# Canonical ESG Building a Unified ESG Reporting Foundation for the Gulf Cooperation Council (GCC)

A Practical Infrastructure Proposal for Regional Alignment


## Abstract

The paper proposes the development of a neutral technical sustainability reporting infrastructure layer designed to strengthen implementation coherence and supervisory effectiveness across GCC capital markets.



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# Executive Summary

Sustainability reporting across the Gulf Cooperation Council (GCC) is evolving within a dynamic global regulatory environment. Member states have introduced ESG-related guidance, capital market expectations, and sustainable finance initiatives aligned with international frameworks. However, implementation structures remain at varying stages of development, and regional coordination mechanisms are still emerging.

Global sustainability reporting standards — particularly those issued by the International Sustainability Standards Board (ISSB) — are gaining rapid international adoption. Climate commitments under the Paris Agreement and successive COP processes have accelerated the translation of climate ambition into regulatory and financial disclosure expectations. As capital markets converge around common disclosure baselines, GCC jurisdictions face a strategic choice: not merely to align individually with global standards, but to strengthen regional implementation coherence in how those standards are applied. The question is not whether to adopt global standards, but how to institutionalise their implementation in a manner that supports regional coordination and long-term supervisory stability.

Across the region, sustainability disclosure is increasingly embedded within financial regulation and national transformation strategies. The United Arab Emirates and the Kingdom of Saudi Arabia have advanced ESG disclosure guidance through their respective market authorities, alongside integration within financial free zones and sovereign investment institutions. Other GCC member states have similarly introduced sustainability reporting expectations aligned with international standards including ISSB, GRI, and climate-related disclosure frameworks.

While regulatory direction demonstrates convergence toward global standards, implementation architectures remain heterogeneous.

Global standards define disclosure requirements but do not prescribe underlying data modelling, semantic stabilisation, or jurisdiction-specific implementation structures.

As disclosure requirements expand, implementation complexity increases. Without shared structural infrastructure, interpretation may diverge across jurisdictions, advisory and software providers may embed framework semantics into proprietary data models, and cross-border comparability may weaken despite formal standard alignment. Over time, these conditions can increase supervisory burden, elevate compliance costs, and reduce transparency consistency across GCC capital markets.

The challenge is therefore not the absence of standards, but the absence of shared implementation architecture beneath them.

This paper proposes the development of a neutral technical sustainability reporting infrastructure layer designed to strengthen implementation coherence and supervisory effectiveness across GCC capital markets.

The proposal does not introduce new disclosure requirements and does not replace ISSB, GRI, or national regulation. It provides shared structural infrastructure beneath existing standards — enabling jurisdictions to support implementation stability and cross-border compatibility.

# 1. Regional Sustainability Reporting Landscape in the GCC

## 1.1 Global Institutional Context

The evolution of sustainability reporting within the GCC must be understood within a broader global institutional transformation.

The Paris Agreement established binding international climate commitments requiring transparency, accountability, and measurable progress. Subsequent COP processes have shifted focus from ambition to implementation, with increasing emphasis on credible disclosure and financial system alignment.

The creation of the International Sustainability Standards Board (ISSB) marked a structural turning point by establishing a global baseline for sustainability-related financial disclosures. IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures) are increasingly referenced by regulators worldwide.

GCC jurisdictions are aligning with this global baseline while preserving national economic priorities and legal structures.

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## 1.2. United Arab Emirates

The United Arab Emirates has taken a leading role in regional sustainability governance.

- The Securities and Commodities Authority (SCA) introduced ESG disclosure guidance for listed companies beginning in 2020, integrating sustainability considerations within annual reporting.
- Federal sustainability strategies, including the UAE Net Zero 2050 Strategic Initiative, embed long-term climate objectives within economic planning.
- Abu Dhabi Global Market (ADGM) and Dubai International Financial Centre (DIFC) have incorporated sustainable finance and ESG disclosure expectations within financial regulatory rulebooks.
- COP28, hosted in Dubai, elevated expectations around implementation credibility and measurable progress.

Regulatory alignment with IFRS Sustainability Disclosure Standards is likely to strengthen in line with global adoption.

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## 1.3. Kingdom of Saudi Arabia

Saudi Arabia has embedded ESG considerations within Vision 2030 and financial market reform programmes.

