



UAE Sustainable Finance Working Group launches the 'Principles for the Effective Management of Climate-related Financial Risks'

Abu Dhabi (November 13, 2023): In line with the nation's Year of Sustainability, the 'Principles for the Effective Management of Climate-related Financial Risks' (the Principles) were launched. The Principles were developed by the UAE Sustainable Finance Working Group (SFWG) and are a declaration of common understanding among the group members on the minimum standards for the management of climate-related financial risks for all financial sector entities operating in the UAE. The launch of these Principles reaffirms the UAE's commitment to addressing climate change and pursuing a sustainable growth pathway.

Today, the Central Bank of the UAE (CBUAE) hosted an official ceremony with members of the SFWG to launch the Principles. The Principles were signed by H.E. Khaled Mohamed Balama, Governor of the Central Bank of the UAE; H.E. Ahmed Jasim Al Zaabi, Chairman of Abu Dhabi Global Market (ADGM), H.E. Dr. Maryam Buti Al Suwaidi, CEO of the Securities and Commodities Authority (SCA); and H.E. Essa Kazim, Governor of Dubai International Financial Centre (DIFC).

The launch ceremony attendees also included Ahmed Saeed Al Qamzi, Assistant Governor for Banking and Insurance Supervision at CBUAE, Ian Johnston, Chief Executive of the Dubai Financial Services Authority DFSA (DFSA) and Emmanuel Givanakis, CEO of the ADGM Financial Services Regulatory Authority (FSRA).

Following the launch, the CBUAE, SCA, DFSA and FSRA as the financial sector regulatory authority members of the SFWG responsible for implementation of these Principles will formally issue the Principles to their respective licensed entities.

The launch of the Principles comes ahead of the UAE's hosting of COP28, defining the expectations of the UAE regulators for the governance and risk management of climate-related financial risks by financial-sector entities operating in the UAE. A key area of focus within the Principles is that of oversight and allocation of responsibilities for these risks for all licensed financial institutions, and their integration into the strategy-setting process, the risk management framework, the capital and liquidity planning processes, and scenario analysis exercises.

In developing the Principles, the SFWG considered a number of international standards on the topic, undertook industry consultations and explored key areas



of alignment to the global policy priorities set by the G20 Sustainable Finance Roadmap.

H.E. Khaled Mohamed Balama, Governor of the CBUAE, said: “Aligned to the UAE leadership’s vision for a sustainable future, the CBUAE’s membership of the SFWG is a critical tool in driving collaboration towards increasing the sustainability of all financial sector participants in the UAE. The Principles will play a key role in enhancing collaboration between financial sector participants and creating further dialogue with licensed financial institutions to pave the way towards a sustainable financial future.”

H.E. Mohamed Ali Al Shorafa Al Hammadi, Chairman of the SCA, said: “In its efforts to realise the vision of the UAE President His Highness Sheikh Mohamed bin Zayed Al Nahyan of a sustainable future, the Securities and Commodities Authority—through its membership in the Sustainable Finance Working Group (SFWG)—has been keenly supporting the economic and sustainable development goals in the UAE’s financial sector. The SFWG plays an instrumental role in encouraging all financial institutions to foster a culture of addressing climate-related financial risks as a key priority. It strives to meet the best international standards in this respect, thereby ensuring the achievement of the national targets for tackling climate change and promoting sustainable growth in line with the COP28 action agenda.”

His Excellency Ahmed Jasim Al Zaabi, Chairman of ADGM, said: “We at ADGM are committed to supporting the UAE’s sustainable finance agenda. As we make substantial progress in this direction, we are establishing standards for the responsible governance and risk management of climate-related financial risks by financial entities in Abu Dhabi and the UAE through our comprehensive framework for Sustainable Finance. The development of the 'Principles by the UAE Sustainable Finance Working Group (SFWG), for the Effective Management of Climate-related Financial Risks', also underscores our dedication to addressing climate change and fostering a resilient financial sector. Together with other federal and local regulators, we are keen to contribute to the growing discussions around climate financing and associated risks of the financial sector, emphasising the critical role this sector plays in paving the path towards achieving UAE's commitment to sustainability.”

H.E. Essa Kazim, Governor of DIFC, said: “At DIFC we continue to spearhead a range of comprehensive sustainability programmes. 2023 holds a special significance for the UAE, as it has been designated as the ‘Year of Sustainability’, and we look forward to continued collaboration with the UAE Regulatory Authorities and relevant Federal Ministries in the pursuit of a net zero future.”

The SFWG, which includes among its members the UAE Regulatory Authorities and relevant Federal Ministries, was established in 2019 to support the



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development of sustainable finance in the UAE and facilitate regulatory co-operation amongst the UAE authorities on practices and frameworks that can enable the finance sector to deliver on this goal.

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