

Climate Change Position Statement



Background

ADQ recognizes that the rising greenhouse gas emissions are causing the global climate to change and that scientists project rising sea levels, increasing frequency of droughts, floods, hurricanes, and rising temperaturesⁱ. We acknowledge that the increase in the frequency of such extreme weather events in addition to the global increase of temperature would create considerable risks on our community's way of living and our business.

Because we at ADQ understand these long-term risks and the impact posed by climate change to our society, investments, and the broader economy, we are assuming an active role in the fight against climate change.

Philosophy

Stemming from ADQ's commitment to sustainability embedded in our ESG Policy and recognition of the undeniable severe impacts of climate change, ADQ strives to integrate climate change considerations in decision-making through all strata of the organisation. We support the efforts contributing to the UAE's 2050 net-zero target and ensure our climate goals are aligned with local and international sustainability initiatives such as UAE's National Climate Change Planⁱⁱ, UAE's Green Agenda, and the UN Sustainable Development Goalsⁱⁱⁱ.

In that light, ADQ acknowledges the financial and competitive impact of climate change on the company's operations, as well as the responsibility to help mitigate the climate-related impact on the environment and community. We strive to:

- Demonstrate awareness of the financial and competitiveness aspects of climate change
- Assess portfolio companies' climate-related competitiveness and financial risks and opportunities
- Support portfolio companies' competitiveness in a low-carbon, carbon-priced economy
- Encourage a shift towards product or service offerings that incorporate low-carbon differentiation

Approach

Governance

The assessment and management of all climate-related issues fall under the ADQ Management Committee, who reports directly to the board of directors on a quarterly basis. The board then takes a profound consideration of future climate change risks on the company. It incorporates climate-related issues in its oversight wherever it deems relevant, including but not limited to risk management policies, annual budgets, business plans, and business objectives.

Strategy & Risk Management

ADQ is conscious that most of its climate impact and climate vulnerability is nested in its portfolio assets. Hence, ADQ periodically reviews potential risks, scenarios, and opportunities related to climate change. Such reviews help us understand our level of exposure to climate change risks and assess our resilience plans.

Assessed risks are grouped into two categories: physical risks due to climate change (e.g. stranded assets due to sea-level rise), and transitional risks from moving to a lower-carbon economy (e.g. regulatory and reputational risks).

ADQ also continuously monitors its portfolio for ESG risks. We commission an annual review of our portfolio performance on ESG issues through a third party and conduct an ESG due diligence before investing in a new company. If an ESG or climate risk is identified in any of our portfolio companies, we engage with the responsible party to understand the risk’s scope and encourage and collaborate to address it.

We assert our climate goals and aspirations in our communication with portfolio companies and encourage them to adopt a climate change target and use international standards in their reporting. ADQ’s climate stance is also communicated to investors and suppliers. Furthermore, ADQ encourages dealing with suppliers that share the same climate vision and values and work towards increasing awareness and educating the remaining suppliers’ pool.

Training is a key factor in allowing us to achieve a climate-friendly business and portfolio. That is why ADQ provides employees, investment managers and the portfolio companies with periodic in-house and external trainings and workshops on ESG topics including climate change risks, resilience, and risk management. It is through these development mechanisms that we build highly skilled climate talents that inform wise decision-making.

Monitoring and disclosure

ADQ is committed to transparency and reporting on all relevant aspects of our climate change risk assessment and risk management process. We assess, review, and monitor our portfolio companies’ emissions in accordance with international standards. We also engage with our portfolio companies to gather emissions data and encourage them to use international standards in their reporting.

Review

ADQ Management periodically reviews the company’s climate change position and related strategies to ensure coherence with the latest climate change policy trends and international standards. ADQ Management ensures periodic internal reporting to the Board on all ESG related topics.

ⁱ<https://www.epa.gov/climate-indicators/weather-climate>

ⁱⁱ<https://u.ae/en/about-the-uae/strategies-initiatives-and-awards/federal-governments-strategies-and-plans/national-climate-change-plan-of-the-uae>

ⁱⁱⁱ<https://sdgs.un.org/goals>

Appendix: Climate-related Sustainability Guidelines and Initiatives

Name	Description	URL
UN PRI Policy Writing Guideline	A starter guide that provides a quick summary of how an investor can develop and implement a responsible investment policy and related processes. It is designed for both asset owners and investment managers and covers how to embed responsible investment into an organisation's structure and processes – starting with the investment policy.	Click here
The Taskforce on Climate-related Financial Disclosure recommendations	TCFD was established to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.	Click here
CDP climate change questionnaire 2021	CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. CDP collects climate-related information from participating companies through an annual questionnaire and then issues ratings based on companies' answers to these questionnaires.	Click here
Climate Action 100	Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. In signing up to Climate Action 100+, investors commit to engaging with at least one of 167 focus companies that are strategically important to the net-zero emissions transition and to seek commitments on the initiative's key asks.	Click here
Science-based Targets	The Science Based Targets initiative (SBTi) is a joint initiative by CDP, the UN Global Compact (UNGC), the World Resources Institute (WRI) and WWF intended to increase corporate ambition on climate action by mobilizing companies to set greenhouse gas emission reduction targets consistent with the level of decarbonization required by science to limit warming to less than 1.5°C / 2°C.	Click here
Greenhouse Gas Protocol	GHG Protocol establishes comprehensive global standardised frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. GHG Protocol supplies the world's most widely used greenhouse gas accounting standards.	Click here
International Sustainability Standards Board	ISSB was recently established to deliver a comprehensive global baseline of sustainability-related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed decisions. ISSB has issued a guideline for climate-related disclosure drafts to set a framework for companies to report on their climate change strategy including their climate	For general info click here , for climate guidelines click here .

	<p>change strategy including their climate change governance structure, risk assessment and risk management, and company-set metrics and targets.</p>	
<p>Net-zero Asset Owner Alliance</p>	<p>The UN-convened Alliance, supported by WWF and Global Optimism, is a group of asset owners that Commit to transitioning their investment portfolios to net-zero GHG emissions by 2050 consistent with a maximum temperature rise of 1.5°C above pre-industrial levels. It utilizes state-of-the-art tools and aligns with various initiatives led by Asset Owners who have demonstrated leadership on the topic of decarbonization.</p>	<p>Click here</p>
<p>The Global Reporting Initiative</p>	<p>Global Reporting Initiative is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. GRI provides the world's most widely used standards for sustainability reporting – the GRI Standards.</p>	<p>Click here</p>
<p>UAE Climate Change Plan 2017-2050</p>	<p>UAE Climate Change Plan 2017-2050 is UAE's comprehensive framework to address the causes and impacts of climate change, plan the transition into a climate-resilient green economy and achieve a better quality of life. The primary objectives of the Climate Plan are to: manage greenhouse gas (GHG) emissions while sustaining economic growth, minimise risks and improve the capacity of adaptation to climate change, and enhance the UAE's economic diversification agenda through innovative solutions.</p>	<p>Click here</p>

Thank you