Chapter Zero UAE
The Directors' Climate Forum

Creating our legacy: The strategic role of boards and C-suite in climate governance in the UAE

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Executive summary

In the United Arab Emirates (UAE), board oversight has become a defining factor in whether climate ambition translates into organisational resilience and long-term value - an imperative increasingly recognised worldwide. The tone from the top now plays a decisive role in embedding climate considerations into corporate culture, operational processes and financial decision-making. When boards take ownership of climate governance, they send a powerful signal to the entire organisation – and to the market – that climate action is not optional. It is central to long-term survival, competitiveness and credibility.

Within this governance shift, the Chief Sustainability Officer (CSO) has emerged as one of the most strategically important roles in organisations today. CSOs sit at the intersection of strategy, risk and transformation. Their mandate extends far beyond sustainability programme delivery: they guide enterprise-wide climate integration, strengthen regulatory readiness, manage transition and physical risks and ensure transparency in a market where investor expectations are rapidly intensifying. Yet CSOs can only be effective when they operate in lockstep with other C-suite leaders, chief financial officers, chief operating officers and chief technology officers – each of whom plays a critical role in translating climate priorities into operational and financial outcomes.

The path forward depends on deep collaboration between these roles. When the board sets strategic direction, the CSO provides technical and transformation leadership and the C-suite aligns execution across the business, climate ambition moves from intention to measurable performance. This alignment strengthens access to capital, attracts talent, builds stakeholder trust and companies to respond credibly to shifting regulatory and market expectations.

Across the UAE, we are already seeing this model take shape.

Leading organisations – from retail and real estate to utilities and district cooling – are embedding climate governance into enterprise systems, strengthening board oversight and pairing disciplined accountability with measurable performance.

This shift is reinforced by global investor expectations. According to PwC's Global Investor Survey 2024,[1] nearly a third of investors see climate change as one of the top threats to the companies they invest in and around three-quarters of investors indicated they would increase investment in companies taking tangible climate actions, such as building sustainable value chains (80%), developing climate-resilient products and services (77%), strengthening resilience to physical risks (73%) and expanding renewable energy use (72%). Institutional investors, including asset managers, pension funds and sovereign wealth funds, now expect climate risk to be embedded in enterprise risk management (ERM), financial planning and strategic decision-making. Climate stewardship has become a non-negotiable expectation of good governance. Other stakeholders, including banks, customers and communities at large, are also demanding greater transparency, stronger climate responsibility and lower emissions.

Recommendations set out in this paper outline the actions boards, the C-suite and CSOs can take – individually and together – to elevate climate governance in the UAE. This includes strengthening risk understanding, embedding climate into planning and capital allocation, improving disclosure maturity and building the capabilities needed to lead through uncertainty.

Ultimately, the UAE has an opportunity to set a regional benchmark by elevating board and C-suite collaboration around climate governance. The country's future will be defined by the decisions made today, and by how effectively leadership, governance and ambition align to shape a competitive, resilient and climate-ready future.

Part 1

Approach to strategic governance for climate risk management

Risk and value – why integration of climate principles matters financially

Climate events are now seen as material business risks, with 84% of S&P 500 companies reporting climate change as a risk factor in 2024.[2] Lenders and equity investors now increasingly assess sustainability performance as part of their risk-return calculus and companies with weaker sustainability ratings can face higher costs of capital, while those with stronger sustainability credentials benefit from more favourable financing.[3] Meanwhile, credit rating agencies are increasingly incorporating significant climate and governance considerations into their evaluations, which means that subpar performance in these areas can undermine creditworthiness and lead to higher borrowing costs.[4]

Insurance and reinsurance markets are also reacting to intensifying physical risks. Rising claims from extreme weather and tightening underwriting standards are driving higher premiums and reduced coverage availability.[5] As the capital required to back risk increases, insurers are charging higher rates or retreating from certain high-risk geographies, amplifying the financial burden on affected firms.

In response, senior executives, often under the guidance of chief risk officers (CROs), are now embedding climate risk into core strategies. This shift goes beyond compliance towards proactive risk management, incorporating scenario planning and resilience-building – both essential to navigating future uncertainties, especially in sectors vulnerable to extreme weather and resource scarcity. At the same time, companies are reframing sustainability, including climate change, as a source of value rather than a cost. Companies that act decisively on climate imperatives can capture “the disclosure dividend” – the returns from disclosing and then managing environmental risks and opportunities. According to the 2025 “Disclosure Dividend” analysis from CDP, firms that invest in addressing physical climate risk have achieved returns of up to US$21 for every US$1 spent, while median opportunity values far outpace the costs of realising them.[6] These results suggest that integrating climate principles is not just a defensive choice but a competitive lever that improves resilience, unlocking new revenue streams and strengthening investor confidence.

Embedding sustainability in risk frameworks and strategic planning protects enterprise value and aligns the firm with evolving market expectations. Boards that treat sustainability as marginal expose the business not only to climate shocks but to erosion in stakeholder trust, competitive position and financial flexibility.

Climate and nature integration into enterprise value

Climate change and biodiversity loss are deeply interlinked. Rising temperatures, extreme weather, and changes in marine environment disrupt ecosystems, causing species loss and habitat degradation. Coral bleaching, mass die-offs and algal blooms are examples of how climate impacts can cascade through the entire ecosystems, causing significant biodiversity loss.

At the same time, healthy ecosystems, forests, wetlands, and marine environment act as natural carbon sinks, helping regulate the climate. When biodiversity declines, these systems weaken, accelerating climate change in a harmful feedback loop. As such, protecting and restoring nature is essential for climate resilience.

Nature loss has direct business consequences. Every value chain depends on healthy ecosystems for water, soil, pollination and resilience, making biodiversity decline a direct business risk. When ecosystems approach or exceed their limits, companies face supply chain disruptions, cost increases and operational uncertainty.

Regulators are responding: The European Union (EU) Deforestation Regulation now imposes fines of up to 4% of a company's EU turnover, alongside product confiscation and exclusion from public procurement, for placing deforestation-linked goods on the market.[7] In England, biodiversity net gain is now a legal condition for most planning approvals, requiring measurable habitat improvements.[8] In the Middle East, penalties are also tightening and Saudi Arabia now enforces fines of up to SAR30m and potential imprisonment for serious environmental damage.[9]

Meanwhile, the EU's Corporate Sustainability Reporting Directive (CSRD) framework, through European Sustainability Reporting Standard for Biodiversity and Ecosystems (ESRS E4), requires companies to disclose how biodiversity impacts and dependencies shape their strategy and risk profile, reinforcing that protecting nature is integral to long-term corporate performance, not an externality along with issues such as climate change. While nature governance on boards is still maturing, boards and C-suite have an opportunity to look at both climate and nature related risks and impacts and promote strategic integration jointly.

