



UAE Principles for Sustainability-Related Disclosures for Reporting Entities

Vested Impact reporting alignment to the UAE Sustainable Finance Working Group (SFWG)'s Principles for Sustainability-Related Disclosures

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Introduction

The UAE's **Principles for Sustainability-Related Disclosures** were introduced by the UAE Sustainable Finance Working Group (SFWG) as part of the nation's commitment to advancing sustainable finance and enhancing transparency in Environmental, Social, and Governance (ESG) reporting. Launched in alignment with the UAE's "Year of Sustainability," these principles aim to standardise sustainability disclosures among financial institutions, ensuring consistency with both national priorities and international standards. They emphasise the integration of ESG factors into governance, strategy, and risk management, promoting transparency and accountability within the financial sector.

Principle	Vested Impact Alignment
Principle 1: Reporting Entities should put in place adequate policies, procedures and systems allowing them to report on sustainability-related matters	
1.1 Systems: Reporting Entities should put in place the internal reporting systems for monitoring and reporting on material sustainability-related risks, and processes to ensure that data gaps are addressed.	Vested Impact enables regular, timely reporting by updating impact data and underlying indicator data either biannually or annually (dependent on refresh of third-party source).
1.2 Internal communication: Reporting Entities should ensure timely reports of data and analysis to the board of directors and senior management.	Impact data can also be refreshed if there is an update in a business's activities, revenue, growth rate, or geographic location.
1.3 Reporting: Reporting Entities should provide timely reports of sustainability-related information to the public.	systems for monitoring and reporting on material sustainability-related risks
Principle 2: In disclosing information about their sustainability-related risks and opportunities, Reporting Entities should consider including the following factors.	
2.1 Transparency: Reporting Entities should disclose sustainability policies, practices, and performance to the public.	Vested Impact assesses a business's sustainability risks and opportunities against globally recognised framework for tracking progress against the world's most pressing challenges – the UN Sustainable Development Goals.
2.2 Materiality: Reporting Entities should focus on disclosing all material sustainability risks and opportunities that are relevant to their business and that have or could have a significant impact on their financial performance.	Vested Impact identifies material impacts by utilising over 200 million academic papers to determine a science-based causal link between a business's activities and the issues they have a positive and negative impact on. Vested Impact's focus is on external material impacts (Impact Materiality), and currently does not cover Financial Materiality.
2.3 Relevance: Reporting Entities should ensure sustainability disclosures are relevant and useful to stakeholders by providing context, analysis, and insights that help them understand the risks and opportunities associated with sustainability issues.	Vested Impact provides a short explanatory summary of the academic research underpinning the link between a business's activities, and the issues that has an impact on. Assessing the impact by country provides additional context, ensuring relevant indicators are used to quantify the impact of a business's activities in each country it operates in. Detailed source data (including academic papers and indicators) is shared for each assessment.
2.4 Comprehensiveness: The disclosure should provide insight into Reporting Entities' exposures to potential sustainability-related impacts, the potential nature and size of such impacts; the organisation's governance, strategy, and processes for managing such risks, and its performance with respect to managing the related risks and opportunities.	For each impact, Vested Impact provides an assessment of the nature and size of each impact, including: <ul style="list-style-type: none"> • if the impact is actual or potential • the likelihood • time horizon • scale • scope • irremediability
2.5 Consistency and comparability: Reporting Entities should use consistent and comparable sustainability metrics and reporting standard, presented using consistent formats, language and metrics to allow for assessment over time.	Vested Impact ensures consistent metrics and reporting standards, aligning with global impact frameworks and standards, including but not limited to: the UN Sustainable Development Goals, GRI, Impact Management Project, OECD's Due Diligence Guidance, PRI, EU Corporate Sustainability Reporting Directive.

