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UAE Climate Change Law – Guidance

Preparing for the 2025 deadline



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ABOUT THE DOCUMENT

This guidance framework aims to assist organizations 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. Organizations 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. Organizations 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 (MOCCAEE)
- UNFCCC: UAE Net Zero by 2050 Strategic Initiative



INTRODUCTION

The United Arab Emirates has taken a transformative step in addressing climate change through Federal Decree-Law No. (11) of 2024 “On the Reduction of Climate Change Effects.” Scheduled to come into effect on May 30, 2025, this landmark legislation reflects the nation’s commitment to achieving climate neutrality by 2050 and aligns with the UAE’s broader sustainability vision.



Phase 1: Assessment and Preparation (Immediate Action)

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

Action Items:

1. Determine Applicability
2. Establish Governance
3. Develop MRV System

→ Determine Applicability:

Assess whether your company falls under the purview of the Climate Change Law based on its activities, emissions, and sector. Specifically, entities that emit 500,000 metric tons or more of CO₂ equivalent annually (Scope 1 and 2 emissions) are classified as 'entities of huge carbon emissions' and are legally required to comply with the law

→ Establish Governance:

Establish a compliance governance structure by designating a responsible person or team to oversee climate obligations. Integrate with existing ESG or sustainability frameworks and form a cross-functional team to coordinate efforts

→ Develop MRV System:

Establish a Measurement, Reporting, and Verification (MRV) system to accurately track and report greenhouse gas (GHG) emissions. Define data collection procedures and quality control measures.



Phase 2: Registration and Initial Compliance (By June. 28, 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.

Action Items:

1. NRCC Registration
2. Develop Emissions Strategy
3. Carbon Market Participation

→ Complete NRCC Registration:

Register high emitters (≥ 0.5 million metric tons CO₂e annually) with the National Carbon Credit Registry by June 28, 2025, providing baseline emissions data (covering at least 12 months) and contact details. Other entities prepare baseline data for reporting, with optional registry enrollment for carbon trading

→ Develop Emissions Reduction Strategy:

Develop a comprehensive emissions reduction strategy with specific targets and timelines. Identify key emission sources and potential mitigation measures.

→ Establish Carbon Market Participation:

Explore opportunities for participation in carbon markets. Assess the feasibility of generating or purchasing carbon credits.

Phase 3 : Operational Compliance (By May 30, 2026)

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

Action Items:

1. Adaptation Planning
2. Energy Efficiency
3. Compliance Reporting

→ Implement Adaptation Planning:

Develop and implement adaptation plans to address the potential impacts of climate change on your operations and supply chain. Identify vulnerabilities and implement resilience measures.

→ Enhance Energy Efficiency:

Implement energy efficiency measures across your operations to reduce energy consumption and emissions. Conduct energy audits and invest in energy-saving technologies.

→ Prepare for Compliance Reporting:

Prepare for annual compliance reporting to the NRCC. Collect and verify emissions data and document all mitigation and adaptation efforts. All emissions data must be verified by approved third-party verification agencies to ensure accuracy and compliance with international standards.



Phase 4: Continuous Improvement (2026 and beyond)

This phase emphasizes long-term decarbonization, enhanced disclosure, and ongoing review of the compliance approach.

Action Items:

1. Decarbonization Roadmap
2. Climate Disclosure
3. Compliance Review

→ Develop a Long-Term Decarbonization Roadmap :

Develop a long-term decarbonization roadmap aligned with the UAE's net-zero targets. Explore innovative technologies and strategies to achieve deep emissions reductions.

→ Enhance Climate Disclosure :

Enhance climate disclosure practices to provide transparent and comprehensive information to stakeholders. Adopt internationally recognized reporting frameworks, such as the Task Force on Climate-related Financial Disclosures (TCFD).

→ Review Compliance Approach :

Regularly review and update your climate change compliance approach to ensure it remains effective and aligned with evolving regulations and best practices.

Business Opportunities Beyond Compliance

While preparing for compliance with the UAE Climate Change Law is essential, forward-thinking organizations can leverage this transition to create strategic advantages:

Innovation Catalyst :

The law creates a framework for innovation in clean technologies, renewable energy solutions, and sustainable business models. Organizations that invest in these areas now may secure first-mover advantages in emerging markets.

Competitive Differentiation :

Early adopters of comprehensive climate strategies can differentiate themselves in increasingly environmentally-conscious markets. This proactive approach can enhance brand reputation and stakeholder trust.

Access to Green Finance :

The UAE's commitment to sustainability has catalyzed growth in green financing options. Organizations with robust climate strategies are better positioned to access preferential financing rates, sustainability-linked loans, and green bonds.

Supply Chain Resilience :

Developing climate-resilient operations and supply chains not only ensures compliance but also mitigates future business disruption risks from climate-related events and regulatory changes.

New Market Opportunities :

The transition to a low-carbon economy is creating entirely new markets in carbon trading, climate technology, and sustainability services. Organizations can identify and develop offerings to meet these emerging needs.



By viewing the Climate Change Law as an opportunity rather than simply a compliance obligation, organizations can align regulatory requirements with business growth strategies and contribute meaningfully to the UAE's vision for a sustainable future.



NEXT STEP

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 and its associated regulations. Consult with legal and environmental experts to ensure full compliance.

Penalties for Non-Compliance



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

- **Financial penalties** of up to 1 million AED for violations
- **Temporary business suspension** until all requirements are met
- Legal action, regulatory scrutiny, and **repetitional damage**
- **Loss of business opportunities**, clients, and strategic partnerships



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