive nationwide coverage. In addition to reporting their current GHG emissions, entities are required to submit details of both existing and planned GHG emissions reduction measures, demonstrating their commitment to sustainability. To guide this transition, the Ministry of Climate Change and Environment (**MOCCAE**) will establish annual GHG emissions reduction targets, which entities must incorporate into their strategies to ensure compliance with and contribute to the UAE's broader net-zero goals.

Strict compliance timeline

Although the Climate Change Law came into force on 30 May 2025, entities have until 30 May 2026 to fully comply with its provisions. This one-year transition period is intended to give entities sufficient time to establish the necessary systems for measuring, reporting, and reducing GHG emissions. With the compliance deadline approaching, entities should now shift from planning to execution – closing data gaps, finalising reporting frameworks, and aligning reduction strategies with the UAE's national targets. Early action will be critical to avoid penalties and ensure operational readiness.

Penalties for non-compliance

Entities that fail to measure, maintain records, or report their GHG emissions as required under the Climate Change Law may face significant financial penalties. Fines may range from AED 50,000 to AED 2 million, depending on the severity of the violation. The UAE government has indicated that enforcement will be strict, with potential escalation of penalties for repeat offenders or entities that evade compliance. This further underscores the urgency for entities to establish robust and compliant GHG emissions tracking and reporting systems to mitigate financial and reputational risks.

Government incentives and support measures

While the Climate Change Law imposes new obligations on entities, it also outlines incentives and support mechanisms to assist entities in their transition towards lower carbon operations:

Technology adoption and innovation support

Pursuant to the Climate Change Law, entities that adopt carbon reduction technologies, such as renewable energy integration, energy efficiency improvements, and carbon capture solutions may be eligible for government incentives to support their sustainability efforts. Additionally, funding opportunities may be available for research and development **(R&D)** in climate change mitigation and adaptation, encouraging innovation and the development of advanced solutions to reduce GHG emissions and enhance environmental resilience.

Carbon offsetting and GHG emissions trading

The Climate Change Law promotes participation in carbon markets, allowing entities to offset their GHG emissions by investing in sustainable projects. To further support this initiative, the UAE government has established the National Carbon Credit Registry, pursuant to Cabinet Resolution No. 67 of 2024 (Concerning the National Register for Carbon Credits), to facilitate the issuance, tracking, and trading of carbon credits. While not a fully developed GHG emissions cap-and-trade scheme (such as that in operation in the European Union), this will, nevertheless, enable entities to purchase carbon credits as a means of offsetting unavoidable GHG emissions.

Licensed trading platforms are currently under development, under the oversight of the UAE Securities and Commodities Authority. This approach, once fully implemented, intends to provide entities with flexibility in meeting their reduction targets while encouraging investment in projects that contribute to the UAE's overall sustainability goals.

Sector-specific climate adaptation strategies

Industries, including infrastructure, energy, healthcare, and insurance, will play a critical role in shaping the UAE's climate resilience efforts, working closely with MOCCAE to develop sector-specific strategies that address their unique operational risks.

To stay ahead, entities in these sectors must proactively engage with regulators and industry bodies to understand how the Climate Change Law will alter their compliance requirements and prepare for the necessary adaptations.

Early engagement with the Climate Change Law and regulators, will be key to mitigating risks, seizing opportunities, and ensuring long-term sustainability in an evolving regulatory landscape.

Preparing for compliance: Key actions for entities

To ensure compliance and take advantage of government incentives, entities should start preparing immediately

1

Assess existing GHG emissions data and processes:

- Conduct an internal review of current GHG emissions tracking capabilities.
- Identify data gaps and determine what additional tracking mechanisms may be needed.
- Evaluate whether current reporting frameworks (such as GRI, TCFD, or CDP) can be adapted for compliance with the new UAE climate change regulations.

2

Develop a data collection and reporting strategy:

- Entities will need a robust GHG emissions tracking system to meet regulatory requirements.
- The Climate Change Law mandates that entities maintain emissions records for at least five years, so entities should establish long-term data storage and verification procedures.
- Public and private entities should consider investing in digital solutions to streamline reporting and improve data accuracy.

3

Engage with regulators & industry stakeholders:

- Entities should begin dialogue with MOCCAE to gain clarity on specific reporting methodologies and requirements.
- Participation in industry working groups or climate forums can provide insights into best practices for compliance.