The global regulatory landscape is redefining climate governance – and elevating the role of boards

Climate change affects every aspect of enterprise value, including supply chain stability, regulatory compliance, access to capital, insurance premiums, talent acquisition and brand trust. Across jurisdictions, new regulations are making climate accountability a matter of compliance, strategy, and corporate credibility.

The regulatory ecosystem reflects this shift. The International Sustainability Standards Board (ISSB) has introduced IFRS S1 and S2, establishing a comprehensive baseline for climate and sustainability disclosures globally.[10] These standards consolidate earlier frameworks such as the Task Force on Climate-related Financial Disclosures (TCFD), providing clearer guidance and raising the bar for transparency.

IFRS S1 provides general requirements for reporting on sustainability-related risks and opportunities, while IFRS S2 focuses specifically on climate disclosures - including governance, strategy, risk management and metrics. Together, they aim to bring greater consistency, transparency and comparability to how organisations report their sustainability performance worldwide. IFRS S2, in fact, places a strong emphasis on governance at the highest level, particularly the role of the board of directors in managing climate-related risks and opportunities.

IFRS S2 requires:

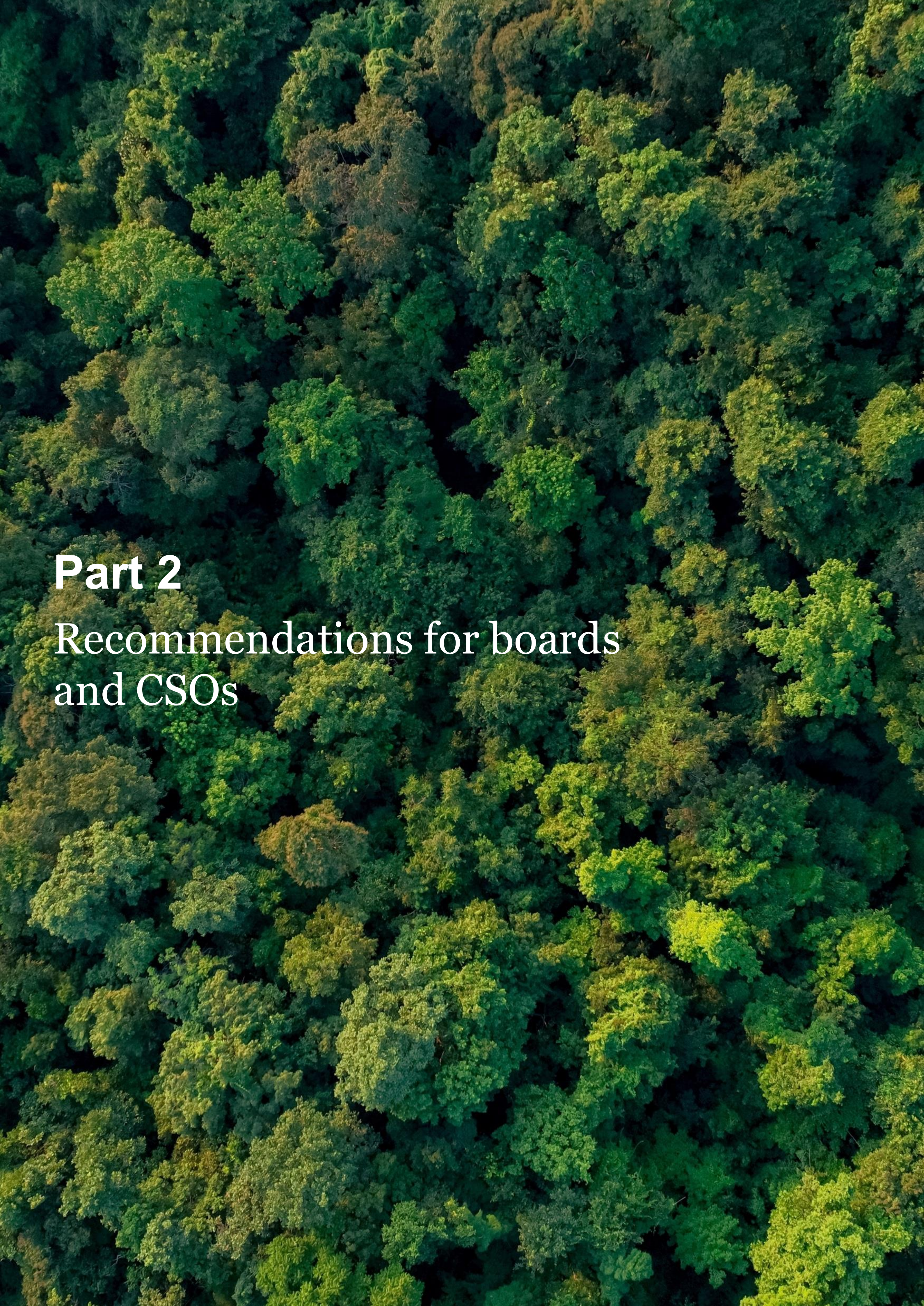
- Setting board-level accountability, including delegating specific responsibilities to the board and its members for climate risks and opportunities
- Integrating climate-related risks and opportunities into corporate strategy
- Empowering committees with defined roles and responsibilities in managing climate issues
- Ensuring boards have the necessary competency and capabilities
- Upholding fiduciary responsibility for non-financial information

Similarly, the EU's Corporate Sustainability Reporting Directive (CSRD) significantly expands reporting requirements for companies operating in or with ties to the EU. It mandates comprehensive climate and environmental disclosures, double materiality assessments, and third-party assurance, embedding sustainability into corporate reporting with the same rigour as financial performance.

In the UAE, Federal Decree-Law No. 11 of 2024 and Cabinet Resolution No. 67 of 2024 has established a national climate governance framework focused on emissions reduction, innovation and climate neutrality.
This requires organisations in the UAE to track, monitor and verify their greenhouse gas emissions, as well as develop emission reduction plans. Many organisations in the UAE and wider region are setting net-zero targets and developing transition plans to align with national agendas. These efforts, together with evolving regulations, provide strong reference points for boards and senior executives to streamline and manage climate risks and opportunities across their organisations.

These developments make clear that climate oversight now sits squarely within the board's fiduciary responsibility. Meeting new disclosure and emissions reduction requirements will demand active board engagement from overseeing climate and emissions reduction related target and overseeing transition plans to ensuring that sustainability goals are financially backed and operationally achievable. Boards will need to integrate climate risk into business strategy, capital allocation, and executive performance frameworks, while CSOs and management teams translate direction into measurable action.