2.6 Clarity: The information and data presented should be easy to read and understand by the relevant audience.	Vested Impact's data is presented in a simple format with clear explanations and guidance for interpretation. Vested Impact provides multiple formats to suit the needs of the end user, including an online platform, PDF report and CSV file.
2.7 Frequency and timeliness: Reporting Entities should provide timely and regular updates on their sustainability performance.	Vested Impact enables regular, timely reporting by updating impact data and underlying indicator data either biannually or annually (dependent on refresh of third-party source). Impact data can also be refreshed if there is an update in a business's activities, revenue, growth rate, or geographic location. systems for monitoring and reporting on material sustainability-related risks
2.8 Stakeholder engagement: Reporting Entities should engage with stakeholders to understand their sustainability concerns.	n/a
2.9 Verification and assurance: Reporting Entities should aim to use third-party verification to confirm the accuracy of their sustainability disclosures.	n/a
2.10 Integration: Reporting Entities should integrate their sustainability disclosures into their overall corporate reporting and governance frameworks, including their board discussions and annual reports.	Vested Impact's methodology and reporting is aligned with globally recognised reporting standards and frameworks (i.e. GRI, IFRS) to facilitate integration into overall corporate reporting.
2.11 Continual review and improvement: Reporting Entities should strive for continual improvement in their sustainability disclosures and performance, by setting adequate targets and regularly review and updating their sustainability policies, practices and reporting.	Vested Impact report can be run as often as required to enable the tracking of progress against targets.
Principle 3: Sustainability-related disclosures should reflect the way in which an entity operates and incorporate relevant metrics and targets. The following minimum disclosures would be expected from the Reporting Entities:	
3.1 Governance: Disclosures should include information about governance processes, controls, and procedures in place to manage sustainability-related risks and opportunities, including information on how the board of directors determines whether sufficient knowledge and skills are available to understand and assess the impact of sustainability-related risks on the Reporting Entity, and how sustainability-related risks and opportunities are considered in the board's oversight, decisions and actions.	n/a
3.2 Strategy: Information disclosed should include a description of how identified sustainability risks and opportunities are expected to affect the business model and financial results of the short-, medium- and long-term, and the measures the Reporting Entity has undertaken or plans to undertake to manage risk and take advantage of opportunities.	To enable Reporting Entities to assess how risks and opportunities are expected to affect the business, for each impact, Vested Impact provides an assessment of the nature and size of each impact, including: <ul style="list-style-type: none"> • if the impact is actual or potential • the likelihood • time horizon • scale • scope • irremediability
3.3 Risk management: Information disclosed should include the processes used to identify, assess, measure, mitigate, monitor and report sustainability-related risk exposures, how those processes are integrated into the overall risk management framework of the Reporting Entity and, if applicable, how scenario analysis is used to identify sustainability-related risks.	Vested Impact's methodology and approach to identifying and quantifying material impact, including a full breakdown of impact indicators and sub-indicators, is publicly available.
3.4 Metrics and targets: Information about the metrics and targets used to measure, manage, and monitor sustainability-related performance.	Vested Impact's methodology and approach to identifying and quantifying material impact, including a full breakdown of impact indicators and sub-indicators, is publicly available.
Principle 4: To improve transparency and quality of sustainability-related, product-level disclosures, market participants should consider the following elements when dealing with and offering sustainability-related products:	
4.1 Naming: Naming of sustainability-related products should ensure that the name of the product accurately reflects its sustainability focus.	Vested Impact identifies material impacts by utilising over 200 million academic papers to determine a science-based causal link between a business's activities and the issues they have a positive and negative impact on, then quantifying this impact using over 100 million impact data points.
4.2 Labelling and classification: Systems used for sustainability-related products should be clearly explained, and inconsistent application should be avoided.	This science-based approach to identifying material impacts can help Reporting Entities provide evidence for sustainability-related claims and disclosures.
4.3 Objectives disclosure: Sustainability-related products should contain clear disclosures about sustainability-related objectives.	
4.4 Strategies disclosure: Disclosures should be made about the strategies of sustainability-related products to achieve their sustainability goals.	
4.5 Risk disclosure: Sustainability-related products should contain disclosures of material risks arising from a product's focus on sustainability.	

4.6 Marketing materials: Marketing materials relating to sustainability-related products should be fair, clear and not misleading.	
4.7 Monitoring and reporting: Monitoring of compliance and reporting to customers in respect of the sustainability-related product's compliance with its objectives and characteristics, containing as appropriate and available qualitative and quantitative information, should be put in place.	

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