

## Draft Fourth Public Statement on Sustainable Finance in the UAE

The UAE continues to develop climate and sustainable finance in line with its existing initiatives, including The UAE Green Agenda 2015 – 2030, National Climate Change Plan 2017 – 2050, and Net Zero by 2050 Strategic Initiative. A significant step in the implementation efforts is, among others, the UAE Federal Decree Law No. (11) of 2024 on the Reduction of Climate Change Effects (the Climate Change Law) which requires applicable entities, including those in free zones, to measure, report, and plan for the reduction of their greenhouse gas (GHG) emissions.

These initiatives, combined with sizeable investments in renewable energy, sustainable infrastructure, and green technologies including the USD 30 billion ALTERRA fund, USD 4.5 billion Africa Green Investment Initiative and the Etihad 7 programme, are all testament to the nation's commitment to sustainability.

Additionally, in March 2025, the UAE and Senegal officially launched the 2026 UN Water Conference, a multilateral process which is scheduled to take place in December 2026, will showcase investment opportunities in water resilience, sustainable infrastructure and transboundary cooperation, reinforcing the UAE's commitment to tackling some of the most pressing resource challenges of our time.

The UAE Sustainable Finance Working Group (SFWG) continues to play its role in advancing the UAE's position as a leading hub for sustainable finance. The group's broad composition is provided in Annex 1. Since the issuance of its Third Public Statement, the SFWG has taken concrete and material steps to operationalize its foundational workstreams and to advance on the work undertaken by them.

### Workstream One - Sustainability-focused Corporate Governance

The "*Principles for the Effective Management of Climate-related Financial Risks*" were issued in **November 2023**. These urged financial firms to integrate climate-related financial risks into their business strategy and risk management. The Principles cover aspects such as management responsibilities, monitoring, reporting, and stress testing.

The full text of the Principles is available here:



UAE SFWG  
Principles for the Eff

### Workstream Two - Sustainability Disclosure

The "*Principles for Sustainability-Related Disclosures for Reporting Entities*", issued in 2024 following public consultation in 2023, set out expectations to enhance the quality and transparency of ESG reporting. The SFWG members have been considering practical pathways toward implementation including matters such as scope, timelines, and reporting obligations, and alignment with applicable international standards.

The full text of the Principles is available here:



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### **Workstream Three - UAE Sustainable Finance Taxonomy**

The workstream remains an important component of the SFWG's agenda. The SFWG members continue to examine how best to deliver a design for a taxonomy that is both relevant to market participants and interoperable with international approaches.

To this end, the SFWG members are closely observing international developments and experiences, including in jurisdictions that have advanced, paused, or reconsidered their own taxonomies, to ensure that any future steps taken in the UAE are proportionate, practical, and aligned with global benchmarks. This ongoing reflection demonstrates the SFWG's recognition of the taxonomy's strategic importance while ensuring that any decisions are informed by evidence and market feedback.

In 2023 the SFWG published the "*Summary High-level Design Principles for the UAE Sustainable Finance Taxonomy*", outlining a foundational framework to guide the country's sustainable economic transition.

A summary of the Principles is attached here:



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### **Workstream Four - Climate Transition Planning**

The "*Principles for Climate Transition Planning*", issued by the SFWG in Q4 2025 following a public consultation, provide a framework for UAE financial institutions and corporates to prepare, govern, and disclose credible information on their climate transition planning activities. The Principles, which are intended to guide financial flows toward activities consistent with the UAE's climate objectives, align with international best practices. They are designed to strengthen market confidence by ensuring that transition strategies adopted by financial institutions are transparent, verifiable, and embedded in core governance processes. The Principles emphasize the importance of board and senior management involvement and accountability for climate transition planning, and provide for institutions to integrate climate considerations into overall business strategy and long-term financial planning.

The Principles outline expectations across multiple dimensions, including governance oversight, assignment of responsibilities to senior executives, integration of climate transition targets into overall business strategy and risk management frameworks, and ongoing monitoring and reporting of progress. Another critical element relates to the collection and use of appropriate data, metrics, and scenario analysis by firms to ensure that their climate transition plans are robust and aligned with their climate goals.

The SFWG members may also introduce tailored regulatory requirements applicable to certain sectors, while considering the need to retain flexibility to adapt as international standards evolve.

### **Planned Next Steps**

The consecutive issuance of the Principles for the Effective Management of Climate related Financial Risks, the Principles for Climate Transition Planning and the Principles for Sustainability-Related Disclosures has paved the way for the SFWG to communicate its members' climate and sustainable finance linked expectations to all relevant stakeholders.

Next steps envisaged by SFWG will focus on supporting implementation strategies, reflecting

regulatory best practices and lessons from international experience, while ensuring proportionality for UAE market participants. Taken together, these steps are designed to ensure that sustainable finance remains on the UAE's regulatory agenda, supporting the country's long-term ambition to align financial flows with its net-zero commitments.

## **Annex 1**

The SFWG is coordinated by the Financial Services Regulatory Authority of the Abu Dhabi Global Market and its membership comprises:

- Ministry of Finance of the UAE
- Ministry of Economy of the UAE
- Ministry of Climate Change and Environment of the UAE
- Central Bank of the UAE
- Securities and Commodities Authority
- Financial Services Regulatory Authority of the Abu Dhabi Global Market
- Dubai Financial Services Authority
- Abu Dhabi Securities Exchange
- Dubai Financial Market
- Nasdaq Dubai.