In parallel, carbon markets across the GCC are moving from voluntary participation to early-stage compliance systems. For example, the UAE's National Register for Carbon Credits and Saudi Arabia's Regional Voluntary Carbon Market mark significant progress on the way towards structured trading frameworks that align with national decarbonisation goals. For boards, early participation in these emerging markets can provide both strategic and financial advantages-from unlocking access to new financing mechanisms to enhancing credibility with investors and regulators.



Part 2

Recommendations for boards and CSOs

The following recommendations outline how boards and CSOs can translate climate ambition into measurable outcomes, embed accountability at every level and strengthen resilience across strategy, risk and finance. Together, these actions show how effective governance can move organisations from intent to impact.

The board's critical oversight role in climate governance – key actions at various levels of maturity

Recommended below are actions at three levels of maturity: fundamental, advanced and leading level depending on the maturity of organisation's integration of climate governance. Note that that this is assuming that the organisation has an annual carbon accounting process in place. If carbon accounting is not yet available, we recommend starting with an understanding of carbon footprint of an organisation before moving to climate risk analysis.

As stewards of long-term value, boards bear ultimate responsibility for ensuring that climate-related risks and opportunities are governed effectively. This entails far more than reviewing annual sustainability reports – it requires active engagement, critical questioning and strategic foresight. Creating a legacy in business today means integrating climate change in decisions about the future.

Actions for boards at the fundamental level

1 Prioritise climate in risk appetite and internal controls:

Boards must ensure climate is elevated within the enterprise risk framework. This means assigning ownership, setting risk tolerances and embedding climate considerations into internal audit plans.

2 Require conducting of an in-depth climate risk analysis:

Boards should require comprehensive assessments of climate risk, identify adaptation options and ensure these are submitted for board-level discussion.

3 Enhance disclosure governance:

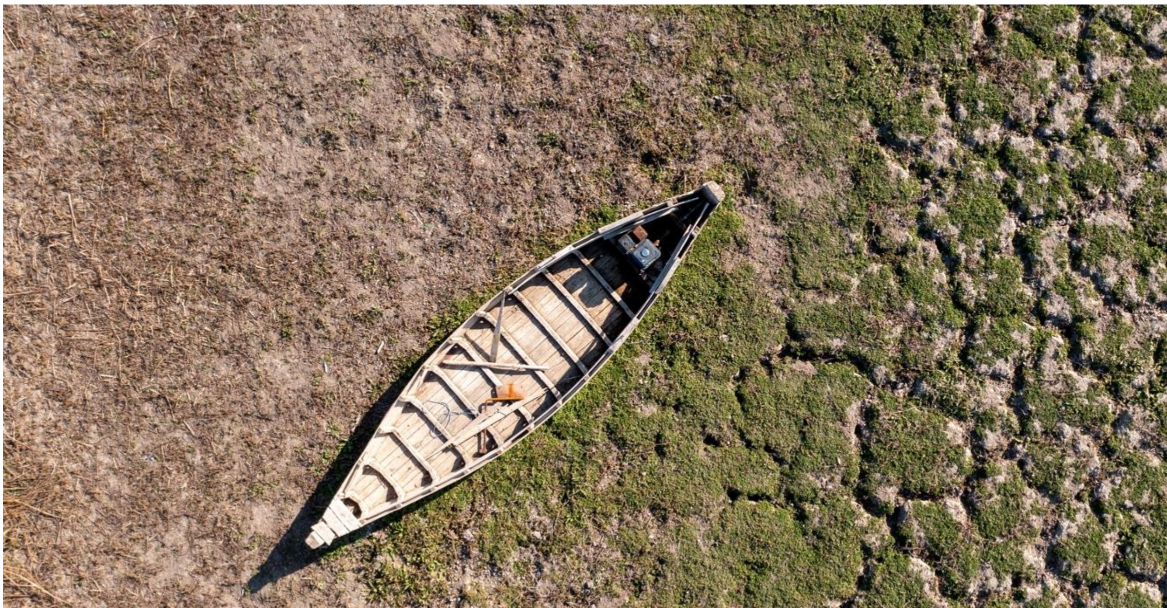
Boards should be involved at every stage – from identifying what to track, through to reviewing climate disclosures to ensure they are complete, consistent and aligned with global standards. They should also engage external assurance providers and take investor feedback into account.

4 Assign responsibilities and resources:

Boards must allocate sufficient technical, human and financial resources to support climate governance.

5 Upskill and build awareness:

Boards should invest in their own climate literacy, raise awareness across the organisation and demonstrate leadership by embedding climate considerations into decision-making.



Actions for boards at the advanced level

1 Discuss business future in a climate-constrained world:

The future of business is increasingly shaped by science-based climate scenarios that help organisations anticipate risks, adapt strategies and seize emerging opportunities.

2 Revisit policies and ERM frameworks:

There is a pressing need for governments and the corporate sector to revisit policies and integrate climate risk management as a significant risk within enterprise risk registers. Boards should initiate and oversee these reviews and approve policies that demonstrate commitment at the highest level.

3 Set science-based targets:

Policies and associated actions are not possible without science-based scenario analysis and target setting, which should be approved by the board. This not only helps in establishing decarbonisation and Net-Zero targets but also supports the management of physical and transitional risks while enabling exploration of business opportunities linked to a low-carbon future.

4 Link executive remuneration to climate outcomes:

Remuneration committees play a crucial role in aligning financial incentives with climate performance. This includes: (i) Designing incentive plans that reward progress toward emissions reduction targets, (ii) Embedding climate KPIs into short and long-term incentive plans and (iii) Using independent verification of data and science-based metrics. As highlighted in Chapter Zero's toolkit,[11] performance measures must be stretching, transparent and free from perverse incentives.

5 CSOs and the board should work together to ensure climate consideration are fully integrated in decision making via:

Integration of climate science into strategic planning to future-proof operations, use of scenario analysis to test resilience under multiple futures, identify and pursue a balance of mitigation and adaptation to manage risks and unlock value and engage in policy and multilateral processes to shape favourable regulatory environments.

Actions for boards and the C-suite at the leading level

To stay ahead of the curve and ensure that climate risks and opportunities are managed and capitalised, the board and C-suite should prioritise and operationalise the following:

1 **Ownership of transition planning**:

Boards must ensure technical, human and financial resources are made available to the CSO and the organisation to achieve climate targets.

2 **Automation of monitoring and reporting**:

Boards should embed advanced, technology-enabled solutions to track, monitor and report climate performance in real time.

