



## THE RISE OF SUSTAINABLE BUSINESS PRACTICES IN THE UAE

The global movement towards sustainability has taken the business world by storm, and the United Arab Emirates (UAE) is no exception. In recent years, the UAE has made significant strides in adopting and promoting sustainable practices across various industries. While the nation has long been associated with wealth and opulence, it is now emerging as a global leader in sustainability. This shift towards sustainability is driven by a combination of economic, environmental, and social factors, making the UAE a role model of progress in the region and beyond.

The principle of sustainable business practices lies in balancing profitability with the objective of reducing environmental impact, all while safeguarding the environment, community, and society from harm. Increasingly, consumers in the UAE are becoming more conscious of their purchasing decisions and are actively seeking out businesses that align with their values. This growing demand for sustainable products and services has pushed businesses to reevaluate their practices and incorporate sustainability into their core strategies. By meeting the preferences of environmentally conscious consumers, businesses can gain a competitive edge in the market.

### **Government Initiatives and Policies**

The UAE has declared 2023 as the Year of Sustainability under the theme, 'Today for Tomorrow'. The Year of Sustainability in the UAE consists of numerous initiatives, and activities rooted in the nation's sustainability values. It emphasizes environmental sustainability, inspiring nationwide commitment to sustainable practices. Furthermore, it serves as a platform to highlight the UAE's dedication to global collaboration in finding innovative solutions to challenges like energy, climate change, and other sustainability-related issues. The UAE places its primary emphasis on achieving the Sustainable Development Goals. These goals include ensuring access to clean energy, affordable and abundant food, quality education, and healthcare. Additionally, the UAE is committed to fostering sustainable economic growth, preserving healthy environmental systems, and enhancing resource efficiency.

The government has played a pivotal role in fostering a culture of sustainability. From the implementation of the [UAE Vision 2021](#) to the establishment of the [UAE Green Agenda](#), it has set goals and guidelines to encourage businesses to adopt sustainable practices. The UAE also launched the Green Economy for Sustainable Development initiative, which aims to establish the country as a global hub and a successful example of the emerging green economy. It aspires to be a prominent global player, serving as a hub for the export and re-export of environmentally friendly products and technologies to support economic growth while safeguarding the environment. The country's commitment to sustainable development entails both environmental preservation and the attainment of a harmonious equilibrium between economic and social advancement.





# STROHAL LEGAL GROUP

## Consumer Behavior

According to recent independent research [The Sustainability Trends Report 2023](#) commissioned by Alibaba Group which surveyed consumers from 14 markets across Asia, Europe, and the Middle East, a significant majority of consumers (73%) express a desire to live a more sustainable life. Participating in sustainable business practices is not only a responsible choice but can also drive more consumers. Although higher expenses may occur in this shift, consumers are willing to pay more for sustainability-minded companies. In a 2022 survey conducted by Philip Morris Management Services in the Kingdom of Saudi Arabia (KSA), the UAE, and Kuwait, the impact of a company's sustainability initiatives on consumer behavior and brand preference came into focus. The results reveal that a substantial majority (76%) agree that a company's sustainability efforts are likely to have a positive influence on their decisions when purchasing products. Additionally, among the groups surveyed in KSA and the UAE, a significant 84% and 81%, respectively, emphasize the significance of businesses embracing sustainable practices. Likewise, when considering respondents across KSA, UAE, and Kuwait, 68% express a readiness to pay extra for products offered by companies that demonstrate commitment to sustainability.



## How businesses can participate

Nowadays, the majority of business owners incorporate sustainable business practices into their operations. Companies are investing in research and development to find innovative solutions that minimize their environmental impact. By shifting to sustainable business practices, they can enhance their brand reputation and build strong relationships with their consumers and business partners. Here are some ways businesses can engage in sustainable practices:

1. *Incorporating Green Energy Sources:* Businesses can explore the integration of renewable energy sources such as solar panels. This not only reduces reliance on fossil fuels but also provides long-term cost savings.
2. *Implementing Sustainable Supply Chain Practices:* Companies can prioritize sustainable sourcing, minimizing waste production, and promoting ethical supply chain practices. This includes partnering with suppliers who follow environmentally friendly guidelines.
3. *Reduce Waste:* Implement waste reduction and recycling programs within your organization. Minimize single-use plastics and promote recycling among employees and customers.
4. *Corporate Social Responsibility:* This can involve organizing clean-up drives, tree-planting campaigns, or supporting local environmental organizations. This allows the company to give back to society and engage in initiatives that benefit the community and the environment.

In conclusion, the UAE's steadfast commitment to sustainable business practices is reshaping its economic landscape and setting a powerful example for the world. As consumers increasingly demand eco-conscious and socially responsible products and services, companies must recognize that sustainable practices have become an expectation. Overlooking this aspect can pose significant challenges for companies to keep pace with the rapidly evolving global initiative. Remember that sustainable practices not only benefit the environment but can also improve your business, and help you stay competitive in the evolving business landscape of the UAE.

**Strohal Legal Group** is an international business law firm focusing on the Gulf region (GCC) and Southeast Asia (ASEAN) advising clients on local and cross-border M&A transactions and corporate, business, and labour law matters, company establishments, energy & climate law as well as tax law matters. Through our country desks and partner firms in Austria, the Ukraine, and Russia, the firm is also well connected in Europe.

### Disclaimer

Any information in this communication is not intended or written by us to be used, and cannot be used, for the purpose of (i) avoiding penalties that may be imposed by any governmental taxing authority or agency, or (ii) promoting, marketing or recommending to another party any matters addressed herein.

The opinions and analyses expressed herein are subject to change at any time. Any suggestions contained herein are general, and do not take into account an individual's or entity's specific circumstances. Any third party information contained herein is from sources believed to be reliable, but which we have not independently verified. Past performance is not indicative of future results.

No warranty or representation, express or implied, is made by Strohal Legal Consultants, nor do we accept any liability with respect to the information and data set forth herein. Distribution hereof does not constitute legal, tax, accounting, investment or other professional advice. Recipients should consult their professional advisors prior to acting on the information set forth herein.