



ADGM SUSTAINABLE FINANCE AGENDA

IMPORTANCE OF SUSTAINABLE DEVELOPMENT AND FINANCE

The 2030 United Nations Agenda for Sustainable Development aspires for a better future for all, stressing the importance of sustainable development in order to preserve our economies and environment for future generations. The 17 Sustainable Development Goals (SDGs) of the 2030 Agenda aim to mobilise efforts towards equitable economic growth, social inclusion and environmental protection, all inter-connected and crucial for the well-being of individuals and societies.

UAE and Abu Dhabi have provided leadership in the respective areas of SDGs. Notably, the UAE Vision 2021 and the Green Agenda 2015-2030 are examples of the government's actions towards positive economic, social and environmental outcomes.

Underpinning these efforts is the need for greater capital formation, deployment and investment to achieve the SDGs. In 2016, for instance, the finance ministers and central bank governors of G20 countries committed to exploring ways to raise the approximately US\$90 trillion needed over the next 15 years to achieve the SDGs. Closing the funding gap requires the mobilisation of significant resources from both public and private sectors.

VIBRANT AND THRIVING SUSTAINABLE FINANCE HUB

As an award-winning international financial centre, Abu Dhabi Global Market (ADGM) aims to develop a vibrant and thriving sustainable finance hub that supports capital formation, raising and deployment as well as the creation and issuance of products to achieve positive economic, social and environmental objectives. ADGM is closely aligned to UAE initiatives, supporting Abu Dhabi, the UAE and our global stakeholders in achieving SDGs and established climate change objectives. With an internationally recognised regulatory regime, direct application of English common law and proximity to some of the world's largest sovereign wealth funds, institutional investors and private wealth, ADGM is ideally placed to develop a sustainable finance ecosystem catering to the needs of local and international investors.

To create a vibrant sustainable finance hub, we are working on four pillars as follows:

- i. Integration of sustainability into the regulatory framework of ADGM
- ii. Building cooperation with national and international stakeholders
- iii. Fostering communication, knowledge and awareness
- iv. Creation of a sustainable finance ecosystem in ADGM



The Four Pillars



Pillar 1 - Integration of Sustainability into the Regulatory Framework of ADGM

To become a hub for sustainable finance activities, ADGM will integrate sustainability considerations into its regulatory framework, building on existing UAE initiatives and global best practices. Key policy considerations include:

- **Taxonomy:** ADGM will spearhead the adoption of a harmonised taxonomy and certification measures supporting the issuance of a broad range of sustainable finance products, applicable across the UAE. ADGM is collaborating with key UAE regulators and ministries to develop a UAE-wide harmonised taxonomy for sustainable finance that would enable participants to make an informed judgement on whether particular initiatives would fall under the umbrella of sustainable investment. It is our objective to assure that the agreed taxonomy is closely aligned with international standards and best practice, such as the Green Bond Principles, Green Loan Principles and the Climate Bonds Initiative Standards.
- **Disclosure:** ADGM will introduce suitable disclosure standards for relevant ADGM entities, initially on a voluntary basis, such as the recommendations of the FSB Task Force on Climate-related Financial Disclosures. These global best practices are fast becoming the baseline expectation for identifying, assessing and disclosing climate risks, and are consistent with the Global Reporting Initiative.
- **Governance:** ADGM will review and, if appropriate, revise the applicable governance standards for relevant financial and non-financial firms operating in or from ADGM, including directors' accountability with respect to ESG factors, consistent with the UN Principles for Responsible Investment.



Pillar 2 - Building Cooperation with National and International Stakeholders

Promoting sustainable development and finance requires effective national and international cooperation to achieve synergies and positive outcomes. ADGM, through its consultative working group on sustainable finance, has been promoting meaningful dialogue with a variety of national and international stakeholders, including UAE authorities, commercial organisations and industry standard-setters.

We are promoting ongoing cooperation efforts between government, regulators, financial institutions and other stakeholders that signed the Abu Dhabi Sustainable Finance Declaration, in cooperation with the Ministry of Climate Change and Environment, the UAE Central Bank and the Securities and Commodities Authority.

Pillar 3 - Fostering Communication, Knowledge and Awareness

Greater awareness and acceptance of sustainable development and finance are crucial in mobilising efforts and resources towards these goals. ADGM will raise the level of knowledge, awareness and acceptance of sustainable finance through events, education and training programmes and ongoing support of efforts to develop expertise in this area.

As part of our efforts to develop ADGM into a centre of excellence in sustainable finance, we have launched the inaugural Abu Dhabi Sustainable Finance Forum, part of Abu Dhabi Sustainability Week. It is the first event in Abu Dhabi focused on increasing the adoption of sustainable financing and driving capital towards investments that have positive economic, social and environmental impacts.

In association with The London Institute of Banking & Finance, the ADGM Academy will offer a suite of sustainable finance training programs across different levels that will provide individuals with internationally recognised professional qualifications.

Pillar 4 - Creation of a Sustainable Finance Ecosystem in ADGM

Together with our stakeholders, ADGM will develop a sustainable finance ecosystem with a diversity of institutions, product offerings and services to support capital formation and deployment and a vibrant marketplace that boosts the availability of financing to achieve sustainability goals. We believe innovation will be a key driver in helping to achieve our goals and will look to support new ideas and fresh thinking to help lower costs, foster collaboration and make transactions easier, quicker, more robust and sophisticated.

Certification will play a key role in the development of new products and we will support measures to develop this process in line with international standards.

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