3 **Targeted dashboards for decision-making**:

Boards should be able to use dashboards – in conjunction with relevant C-suite members that provide clear insights to support strategic decision-making at the board and senior executive level.

4 **Integration of climate change into decision-making**:

Boards must ensure climate change considerations are factored into decisions across the organisation, as guided by the CSO and other advisory sources.

5 **Stakeholder-informed transition plans**:

Boards must oversee the preparation of credible transition plans, developed in consultation with relevant C-suite and other key stakeholders and ensure these are submitted for board approval.

Strategic collaboration between boards, CSO and wider C-suite

When well-structured, effective climate governance turns ambition into measurable action and ensures climate priorities are integrated into strategy, risk and finance.

Collaboration requires:

Strategic alignment: The board defines long-term climate ambition while the CSO translates it into clear goals and initiatives. Both must agree on success measures and ensure accountability for delivery. Collaboration with the CFO, guided by the board, is also crucial to align financial planning with climate objectives.

Mutual accountability and open dialogue: The board challenges assumptions and seeks evidence on climate impacts, while the CSO provides data-driven insights and transparent reporting.

Integrated risk management: Boards contribute governance and oversight, CSOs bring technical and regulatory expertise – together they model scenarios and develop responses that protect enterprise value.

Capacity-building and competence: CSOs should help directors build climate fluency so they can engage meaningfully on strategy, regulation and disclosure.

Stakeholder alignment and communication: Boards and CSOs must shape a consistent narrative across reporting, investor engagement and corporate purpose.

Focusing in on the CSO mandate on climate

Today's CSO is a strategic leader shaping enterprise-wide climate ambition. The role now spans strategy, regulation, risk and culture where embedding climate in products, capital allocation and operations equals translating ambition into measurable progress. Direct access to the CEO and board is essential to turn vision into action.

We have identified these as the key actions for effective climate governance for CSOs:

1. **Embed climate in corporate strategy and finance:** Integrate climate considerations into strategic planning, investment cases and capital allocation, ensuring budgets and financing reflect sustainability priorities. This activity must be based on a comprehensive climate risk assessment.

2. **Set measurable targets and track progress:** Define clear KPIs across emissions, energy and resource efficiency, and report transparently to investors, regulators and stakeholders.

3. **Strengthen cross-functional and board collaboration:** Establish governance forums that connect key functions and keep climate as a standing board agenda item linked to executive remuneration and oversight.

4. **Develop credible transition and resilience plans:** Design sector-specific transition pathways aligned with global frameworks such as TCFD and ISSB, incorporating scenario planning and long-term adaptation.

5. **Foster innovation culture and engage externally:** Promote climate adapted and sustainable product design, circular models and capability-building programmes to embed a climate-conscious mindset across the workforce.

6. **Collaborate with policymakers, investors, NGOs and peers:** Develop a broad professional network to influence systemic change and enhance corporate credibility.

A look ahead: Governance as a competitive advantage

The business case for strong climate governance is increasingly pressing. At its core, effective governance reduces material risks to the business, safeguards long-term value and reflects the fiduciary duty of boards and executives to address all risks, including climate.

Organisations that treat climate solely as a compliance issue are unlikely to keep pace with stakeholder expectations. Those who approach it strategically are discovering multiple benefits, based on set of case studies features across this paper:

Improved access to capital

Investors are directing funds toward companies with credible climate strategies and clear disclosures. Green bonds, sustainability-linked loans and ESG-aligned funds are expanding rapidly.

Resilient value chains

Climate governance supports better supplier due diligence, product traceability and resilience against climate disruptions.

Enhanced brand and reputation

Consumers and employees increasingly favour companies that act responsibly. Climate leadership strengthens employer brand, customer loyalty and stakeholder trust as well as talent attraction and retention.

Regulatory foresight

Companies with strong climate governance are better prepared to comply with emerging standards and to shape policy debates.

Value creation

Companies with an integrated climate governance can drive higher returns across different forms of capital (produced, social and natural).

Ultimately, climate governance is no longer optional. It’s a marker of good management and strategic foresight, a fiduciary responsibility and a tool for navigating an increasingly complex future.

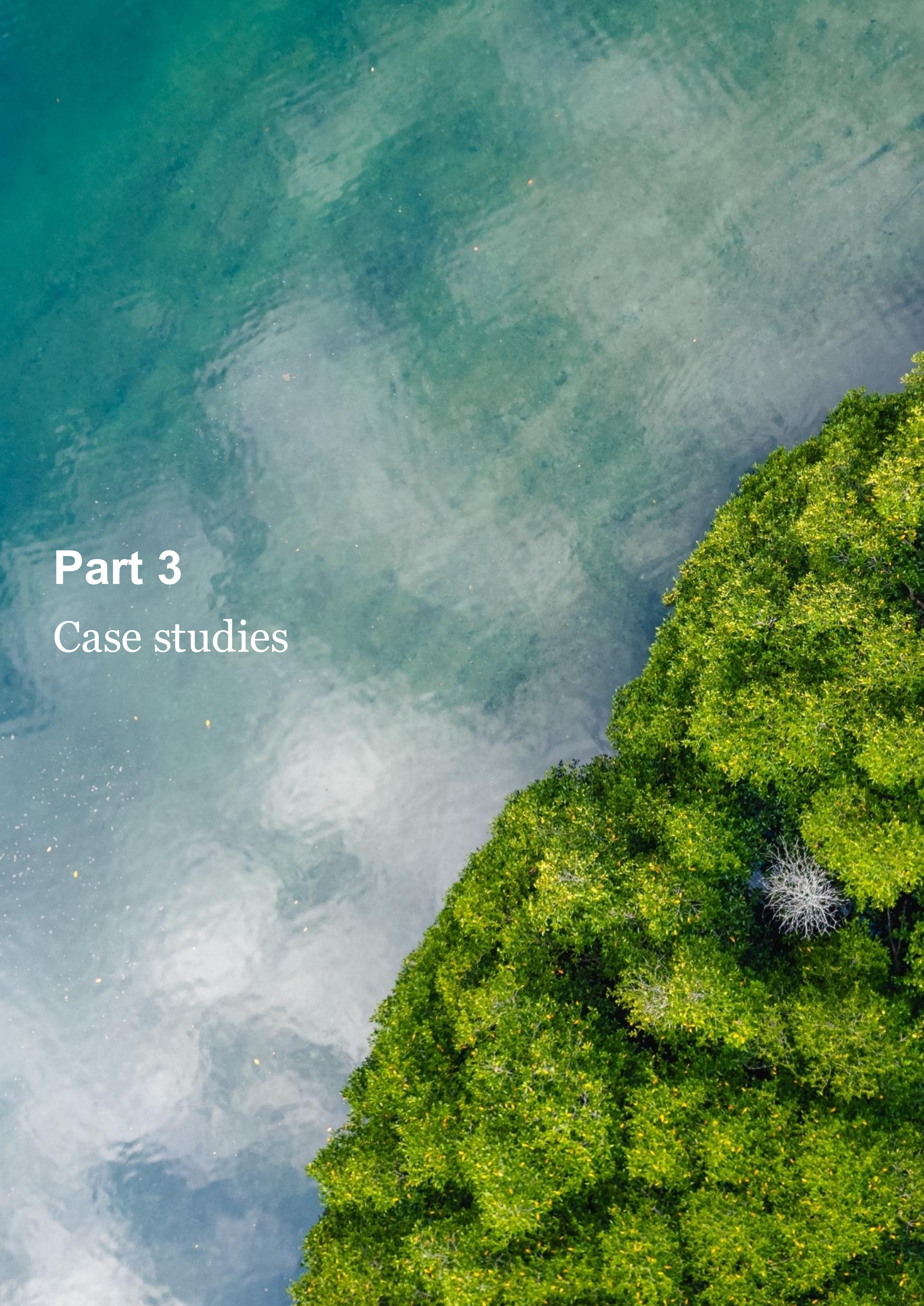
Transition Planning Toolkit from Chapter Zero