- The Capital Market Authority (CMA) has issued ESG Disclosure Guidelines for listed companies.
- The Saudi Exchange (Tadawul) has advanced sustainability reporting guidance aligned with international best practices.
- The Public Investment Fund (PIF) has integrated ESG governance and disclosure within its portfolio oversight framework.
- Climate-related financial disclosure expectations are under progressive development.

Saudi Arabia's approach demonstrates progressive strengthening of disclosure depth while maintaining alignment with international capital market standards.

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## 1.4. Qatar

The Qatar Financial Markets Authority (QFMA) requires listed companies to publish ESG or sustainability reports.

- ESG disclosure guidance promotes structured reporting aligned with international standards.
- Climate governance and transparency expectations are increasing.
- Regulatory formalisation remains under development within the broader Qatar National Vision 2030 framework.

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## 1.5. Bahrain

The Central Bank of Bahrain (CBB) and Bahrain Bourse have introduced ESG reporting guidance for listed entities and financial institutions.

- Sustainability transparency is increasingly incorporated into annual reporting cycles.
- Financial institutions face enhanced governance expectations relating to sustainability risk.
- Alignment with international standards is encouraged rather than replaced.

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## 1.6. Oman

Oman's Capital Market Authority has issued ESG reporting guidelines for listed companies.

- Sustainability transparency aligns with Oman Vision 2040 objectives.
- Climate and environmental disclosure expectations are strengthening.
- Structured implementation remains heterogeneous across sectors.

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## 1.7. Kuwait

Boursa Kuwait has introduced ESG reporting guidance to promote transparency among listed entities.

- ESG disclosure is increasingly expected within annual reporting.
- Formal regulatory codification continues to evolve in line with global developments.

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## 1.8. Financial Free Zones

Independent financial free zones across the GCC, including ADGM and DIFC, operate under regulatory architectures aligned with international financial standards.

- Sustainable finance frameworks and ESG-related disclosure expectations are embedded within regulatory structures.

- Anticipated adoption or alignment with IFRS Sustainability Disclosure Standards will further influence implementation architectures.

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## 1.9. Regional Structural Observation

Across the GCC, sustainability disclosure is progressively embedded within capital market supervision, national transformation strategies, and climate-related commitments. Jurisdictions demonstrate increasing reference to internationally recognised standards, including the IFRS Sustainability Disclosure Standards (ISSB), GRI, and climate-related financial disclosure principles.

This convergence at the level of standards reflects strong alignment with global capital market expectations.

The remaining question is therefore not alignment of standards, but alignment of implementation structures.

This consideration gives rise to the implementation question examined in the following section.

# 2. The Implementation Infrastructure Gap

Over the past decade, international sustainability standards have achieved substantial conceptual convergence. Frameworks such as the IFRS Sustainability Disclosure Standards (ISSB), the Global Reporting Initiative (GRI), and climate-related architectures influenced by the TCFD provide structured disclosure requirements, thematic topic groupings, and materiality-based reporting logic.

This convergence has strengthened clarity at the level of disclosure expectations and capital market relevance.

However, these frameworks are not designed to prescribe how sustainability information should be structurally modelled within enterprise systems, how disclosure meaning should be stabilised across multiple reporting regimes, or how regulatory overlays should be applied without duplicating underlying data structures.

In particular, global standards do not define:

- A canonical data architecture for sustainability metrics and assertions
- Stable, framework-independent semantic identifiers for disclosure meaning
- A structured separation between raw sustainability data, disclosure intent, and jurisdictional regulatory obligation
- A reusable modelling layer capable of supporting multiple reporting regimes simultaneously

As a result, implementation practices vary significantly across jurisdictions, advisory firms, and software platforms.

In addition to commercial and operational implications, fragmented implementation approaches can introduce supervisory and institutional risk. Where data architectures are inconsistent or proprietary modelling logic is embedded within vendor systems, supervisory review may require greater interpretive discretion. This can reduce enforcement clarity, complicate cross-border supervisory coordination, and weaken the legal defensibility of disclosure assessments.

Inconsistent modelling structures may also increase administrative burden within supervisory agencies and create evidentiary ambiguity in enforcement proceedings.

