Chapter Zero UAE
The Directors' Climate Forum

# Navigating a New Era: Preparing Boards for a Sustainable Future

## Key Insights for Board Directors and Sustainability Leaders


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# Executive Summary

Held on May 29, 2025, and co-hosted by Chapter Zero UAE, INSEAD, INSEAD NAA UAE and the INSEAD International Directors Network, the Climate Governance Symposium convened board directors, finance experts, and sustainability leaders to explore the evolving expectations of corporate boards in the face of climate change. The symposium underscored the growing need for climate-literate leadership, credible transition planning, and sustainable finance mechanisms such as green bonds and blended finance. As a summary, the corporate boards are recommended to :

1. **Build climate competency and collaborations:** Ensure that board members have the necessary training or access to expert advisors and build collaborative way of working inside organisations and with global and local regulatory bodies.
2. **Integrate climate governance into decision making of the board:** Adapt risk management, strategic planning and performance metrics to reflect climate considerations
3. **Use of green finance:** Evaluate green finance not just as a signalling tool, but as a strategic mechanism to enhance corporate governance.

This white paper distills the key themes and practical insights discussed, offering actionable guidance to board members and executives navigating the transition to a low-carbon economy.

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## The Urgency of Climate Governance

The symposium opened with a strong message on the need for board-level leadership in addressing climate risk. In her welcome address, **Hanan Al Yafei**, Executive Director Responsible Investing at Mubadala and the Chair of Chapter Zero UAE Steering Committee, emphasised that climate change is not a theoretical threat but an active, accelerating risk in the Gulf region, which is warming at twice the global average. The implications of this reality are far-reaching, affecting water security, energy systems, and economic stability.

> This is not about theory — it's about action. At Chapter Zero UAE, our mission is to help directors navigate complexity with clarity and confidence, turning insight into impact.
>
> **Hanan Al Yafei**
> Executive Director Responsible Investing at Mubadala and the Chair of Chapter Zero UAE Steering Committee

Boardrooms must move from passive oversight to active stewardship, embedding climate considerations into risk management, capital allocation, and strategic decision-making. Directors need to understand that regulatory frameworks and reporting requirements are evolving rapidly, but more importantly, that these developments reflect a broader shift: sustainability is now central to long-term value creation.

Partnerships across sectors and disciplines were identified as essential. Climate change cannot be tackled in silos; instead, it demands collaboration between government, business, finance, and academia. The symposium itself was held up as a model of this interdisciplinary, cross-sectoral approach.

Chapter Zero UAE
The Directors' Climate Forum

# Session One

## Sustainable Finance: From Niche to Necessity

**Lucie Tepla,** Senior Affiliate Professor of Finance at INSEAD, presented a structured and pragmatic framework for sustainable finance, noting its evolution from a niche concern to a mainstream investment philosophy. Sustainable finance integrates environmental and social considerations into financial decision-making, and its tools now include green bonds, sustainability-linked loans, ESG-focused investment funds, and more.

Key developments in recent years include the proliferation of sustainable investment products, increasing adoption by institutional investors, and growing commitments to align portfolios with the goals of the Paris Agreement. These trends are reshaping expectations for the real economy and for corporate boards.

> Green bonds are not just about raising money. They send a signal to the market and to your employees that this is what the company stands for.
>
> **Lucie Tepla**
> Senior Affiliate Professor of Finance at INSEAD

Tepla introduced a four-question framework to help boards assess sustainable finance:

- Why are sustainability factors being integrated?
- How are they being integrated?
- What real-world impact do they have?
- What are the financial implications?

A central theme was the concept of additionality: are green finance instruments, such as green bonds, funding projects that would not otherwise have occurred? This question is critical in evaluating the true impact of such tools and avoiding greenwashing.

In applying this framework to Masdar's green bond issuances, the discussion surfaced tensions between signalling and substance. While green bonds demonstrate commitment and provide transparency, their pricing and real-world impact are still being debated. Nonetheless, they are increasingly recognised by markets as credible signals of a company's sustainability strategy.

Speakers observed that while global progress on sustainable finance and ESG is uneven, the Middle East—and the UAE in particular—is showing leadership. Despite political pushback in markets such as the U.S. and a softening of regulations in Europe, the UAE continues to push forward.

Masdar's green bond programme and the UAE's role in hosting COP28 were cited as strong examples of ambition and execution. The challenge for regional actors is to maintain this momentum while building internal capacity, ensuring credible implementation, and addressing definitional issues such as what qualifies as 'green.'
This leadership also presents an opportunity: by refining its regulatory frameworks and investing in transparency, the UAE can position itself as a hub for sustainable finance in the Global South. Boards must anticipate and support this positioning, aligning their strategies with national commitments and investor expectations.