The Transition Planning Toolkit is designed to support a non-executive director (NED), and a board, in overseeing the development and delivery of a credible climate transition plan. The Governance Compass, an integral part of the Toolkit, reinforces that while boards can delegate specific tasks, they cannot outsource accountability. Committees can support, but ultimate responsibility for climate governance rests with the full board.

Transition Planning Toolkit- Chapter Zero

Part 3

Case studies



These six case studies illustrate how leading organisations in the UAE are embedding climate governance across their operations. Each example shows how disciplined structures, clear accountability and measurable performance can turn climate ambition into tangible competitive advantage.

Aldar

Embedding climate risk into governance and enterprise systems

Abu Dhabi-based real estate developer, manager and investor Aldar has embedded climate considerations into its enterprise governance framework to strengthen risk management and support performance across its portfolio. Quarterly reporting to the management committee keeps climate issues central to strategic planning, capital allocation and operational oversight. Physical and transition risks are assessed through scenario analysis that evaluates exposure to extreme heat, evolving building efficiency standards and changes in carbon regulation. These assessments inform project design, supplier engagement and asset lifecycle planning. Mitigation measures include energy optimisation across residential, commercial and hospitality assets, expanded retrofits to improve efficiency and resilience and the use of low carbon construction materials. Collaboration with suppliers also promote use of low carbon products and build capability which has reduced exposure to upstream risks and strengthened business continuity.

Strengthening accountability through clear roles and leadership oversight

Aldar’s governance model supports progress by linking climate strategy with experimentation across products, operations and digital systems. Sustainable design principles guide both new developments and retrofits, supported by efficient cooling systems, smart controls and advanced monitoring tools that improve performance and occupant comfort. Investment in ESG data platforms and AI enabled analytics enables real time tracking of energy use and emissions across the portfolio and supports predictive maintenance and resource management. Partnerships with technology providers, academic institutions and industry platforms allow testing of renewable energy options, circular construction practices and tools that help tenants monitor and manage their emissions. Quarterly engagement between the management committee, the C-suite and sustainability leadership strengthens alignment and shared accountability. These measures ensure that progress on climate goals are monitored and inform operational and investment decisions as well as create clear links between long-term ambition and day-to-day operations.

Turning governance into measurable performance and market advantage

This governance discipline is delivering measurable returns in operational performance, financial resilience and stakeholder trust. Energy optimisation programmes and sustainable procurement policies have reduced resource consumption and improved efficiency across major asset classes. Access to sustainable finance has expanded through facilities linked to emissions reduction targets, providing flexibility while reinforcing accountability.

Transparent reporting aligned with international and domestic frameworks and supported by third party verification have strengthened confidence among investors and lenders. Market positioning has benefited from Aldar's adoption of low carbon design standards that appeal to customers seeking buildings that are adapted for evolving climate risks and built for long-term resilience. Regular engagement with tenants, investors and partners have supported ESG indices and ratings upgrades across the portfolio and strengthened trust. By integrating climate governance into operational and strategic decisions, Aldar has reinforced its role as a responsible real estate developer contributing to the UAE's long-term sustainability goals.