In the absence of a shared technical reference architecture:

- Organisations frequently remodel sustainability data for each reporting framework adopted.
- Regulatory updates may require costly structural redesign rather than targeted interpretive adjustment.
- Interpretive logic becomes embedded within proprietary software systems, reducing transparency and portability.
- Cross-border comparability is weakened, even where formal alignment with global standards exists.
- Long-term interoperability becomes dependent on vendor-specific implementation approaches rather than institutional design.

The resulting fragmentation does not stem from divergence in standards themselves. It reflects the absence of a neutral implementation layer capable of supporting them consistently.

As sustainability disclosure regimes evolve within the GCC, the policy focus naturally extends from which standards are referenced to how those standards are operationalised in practice — in a manner that supports supervisory consistency, institutional resilience, and cross-border comparability.

The implementation infrastructure gap therefore represents both a technical and governance opportunity.

By establishing a shared reference layer for modelling sustainability data and disclosure semantics — without altering global standards or national regulatory authority — GCC jurisdictions could reduce duplication, enhance comparability, and strengthen long-term regulatory coherence.

Such an approach would support global alignment while preserving sovereign regulatory discretion.

# 3. A Neutral Implementation Foundation

A unified ESG reporting foundation for the GCC establishes a structured, layered implementation architecture designed to enhance consistency while preserving regulatory autonomy.

Such an architecture establishes:

- A distinction between sustainability data and disclosure formatting requirements
- A separation between stable disclosure meaning and jurisdiction-specific regulatory obligations
- Application of global or national frameworks as transparent interpretive overlays
- Preservation of auditability, version control, and traceability
- Accommodation of jurisdictional variation without redefining semantic concepts

Importantly, this foundation would not:

- Replace or reinterpret ISSB, GRI, or other recognised standards
- Override national regulatory authority or capital market governance
- Determine materiality assessments or compliance outcomes
- Function as a certification or assurance mechanism

Rather, it would provide structured consistency beneath existing regulatory frameworks, enabling jurisdictions to align implementation practices.

The objective is not regulatory centralisation, but implementation coherence.

# 4. Proposed Layered Architecture

To support interoperable sustainability reporting across GCC jurisdictions, this paper proposes a structured three-layer implementation architecture.

The objective of this architecture is not to redefine regulatory obligations, but to provide a durable structural foundation beneath them. By clearly separating sustainability data, disclosure meaning, and regulatory interpretation, jurisdictions can enhance comparability, reduce duplication, and preserve institutional flexibility as standards evolve.

For clarity of reference, this layered architecture may be described using the following neutral technical components:

- A Core Sustainability Data Model (CERM layer)
- A Disclosure Intent Layer (CDI layer)
- A Framework and Jurisdiction Mapping Layer (CMP layer)

These components function as implementation infrastructure beneath existing global and national standards.

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## Layer 1 — Core Sustainability Data Model (CERM Layer)

The first layer establishes a neutral, framework-independent structure for modelling sustainability information at its source.

This layer captures factual and evidentiary elements, including:

- Quantitative metrics (e.g., emissions, energy use, water withdrawal)
- Intensity metrics and calculated indicators
- Targets and baseline references
- Transition trajectories and forward-looking pathways
- Organisational and operational boundaries
- Value chain scope declarations
- Geospatial boundaries and facility-level attributes
- Methodologies applied in calculation or estimation

- Supporting evidence and assurance references

The Core Sustainability Data Model represents structured assertions of fact. It is independent of:

- Reporting standards
- Jurisdictional mandates
- Disclosure sequencing or formatting requirements
- Compliance logic

It does not determine materiality, define reporting thresholds, or encode regulatory interpretation.

Its purpose is to ensure that sustainability data is modelled once, in a manner that is traceable, auditable, and reusable across multiple reporting regimes.

By stabilising the underlying data architecture, regulatory evolution can occur without requiring repeated structural redesign. This enhances institutional continuity, improves supervisory consistency, and reduces long-term implementation cost.

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## Layer 2 — Disclosure Intent Layer (CDI Layer)

The second layer introduces a stable semantic framework defining what an organisation intends to communicate externally.

This layer establishes uniquely identified disclosure concepts that are independent of:

- Framework numbering systems
- Jurisdiction-specific obligations
- Report templates or questionnaire formats
- Presentation sequencing

For example, concepts such as:

- Gross Scope 1 greenhouse gas emissions
- Existence of a climate transition plan
- Progress against emissions reduction targets
- Governance oversight of sustainability risks

would be defined once as durable semantic units.