## Blended Finance and Emerging Market Solutions

**Dr Kaiser Naseem**, a seasoned international development banker, discussed the concept of blended finance—a structure that combines donor, public, and private capital to fund projects that are high-impact but high-risk, particularly in emerging markets. Blended finance helps overcome barriers such as weak regulatory environments, political and commercial risk to make projects bankable.
He gave an example of a wind power project in Pakistan that raised funding from several sources to target the different aspects to make the project less risky and address social and other concerns. Funding was obtained from multilateral financial institutions, donors, and others to reach financial close. The takeaway for board directors: traditional capital alone cannot solve the climate crisis, particularly in regions that are most vulnerable. Innovative capital structures and partnerships are essential. It is important that Boards understand these mechanisms, especially when operating in or expanding into emerging markets. Blended finance allows firms to participate in transformative projects through risk sharing. Board directors must ask how their organisations can either benefit from or contribute to such initiatives.

> Lack of funding is not the major issue. It's the availability of bankable projects. The issue is how to mitigate the risk. And that's where blended finance can help, if deployed smartly.
>
> **Dr Kaiser Naseem**
> International Development Banker

# Session Two

## Insights from Bain & Company: Global Sustainability Policy Developments

This session was led by **Wissam Yassine** (Partner, Bain & Company), drawing on Bain's work with the World Economic Forum. Wissam emphasised that while global policy developments may seem fragmented, the direction of travel toward greater transparency, accountability, and mandatory sustainability reporting is unmistakable.
He identified a major challenge for MENA boards: corporate action is lagging. Only 12% of MENA businesses have committed to net zero, and just 6% have clear roadmaps—a ~50% drop-off from commitments to action.

At the same time, the region's potential is immense:

- The MENA region has outstanding solar, wind, and carbon storage potential
- Strong governance and financial capacity can accelerate transition
- The UAE, in particular, is emerging as a leader in sustainable finance and policy alignment

> Only 12% of companies in the region have made net zero commitments and only 6% have roadmaps. So the gap is quite material.
>
> **Wissam Yassine**
> Partner, Bain & Company



Chapter Zero UAE
The Directors' Climate Forum

However, boards must respond to external pressures. A survey of MENA CXOs showed that 73% view regulatory and policy challenges as a major barrier to sustainability.
Wissam stressed that materiality assessments should be the starting point for boards: focusing on the most critical sustainability issues for their business, managing risks, allocating resources effectively, and engaging stakeholders.

He also advised that this current period of "policy reset" is a window of opportunity for companies in the region to build capacity, adopt leading practices, and prepare for emerging global baselines such as ISSB-aligned disclosure standards.

In discussion with Wissam, **David Haglund**, Non-Executive Board Director for Aramex and Chapter Zero UAE Steering Committee Member, reinforced the point that boards must move beyond compliance mindsets. He emphasised:

- The need to link climate action to long-term business value and resilience
- The importance of strong board leadership in setting tone and expectations across management
- The value of boards developing fluency in the language of sustainable finance, policy developments, and stakeholder expectations

The panel also explored the opportunity for MENA boards to leapfrog in climate governance—drawing on global best practices while tailoring approaches to regional contexts.

> What is missing often is not the willingness, but the roadmap — and the leadership to ask the difficult questions and connect climate ambition to value.

**David Haglund**

Non-Executive Board Director for Aramex and
Chapter Zero UAE Steering Committee Member

# Boardroom Imperatives: Actions for Directors

The symposium concluded with a call to action from **Katarina Uherova Hasbani,** Secretary of the Steering Committee of Chapter Zero UAE, for boards to integrate climate governance into the heart of their responsibilities. Key recommendations include:

- Build climate competency: Ensure that board members have the necessary training or access to expert advisors.
- Integration of climate governance into decision making: Integrate climate into enterprise risk management and strategic planning.
- Reporting on climate-relevant metrics: Demand high-quality, decision-useful climate disclosures and performance metrics.
- Use of green finance: Evaluate green finance not just as a signalling tool, but as a strategic mechanism.
- Encourage collaboration: Support cross-functional collaboration between finance, operations, and sustainability teams.
- Align with global and local regulatory developments: Actively engage with policy developments and global frameworks like the Paris Agreement and its Article 6.4. which establishes a mechanism for international cooperation on climate action, specifically through a centralized carbon crediting system under the supervision of the United Nations. Locally, understand the requirements of UAE Climate Law and the associated regulations on carbon reporting.

## Conclusion

This **Chapter Zero UAE & INSEAD IDN Climate Governance Symposium** affirmed that climate change is reshaping the fiduciary duties of boards. Directors can no longer afford to treat sustainability as a compliance issue. Instead, it must be seen as a core driver of resilience, reputation, and returns. Through sustainable finance, strategic partnerships, and proactive leadership, boards can help navigate the path toward a more stable and sustainable future.

> Start with a materiality assessment. Focus on what matters. Understand where your company's footprint is and build from there.

**Katarina Uherova Hasbani**

Secretary of Chapter Zero UAE Steering Commitee