Chalhoub Group

Embedding climate risk into governance and enterprise systems

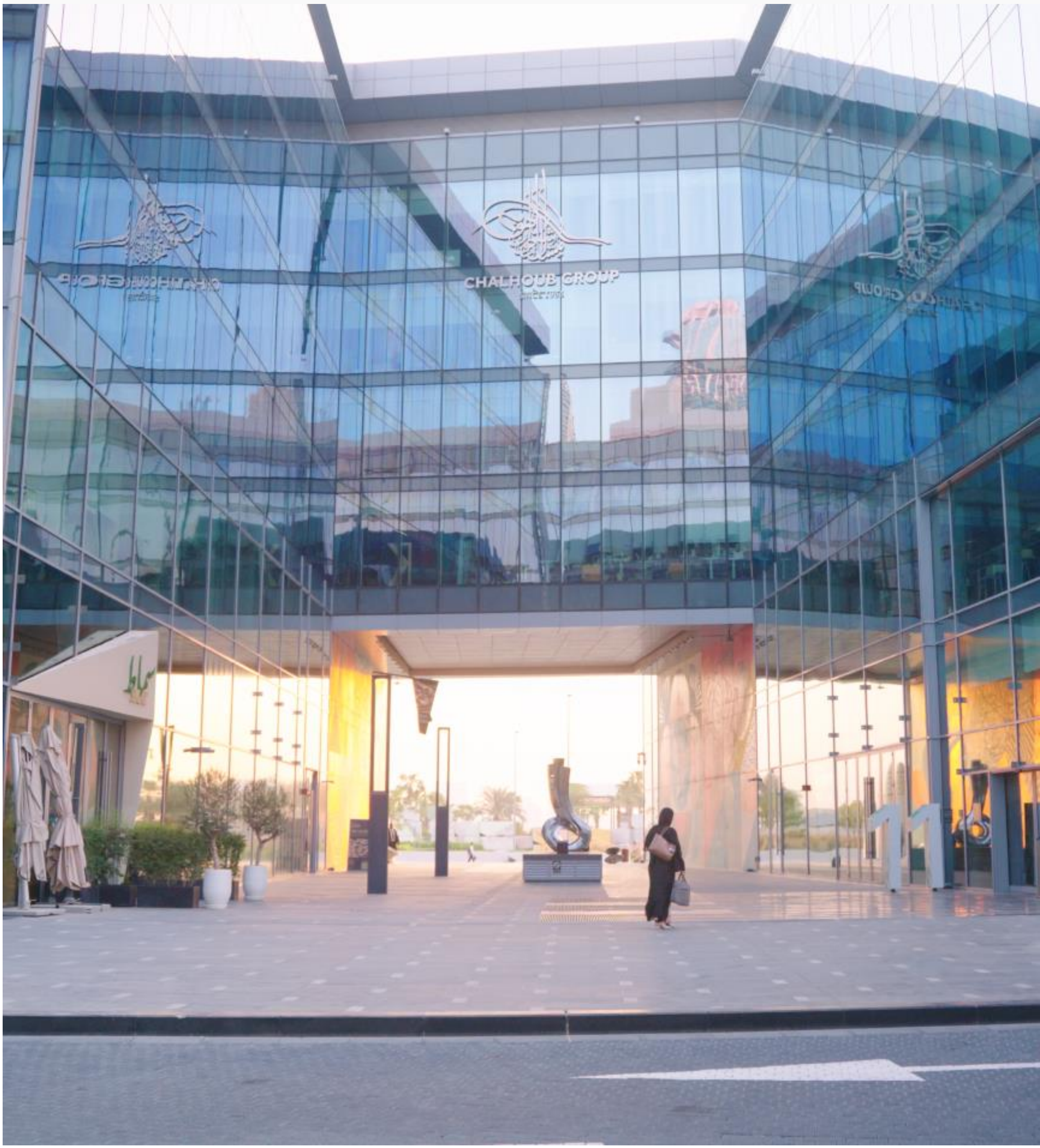
Chalhoub Group, the Dubai-based luxury retailer operating across the Middle East, has reshaped how it identifies and manages climate risk by integrating sustainability into its broader governance and risk structures. Its materiality process is refreshed every few years and shaped by extensive engagement with internal and external stakeholders, ensuring that climate priorities are grounded in operational realities and aligned with regional agendas and emerging regulation. Three specialist committees – covering DEI, ethics and compliance and environmental performance – work alongside an ESG and remuneration board that reviews major sustainability initiatives and their alignment with long-term objectives. Climate risk is fully embedded in the enterprise risk management framework, a point confirmed in the Group's 2024 assurance statement. Recent risk mapping assigns clear ownership for environmental and operational issues across business units, supported by dashboards that track energy use, waste and supply chain metrics. These insights drive targeted action plans, including efficiency projects, greater renewable energy adoption and deeper supplier engagement to address value chain emissions.

Strengthening accountability through clear roles and leadership oversight

Climate accountability is built into the Group's governance architecture from senior leadership through to operational teams. Executive KPIs now include energy performance, fuel and EV adoption and leadership gender balance, creating shared responsibility for progress. Strategic direction is set by the family and advisory boards, while the executive committee translates expectations into programmes delivered through cross-functional taskforces. The Environmental Taskforce brings together logistics, retail, facility management and warehousing teams to coordinate action and track progress towards the Group's targets of net zero by 2040 and zero waste to landfill by 2030. This structure also enables external partnerships such as Unity for Change, a regional alliance that sets shared indicators on energy, waste and circularity.

Turning governance into measurable performance and market advantage

This approach is delivering gains in transparency, operational performance and market positioning. The Group publishes a GRI-compliant sustainability report each year, independently verified to strengthen trust with partners, employees and regulators. Stronger governance has expanded access to sustainability-linked finance, including an ESG-linked working-capital facility with Emirates NBD, HSBC and First Abu Dhabi bank (FAB), as well as a sustainability-linked facility with Emirates NBD in Saudi Arabia. Operational improvements include reduced energy consumption, increased renewable electricity use, LED retrofits and a fleet optimisation programme that has lowered emissions and cut costs by more than 25%. Circular initiatives such as the Level Shoes resale platform have opened new commercial pathways while reducing waste. Together, these outcomes reinforce Chalhoub Group's leadership in regional luxury retail and demonstrate how credible climate governance can support long-term growth.



Siemens Energy

Embedding climate risk into governance and enterprise systems

Siemens Energy, a global energy technology company supporting customers across the power generation, transmission and industrial energy value chain, integrates climate considerations into its enterprise risk management. Climate-related exposures are evaluated through scenario analysis, double-materiality assessments and regular oversight from the executive and supervisory boards. This sits within a sustainability governance framework aligned with the EU CSRD, ensuring climate factors remain part of strategy, operations and compliance.
Their method considers impact, likelihood and time horizon, and specialist teams feed the results into systems that guide planning and procurement. Regular reporting keeps climate risks visible at board level and supports resilience planning. These assessments shape decarbonisation and adaptation measures.

Decarbonisation actions include:

- Own operations: implementing energy efficiency measures, using renewable electricity, applying process optimisation to reduce SF6 leakages, and promoting electric vehicles use through incentive programmes.
- Decarbonisation of the Supply Chain: engaging suppliers through the Carbon Reduction at Suppliers programme, covering over 75% of the supply chain footprint.
- Portfolio transformation: enhancing energy efficiency, expanding renewables and electrification, switching to alternative fuels, and developing low carbon products.

Adaptation measures include vulnerability assessments, infrastructure improvements and strengthened fire and flood protection. These efforts have supported a 56% absolute reduction in Scope 1 and 2 emissions and a 49% relative reduction in Scope 3 downstream emissions in FY25 compared to the 2019 base year.

Strengthening accountability through clear roles and leadership oversight

Climate accountability sits at the highest level. Chief Executive Officer, Dr Christian Bruch, also serves as Chief Sustainability Officer. The board oversees climate-related risks and opportunities with support from the Sustainability Council, bringing together leaders from risk, procurement, compliance and sustainability to coordinate action and ensure early identification of issues. The Council meets regularly to review material topics, track performance and align activity with strategic direction. Innovation is supported through the Innovation Council, which oversees research into the company's Fields of Action on energy transformation and decarbonisation. These structures enable the organisation to deploy low carbon technologies across key markets.

Turning governance into measurable performance and market advantage

Siemens Energy’s governance model is delivering gains in emissions performance, preparedness and competitive positioning. In FY25, 41.1% of revenue, 54.7% of capital expenditure and 44.3% of operating expenditure were taxonomy aligned. The company holds an A rating from CDP Climate and is ranked in the top tier of the Sustainalytics low-risk category, supporting access to sustainable finance. Climate-aligned innovation is also contributing to growth through grid modernisation and renewable integrations. These activities support Siemens Energy’s role as a global partner in the energy transition and provide a platform for long-term growth.