Each disclosure intent:

- References underlying data elements from Layer 1
- Declares boundary and temporal applicability
- Remains stable even if reporting frameworks evolve
- Can be consumed simultaneously by multiple standards

This layer prevents duplication of meaning across frameworks. Rather than redefining similar disclosures under different regulatory systems, a single semantic anchor can support multiple interpretive contexts.

The Disclosure Intent Layer therefore provides long-term semantic stability across jurisdictions and capital markets.

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## Layer 3 — Framework and Jurisdiction Mapping Layer (CMP Layer)

The third layer documents how disclosure meaning is interpreted within specific reporting frameworks and regulatory regimes.

This layer does not redefine disclosure concepts. Instead, it:

- Maps disclosure intents to ISSB, GRI, or other recognised framework requirements
- Documents jurisdiction-specific reporting overlays
- Records assumptions, interpretive conditions, and scope limitations
- Preserves professional judgement transparently

- Evolves independently of the data and semantic layers

Under this structure:

- Regulatory authorities retain full policy control
- National regulators determine scope, enforcement, and compliance thresholds
- Global standards remain authoritative within their domain
- Interpretive logic is documented explicitly rather than embedded invisibly within proprietary systems

By isolating regulatory interpretation within a dedicated mapping layer, jurisdictions can update disclosure requirements without destabilising data architecture or semantic meaning.

This supports regulatory adaptability while preserving structural stability.

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## Institutional Implications

A structured layered architecture of this nature enables GCC jurisdictions to:

- Maintain sovereign regulatory authority while aligning structurally
- Strengthen supervisory consistency and enforcement clarity
- Reduce cross-border reporting divergence
- Lower compliance and advisory duplication for multinational entities
- Improve audit traceability and evidentiary defensibility
- Support capital market integration
- Enhance long-term regulatory resilience

It provides shared implementation infrastructure supporting existing standards — allowing policy frameworks to remain distinct while ensuring structural coherence across the region.

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# 5. Pathways for Regional Application

The proposed implementation foundation is designed to be adaptable to varying regulatory environments across the GCC. It does not require uniform regulatory harmonisation. Rather, it enables implementation coherence while preserving national policy discretion.

The following pathways illustrate how such an approach could be operationalised across the region.

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## 5.1 National-Level Integration

Individual GCC member states may consider adopting the infrastructure in several calibrated ways, depending on regulatory maturity and policy priorities.

Possible approaches include:

- Recognition of the architecture as a voluntary technical reference model
- Endorsement as a recommended implementation baseline for listed entities
- Integration as an interoperability layer within regulatory guidance
- Use as a supervisory review framework to improve disclosure consistency

Under any of these approaches, companies would remain fully subject to existing regulatory requirements and globally recognised standards such as ISSB or GRI.

The infrastructure would not alter compliance obligations.

Its role would be to provide structural consistency beneath those obligations, reducing duplication, enhancing comparability, and supporting long-term system resilience.

This model allows jurisdictions to strengthen implementation coherence without introducing new reporting mandates.

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## 5.2 Financial Free Zone Alignment

Financial free zones within the GCC operate under independent regulatory systems aligned with international capital market expectations.

These jurisdictions are uniquely positioned to pioneer structured interoperability mechanisms due to:

- Their cross-border investor base
- Their alignment with global financial reporting frameworks
- Their emphasis on institutional transparency

Adoption of structured semantic identifiers and layered implementation architecture within free zones could:

- Improve comparability between entities operating across multiple zones
- Reduce advisory and software divergence
- Strengthen audit traceability across framework boundaries
- Enhance alignment with international investor expectations

Such integration would not replace existing sustainability rulebooks. Rather, it would reinforce them through a coherent structural backbone.

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## 5.3 Regional Coordination through the GCC Secretariat

At the regional level, the GCC Secretariat may consider facilitating a structured dialogue on interoperability, without pursuing regulatory unification.

A coordination model could explore:

- Development of shared semantic disclosure identifiers
- Mechanisms for cross-border equivalence recognition
- Transparent documentation of jurisdiction-specific overlays
- Periodic alignment review forums among regulators

This approach would preserve national sovereignty and policy independence while reducing fragmentation across capital markets.

The objective would not be regulatory consolidation.

The objective would be structural coherence — ensuring that aligned standards are implemented through compatible architectures.