4

Explore carbon reduction strategies:

- Entities should analyse their current carbon footprint and develop action plans to reduce GHG emissions in line with the UAE's annual reduction targets.
- Exploring options such as renewable energy adoption, energy efficiency programmes, and supply chain sustainability improvements will be crucial for compliance.

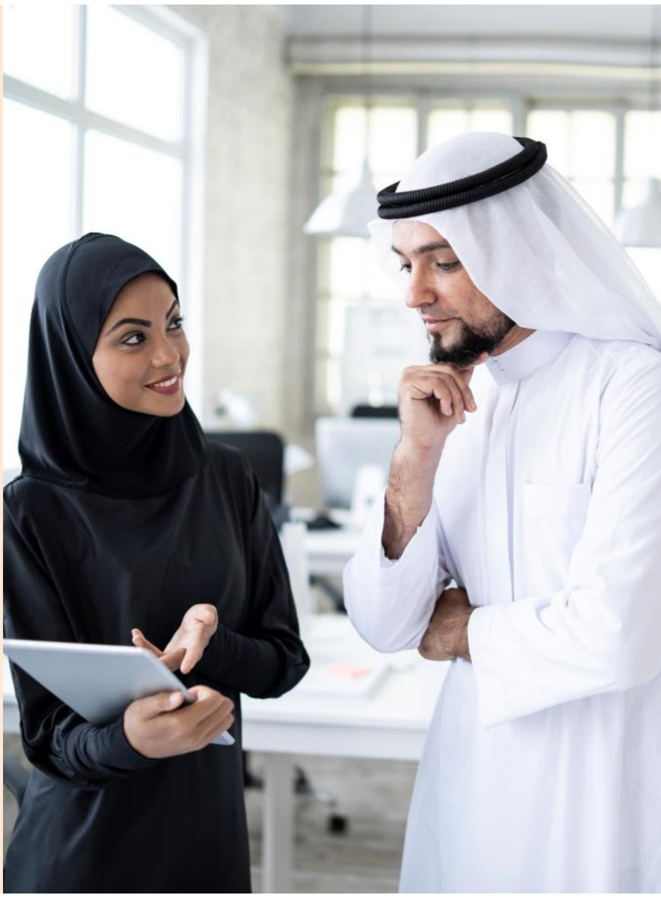
5

Leverage sustainability assurance for accuracy, credibility, and regulatory compliance:

- Given the stringent penalties for non-compliance and repeat offenses, entities should ensure that their sustainability data is accurate, reliable, and verifiable.
- Engaging independent assurance providers can help entities validate their GHG emissions data and build stakeholder trust.

Key takeaways

- All public and private sector entities in the UAE – including free zones – must measure, report, and plan for GHG emissions reduction.
- Entities have until 30 May 2026 to comply with the Climate Change Law's requirements, but preparation should start now. Non-compliance could result in fines ranging between AED 50,000 and AED 2 million.
- The UAE government will provide support for innovation, new technologies, and carbon offsetting initiatives, along with the development of GHG emissions trading markets. Entities should engage with sustainability experts and government to understand what opportunities are available in this respect.
- Industries such as infrastructure, energy, healthcare, and insurance will collaborate with regulators to develop tailored climate resilience plans.
- **Some of the key actions required now:**
  - Conduct an internal GHG emissions data review.
  - Establish data collection & reporting mechanisms.
  - Develop a roadmap for GHG emissions reduction.
  - Engage with regulatory authorities and industry groups.
  - Consider third-party assurance for credibility and regulatory compliance.



How can PwC Middle East support you?

PwC Middle East offers end-to-end support to clients on their sustainability journey through specialised teams. Through Sustainability Assurance, we provide independent validation of sustainability data and disclosures, ensuring accuracy and consistency to enhance stakeholder trust. Our Sustainability Reporting and Climate Risk team helps organisations accurately measure and report their carbon footprint, supporting regulatory compliance and progress towards decarbonisation goals. Meanwhile, PwC Middle East's Legal team advises on climate-related legal and regulatory requirements, offering services such as contract reviews and legal assessments. Together, these teams deliver integrated, compliant, and commercially grounded solutions to help clients navigate sustainability challenges and achieve long-term resilience.

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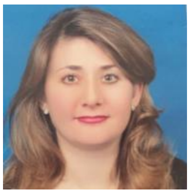

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Thank You!