Tabreed

Embedding climate risk into governance and enterprise systems

Tabreed – the Abu Dhabi-headquartered district cooling company – is integrating climate considerations into its enterprise systems through an ERM framework aligned with ISO 31000:2018 and supported by policies that define roles across the organisation. Quarterly reporting to the Audit and Risk Committee ensures board oversight and keeps climate issues central to strategic reviews, investment planning and operational monitoring. Risk champions across departments identify and assess physical and transition risks, with processes strengthened as the framework matures. Scenario-based assessments of exposure to rising temperatures, electricity system pressures and regulatory change inform infrastructure planning and asset strategies. These insights guide investment in renewable and low carbon technologies, including geothermal cooling and solar PV, and support AI enabled optimisation tools that improve efficiency and resilience. Participation in carbon credit markets, thermal storage and the Tasheel retrofit programme complements broader work to diversify the energy mix and reduce electricity use. The SeaWorld Abu Dhabi plant illustrates the impact, becoming the world's first district cooling facility to achieve the Verified Carbon Standard while preventing around 19,320 tonnes of CO_2 annually. These measures reduce exposure to climate-related risks and position district cooling as an opportunity that helps customers lower emissions and strengthen resilience.

Strengthening accountability through clear roles and leadership oversight

Tabreed has reinforced climate governance by deepening collaboration between the board, executive leadership and sustainability teams. The ESG Committee, chaired by the CEO and including all chief officers alongside representatives from strategy, the project management office and ESG, ensures climate topics are reviewed with the same discipline as operational and financial matters. This structure supports shared accountability for emissions, efficiency and resilience and links long-term commitments with near-term performance. Regular engagements provide a consistent view of risk, investment needs and operational priorities, helping senior decision makers understand how climate considerations shape system design, project delivery and commercial strategy. Digital tools and advanced analytics enhance visibility of energy use and emissions intensity, enabling real-time optimisation. Engagement with regulators, technology providers and research partners supports experimentation with geothermal cooling, nanofluids and next-generation operational platforms. These mechanisms ensure climate considerations guide infrastructure planning, capital allocation and long-term value creation.

Turning governance into measurable performance and market advantage

Tabreed's model delivers gains in operational performance, financial resilience and competitiveness. It's achieved a 31% reduction in Scope 1 emissions and a 28% reduction in Scope 2 emissions, supported by a 30.6% improvement in emissions intensity. These improvements reflect the influence of efficiency programmes, renewable energy adoption and AI enabled optimisation. Recognition in geothermal cooling, nanofluid development and high-efficiency plants has strengthened market positioning. Clear governance and lower emissions have increased confidence among investors and lenders, while engagement with sustainable finance is opening opportunities linked to efficiency and emissions reduction. Tabreed's approach reinforces its contribution to the UAE's net zero goals and the transition towards low carbon cooling.

TAQA

Embedding climate risk into governance and enterprise systems

TAQA is a leading integrated utility in the EMEA region and one of the largest in the world by market capitalisation. Headquartered in Abu Dhabi, TAQA owns or manages assets in 25 countries. Climate-related risks are integral components of TAQA's risk management framework, recognised as Group-level risks requiring the attention of the Board and Executive Management. Its Enterprise Risk Management (ERM) and Sustainability teams track emerging ESG and climate issues across the portfolio, assessing transition exposure linked to capital allocation, operational risks across power and water assets and the implications of expanding its low-carbon portfolio. Assessments are carried out through structured reviews across the group and reported directly to executive management and the board. The board and its committees routinely review the processes and controls used to monitor environmental and climate exposures, ensuring they are assessed in addition to the financial risks. This approach has strengthened oversight, improved prioritisation and ensured climate considerations feed into planning, investment decisions and long-term strategy.

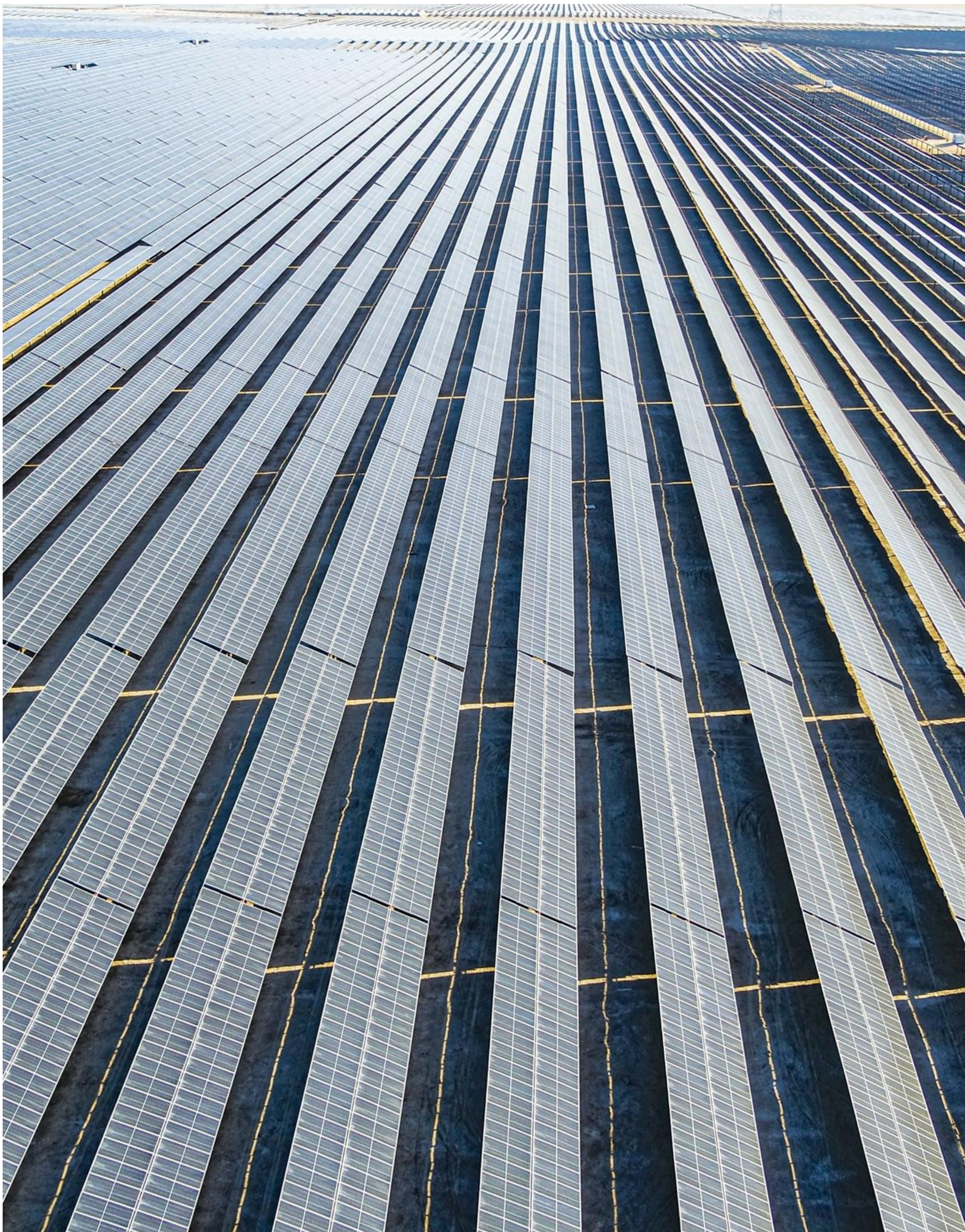
Strengthening accountability through clear roles and leadership oversight