Such coordination would strengthen the region's collective credibility in global sustainability reporting, while maintaining flexibility to respond to national development strategies and economic priorities.

# 6. Illustrative UAE Operationalisation Model

## From Policy Requirement to a Layered Implementation Model

While Section 4 described the conceptual layered architecture, this section illustrates how such an infrastructure could operate in practice within the United Arab Emirates regulatory environment, aligned with existing disclosure standards and supervisory structures.

The purpose of this section is operational clarity rather than conceptual abstraction.

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# 6.1 Regulatory Context in the United Arab Emirates

The UAE sustainability reporting landscape currently includes:

- Securities and Commodities Authority (SCA) ESG disclosure guidance for listed companies
- Sustainable finance frameworks issued by the Financial Services Regulatory Authority (FSRA) within ADGM
- Sustainability-related rulebook integration by the Dubai Financial Services Authority (DFSA) within DIFC
- Increasing alignment with IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2)
- Continued use of GRI Standards for broader sustainability reporting
- Climate commitments aligned with the UAE Net Zero 2050 Strategic Initiative

These instruments define disclosure expectations and supervisory direction.

They do not prescribe how sustainability information should be technically structured beneath the reporting surface.

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# 6.2 Example: Climate Disclosure under IFRS S2 Alignment

IFRS S2 requires disclosure of:

- Governance of climate-related risks and opportunities
- Strategy and transition planning
- Climate-related risk management processes
- Scope 1, Scope 2, and Scope 3 greenhouse gas emissions
- Targets and performance against those targets

A structured implementation foundation would operationalise these requirements through three coordinated layers.

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## A. Core Sustainability Data Layer (CERM — Structured Factual Base)

At the foundational level, entities would maintain structured records of:

- Scope 1 emissions (absolute, $tCO_2e$)
- Scope 2 emissions (location-based and market-based)
- Scope 3 emissions by category
- Energy consumption by source
- Baseline year references
- Target reduction commitments
- Transition trajectories
- Organisational and operational boundaries
- Methodology references (e.g., GHG Protocol)
- Assurance status and supporting evidence

At this layer:

- No reference to SCA, ADGM, DIFC, or IFRS is embedded
- No compliance logic is encoded
- No regulatory threshold is determined

The Core Sustainability Data Model represents verified sustainability information in a stable and reusable format.

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## B. Disclosure Intent Layer (CDI — Stable Semantic Definitions)

Above the data layer, disclosure meaning is defined through stable semantic identifiers.

Examples include:

- Gross Scope 1 Emissions
- Gross Scope 2 Emissions
- Climate Transition Plan
- Climate Risk Management Process
- Emissions Reduction Targets and Progress

Each disclosure intent:

- References underlying structured data
- Declares boundary and temporal applicability
- Remains stable regardless of framework numbering
- Can be reused across IFRS S2, GRI 305, and UAE regulatory overlays

This prevents semantic duplication across frameworks and supervisory instruments.

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## C. Framework and Regulatory Mapping Layer (CMP — Documented Interpretation)

The third layer documents how disclosure intents are interpreted within specific regulatory instruments.

For example:

**IFRS S2 Mapping**

- Climate metrics → mapped to relevant climate disclosure intents
- Governance disclosures → mapped to governance-related intents
- Target disclosures → mapped to emissions target intents

**SCA Overlay**

Where additional narrative explanation or timing requirements apply:

- The overlay references the same disclosure intents
- Formatting or timing requirements are documented separately
- Semantic meaning remains unchanged

Interpretation is recorded transparently within mapping documentation rather than embedded within proprietary systems.

Regulatory authority remains fully intact.

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## 6.3 Supervisory and Institutional Implications

Under this operational model:

- Supervisors review disclosures mapped through documented CMPs
- Auditors trace disclosed figures to canonical metrics, boundaries, methodologies, and evidence references
- Regulatory updates primarily affect the mapping layer rather than enterprise systems

This approach strengthens supervisory consistency, improves audit traceability, and enhances the evidentiary basis of disclosure assessment.

## 6.4 Cross-Zone Integration (ADGM and DIFC)

Because ADGM and DIFC operate under internationally aligned regulatory frameworks:

- The same disclosure intents can be consumed across multiple rulebooks
- Mapping packs can document differences transparently
- Cross-listed entities avoid rebuilding reporting logic for each zone

This reinforces the UAE's position as an integrated financial hub while preserving regulatory autonomy.

## 6.5 Institutional Outcome

This model strengthens implementation coherence within the UAE's multi-authority regulatory structure.

# 7. Illustrative Saudi Arabia Operationalisation Model

## A Layered Implementation Model within the Vision 2030 Reform Context

This section illustrates how a layered sustainability reporting infrastructure could operate within the Kingdom of Saudi Arabia's regulatory environment, aligned with Vision 2030 reforms and evolving capital market expectations.

The focus is practical application within existing supervisory structures.

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# 7.1 Regulatory Context in the Kingdom

Saudi Arabia's sustainability reporting environment is shaped by:

- Capital Market Authority (CMA) ESG Disclosure Guidelines
- Saudi Exchange (Tadawul) sustainability reporting guidance
- Public Investment Fund (PIF) ESG integration within portfolio governance
- Vision 2030 economic transformation objectives
- Increasing alignment with IFRS Sustainability Disclosure Standards (IFRS S1 and IFRS S2)
- Reference to international frameworks including GRI and climate-related disclosure principles

These instruments define disclosure expectations.

They do not prescribe enterprise-level modelling structures or semantic stabilisation mechanisms.

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# 7.2 Example: Climate Disclosure under CMA and IFRS Alignment

Climate disclosures increasingly reference IFRS S2 principles and supervisory guidance.

Required disclosures include:

- Governance oversight of climate-related risks
- Strategic resilience and transition planning
- Risk management processes
- Scope 1, 2, and 3 emissions
- Targets, baselines, and performance

A structured implementation foundation would operationalise these through three coordinated layers.

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## A. Core Sustainability Data Layer (CERM — Structured Factual Base)

Entities would maintain structured records of:

- Scope 1 emissions ($tCO_2e$)
- Scope 2 emissions (location-based and market-based)
- Scope 3 emissions by category
- Energy consumption by source
- Baseline years and reduction targets
- Transition trajectories
- Organisational boundaries
- Methodology references
- Assurance status and evidence

This layer contains:

- No embedded CMA or IFRS references
- No compliance logic
- No policy interpretation

It provides a stable evidentiary base for supervisory review.

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## B. Disclosure Intent Layer (CDI — Stable Semantic Definitions)

Disclosure meaning is defined once through stable semantic identifiers.

Examples include:

- Gross Scope 1 Emissions
- Climate Transition Strategy
- Climate Risk Management Process
- Emissions Reduction Targets and Progress

Each disclosure intent:

- References structured data
- Remains framework-independent
- Can be reused across CMA guidance, IFRS S2 alignment, and PIF oversight requirements

This prevents reinterpretation across supervisory instruments.

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## C. Framework and Regulatory Mapping Layer (CMP — Documented Interpretation)

The interpretive layer documents how disclosure intents are consumed within specific supervisory contexts.

For example:

**IFRS S2 Alignment**

- Climate metric paragraphs → mapped to climate disclosure intents
- Governance sections → mapped to governance intents
- Target disclosures → mapped to emissions target intents

**CMA ESG Guidelines**

- Required metrics → mapped to relevant disclosure intents
- Narrative requirements → documented as overlays
- Timing or format conditions → recorded separately

**PIF Portfolio Oversight**

- Portfolio-level aggregation → references common disclosure intents
- Transition monitoring → uses defined target and trajectory intents

Interpretation is transparent and updateable without altering enterprise systems.

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## 7.3 Supervisory and Institutional Implications

A structured implementation foundation supports:

- Greater supervisory consistency across CMA and Tadawul
- Improved coordination between regulators and sovereign investment bodies
- Enhanced audit traceability
- Clearer evidentiary basis for enforcement
- Reduced redesign risk when regulatory updates occur

This strengthens institutional resilience without altering regulatory authority.

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## 7.4 Alignment with Vision 2030 Modernisation

Vision 2030 prioritises capital market sophistication, transparency, and global investment integration. A layered sustainability implementation architecture supports these objectives by improving comparability and supervisory clarity within existing regulatory mandates.

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## 7.5 Institutional Outcome

This model supports coherent implementation within the Kingdom's evolving capital market architecture.

The operational illustrations provided for the United Arab Emirates and the Kingdom of Saudi Arabia are representative case studies reflecting the scale and maturity of current disclosure frameworks.

The same layered implementation model is equally applicable to other GCC jurisdictions — including Qatar, Bahrain, Oman, and Kuwait — and may be calibrated proportionately to local regulatory structures, market size, and supervisory capacity.

The purpose of the illustrative models is demonstrative rather than selective. All member states retain equal opportunity for proportionate engagement within a shared implementation foundation.

# 8. Institutional Governance and Regional Coordination Considerations

A structured implementation foundation requires clear institutional design.
Any such framework must reinforce — not alter — existing regulatory authority and national policy discretion.

This section outlines governance considerations that may support measured, proportionate, and coordinated engagement across GCC jurisdictions.

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## 8.1 National Stewardship Models

Member states may consider calibrated forms of engagement aligned with domestic regulatory maturity and institutional priorities.

Possible approaches include:

- Recognition of the architecture as a voluntary technical reference model;
- Reference within non-binding implementation guidance accompanying ESG disclosure frameworks;
- Use as an interoperability layer to support supervisory review and digital reporting systems.

Under these models:

- Disclosure obligations remain defined exclusively by national regulators;
- Materiality thresholds and enforcement authority remain unchanged;
- The infrastructure functions solely as a technical substrate beneath existing law.

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## 8.2 Financial Free Zones as Controlled Pilot Environments

Financial free zones such as ADGM, DIFC, QFC and others operate within internationally aligned regulatory frameworks and are structurally positioned to test technical interoperability mechanisms.

Free zones may consider:

- Piloting structured semantic identifiers within sustainable finance rulebooks;
- Aligning digital filing systems with common disclosure intent definitions;
- Testing interoperability across cross-listed entities;
- Documenting framework mappings within supervisory portals.

Because free zones retain regulatory independence while operating within global financial architectures, they may serve as controlled environments for phased implementation.

This allows structured experimentation without affecting national legislative frameworks.

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## 8.3 Regional Coordination through the GCC Secretariat

At the regional level, the GCC Secretariat may consider facilitating technical dialogue focused on interoperability rather than policy harmonisation.

Such dialogue could explore:

- Shared semantic disclosure identifiers;
- Transparent documentation of jurisdiction-specific regulatory overlays;
- Cross-border equivalence recognition mechanisms;
- Periodic technical review forums among capital market authorities.

The objective would not be regulatory consolidation.

It would be implementation coherence — ensuring that standards already referenced by member states are applied through consistent technical foundations.

Structured coordination of this nature could enhance regional comparability, strengthen supervisory alignment, and support capital market integration while preserving legislative independence.

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## 8.4 Governance Safeguards and Institutional Risk Management

Any implementation pathway should incorporate safeguards designed to preserve institutional clarity and prevent unintended policy drift.

Key safeguards may include:

- Explicit separation between technical infrastructure stewardship and regulatory decision-making;
- Transparent version control and public documentation of interpretive mappings;
- Clear delineation that the infrastructure does not determine compliance outcomes;
- Public visibility of jurisdiction-specific overlays to maintain enforcement transparency;
- Formal mechanisms preventing the infrastructure from evolving into a de facto standard-setting authority.

Such safeguards ensure that the infrastructure remains technical, neutral, and implementation-focused.

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These safeguards ensure that the infrastructure remains a technical interoperability mechanism rather than a policy-setting instrument.

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# 9. Indicative Phased Implementation Pathway

Canonical ESG functions as a globally evolving interoperability framework.
GCC engagement, if pursued, would focus specifically on jurisdictional mapping and regulatory overlay layers — not on redefining core semantic structures.

The following phased model illustrates a proportionate and institutionally controlled approach.

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## Phase I — Targeted Regulatory Mapping Pilot

A regulator or financial authority may initiate a focused technical pilot within a single thematic domain (for example, climate disclosure).

This phase would involve:

- Mapping existing national disclosure requirements to stable semantic disclosure identifiers (CDIs);
- Documenting jurisdiction-specific interpretive overlays through structured Canonical Mapping Packs (CMPs);
- Maintaining alignment with ISSB and other internationally referenced standards;
- Evaluating improvements in supervisory traceability, comparability, and implementation clarity.

The objective is technical validation of mapping coherence — not alteration of policy substance.

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## Phase II — Publication of Jurisdiction-Specific CMPs

Subject to pilot evaluation, regulators may publish formally documented jurisdiction-specific CMPs that:

- Reference national disclosure guidance;
- Map regulatory expectations to stable semantic identifiers;
- Record interpretive conditions, scope thresholds, and supervisory assumptions;
- Preserve clear separation between regulatory authority and technical infrastructure.

These CMPs would operate as transparent regulatory overlays atop a globally maintained semantic base.

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## Phase III — Regional Technical Coordination (Optional)

At the GCC level, authorities may consider structured technical dialogue focused on interoperability rather than regulatory harmonisation.

Potential areas of coordination include:

- Comparative review of jurisdiction-specific CMPs;
- Identification of semantic alignment across capital markets;
- Exploration of digital reporting interoperability mechanisms.

Such dialogue would reduce structural fragmentation while preserving legislative independence.

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## Phase IV — Alignment with Global Evolution

Canonical ESG will continue to evolve as a global interoperability framework.

GCC regulators may:

- Contribute technical feedback;
- Reference updated semantic versions where appropriate;
- Revise jurisdiction-specific CMPs in response to domestic regulatory developments.

This ensures continued global compatibility without disrupting national regulatory autonomy.

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This pathway positions GCC institutions as structured contributors to jurisdiction-specific mapping within a neutral global framework — strengthening implementation clarity without duplicating standards.

# 10. Conclusion

Sustainability reporting across the GCC is advancing within a global shift toward climate transparency and capital market comparability. International standards increasingly define disclosure baselines.

The institutional priority now concerns implementation architecture — how disclosures are structured, stabilised, and interpreted within evolving regulatory systems.

This paper outlines a layered technical foundation capable of supporting jurisdiction-specific regulatory frameworks without altering their substance. By separating sustainability data from regulatory interpretation and enabling transparent jurisdictional overlays, the approach strengthens implementation coherence within existing authority structures.

It operates within existing regulatory mandates. Regulatory sovereignty remains fully intact.

Engagement, if pursued, would be proportionate and institutionally controlled. By contributing structured jurisdiction-specific mappings within a neutral global semantic framework, GCC institutions would not only align with international baselines but help shape durable interoperability architecture within the evolving sustainability reporting ecosystem.

The strategic priority is not to redefine standards, but to reinforce how they are operationalised — positioning GCC markets as structured contributors to the global sustainability reporting architecture.

# Annex A — Governance Safeguards and Institutional Risk Considerations

This annex summarises governance safeguards relevant to regulatory due diligence.

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## A1. Non-Authoritative Positioning

Canonical ESG:

- Does not replace ISSB, GRI, or national regulation;
- Does not determine compliance outcomes;
- Does not set materiality thresholds;
- Does not exercise enforcement authority.

Jurisdiction-specific CMPs, if developed, would document regulatory interpretation without modifying legal substance.

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## A2. Sovereign Regulatory Control

The framework:

- Does not centralise regulatory control;
- Does not mandate regional harmonisation;
- Operates independently of GCC-wide adoption.

Each jurisdiction may engage proportionately and independently.

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## A3. Legal and Supervisory Risk Mitigation

The infrastructure:

- Separates semantic modelling from legal obligation;
- Prevents compliance logic from being embedded in data architecture;
- Maintains explicit distinction between data, meaning, and regulation.

This reduces risk of:

- unintended reinterpretation,
- vendor-driven semantic distortion,
- structural dependency on proprietary systems.

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## A4. Vendor Neutrality and Market Integrity

The framework is vendor-neutral and technology-agnostic.

Semantic identifiers may be implemented across multiple systems, encouraging:

- competitive software ecosystems,
- interoperability,
- reduced vendor lock-in.

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## A5. Version Control and Stability

The framework is versioned and publicly documented.

- Historical versions remain referenceable;
- Changes are transparently recorded;
- Traceability is preserved across reporting cycles.

This supports regulatory continuity and audit defensibility.

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## A6. Proportionate Institutional Engagement

Engagement remains discretionary.

Regulators may:

- Conduct limited pilot mapping;
- Publish interpretive overlays without formal adoption;
- Participate in regional dialogue;
- Decline engagement without operational disruption.

The global framework continues evolving independently.

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## A7. Strategic Institutional Positioning

Structured implementation infrastructure enhances:

- investor confidence,
- supervisory clarity,
- institutional transparency,
- digital reporting readiness.

Engagement strengthens technical coherence without altering policy substance.

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