TAQA's governance structure links the board, executive management and sustainability teams, creating a consistent approach to embedding climate factors into investment planning. ESG sits at the highest leadership level, supported by a dedicated sustainability function and reporting routines that track progress against strategy and net zero aspirations. All investments are evaluated through TAQA's capital allocation framework, which embeds sustainability assessments into investment memoranda and supports consistent decisions. This alignment has accelerated the Group's transition agenda. Between 2021 and 2024, TAQA invested nearly Dhs26.7bn in projects advancing energy transition, including renewable energy development, low-carbon desalination and grid enhancements that increase the share of clean electricity and water in the system. These initiatives form part of a plan to direct more than Dhs60bn towards energy transition projects by 2030.

TAQA is also a founding member and currently the Co-Chair of Utilities for Net Zero Alliance (UNEZA), which was launched at COP28 through the UAE Declaration of Action. This Alliance unites a global community of over 70 utilities, power suppliers and ecosystem partners (growing from 25 at the time of launch), with the aim of spearheading the development of grids that are ready for renewable energy, promoting clean energy solutions, and advancing electrification efforts.

Turning governance into measurable performance and market advantage

TAQA's governance discipline is improving transparency, investor confidence and access to capital. MSCI has raised the Group's ESG rating to A from CCC in 2020, reflecting stronger governance, improved environmental management and more comprehensive disclosures. Morningstar Sustainalytics has also moved its assessment from 'severe risk' to 'low risk', reflecting a higher standard of climate governance. These upgrades have contributed to broadening the investor base and in opening access to new sources of capital, including green finance. Since launching its Green Finance Framework, TAQA secured US$1.85bn for low-carbon growth, including a second green bond in 2024 that attracted strong domestic, regional and international demand. Together, these outcomes reinforce confidence in TAQA's long-term strategy and strengthen its role in the global energy transition.



TECOM Group

Embedding climate risk into governance and enterprise systems

TECOM Group, the creator of specialised business districts and vibrant communities in Duabi, has integrated climate considerations into its ESG framework, so these risks receive clear visibility at board and executive level. Its governance structure brings together the board of directors, the chief executive officer, an ESG committee of senior leaders and a network of ESG champions across departments. This creates a consistent process for identifying and assessing climate-related risks across operations and the wider value chain. Business risks are reviewed through an ESG lens, supported by metrics that track exposure to physical climate risks within the enterprise risk management system. Routine engagement defined responsibilities and KPIs have strengthened alignment between oversight and implementation and contributed to timely, well-informed decision-making.

Strengthening accountability through clear roles and leadership oversight

The ESG Framework and Governance model enables TECOM Group to roll out initiatives that cut emissions, improve efficiency and engage its communities. To ensure climate related risks are managed, the Group has implemented a series of mitigation measures, including a large-scale energy savings project launched in 2022, continuous on-site solar integration and steady growth in LEED certified assets. The energy savings project was honoured by the Dubai Supreme Council of Energy under their Demand Side Management Programme in 2024. Solar generation provided an average of 7% of total electricity consumption in 2023 and 2024. By the first half of 2025, 55% of the commercial portfolio's gross leasable area had achieved LEED certification. Innovation also includes electric-vehicle charging infrastructure across districts. Additional initiatives such as Dubai Can water fountains, which saved over 670,000 plastic bottles in 2023, and community programmes such as WeWalk and The Good Store that support overall sustainability objectives. Together, these actions demonstrate how structured governance and leadership oversight are translating sustainability commitments into consistent, organisation-wide delivery.

Turning governance into measurable performance and market advantage

This approach is delivering gains in operational performance, investor confidence and stakeholder trust. Stronger reporting and improved transparency have reinforced governance credibility, recognised through Silver and Most Improved awards from the European Public Real Estate Association in 2025. Customer trust remains high, reflected in a Customer Experience Index of 87% in 2024. Together, these achievements show how integrated climate governance is helping TECOM Group strengthen resilience, enhance its market position and contribute to the UAE's long-term sustainability ambitions.

List of Resources

1. PwC, Global Investor Survey 2025 (PwC, 8 December 2025) https://www.pwc.com/gx/en/issues/c-suite-insights/global-investor-survey.html

2. Harvard Law School Forum on Corporate Governance, 'CEO and C-Suite ESG Priorities for 2025' (Harvard Law School Forum on Corporate Governance, 3 February 2025)

3. MSCI, MSCI ESG Ratings and Cost of Capital (MSCI, July 2025)

4. S&P Global Ratings, Environmental, Social, and Governance Principles in Credit Ratings (Volcker Alliance document, October 2021)

5. Swiss Re Institute, Hurricanes, Severe Thunderstorms and Floods Drive Insured Losses Above USD 100 Billion for 5th Consecutive Year (Swiss Re, 5 December 2024)

6. CDP, The Disclosure Dividend 2025 (CDP, 6 August 2025)

7. Linklaters, Deforestation Regulation: EU Imposes New Due Diligence Duties on Operators and Traders, Guillaume Croisant et al. (Linklaters, 28 May 2025).

8. GOV.UK, Biodiversity Net Gain (UK Government, 2025)

9. Gulf News, 'New Saudi Law Toughens Penalties Against Environment Violations' (Gulf News, 24 October 2024

10. IFRS Foundation, ISSB Issues Inaugural Global Sustainability Disclosure Standards (IFRS S1 & S2) (IFRS, June 2023)

11. Chapter Zero Transition Planning Toolkit. We recommend using toolkit resources for deepening climate governance at board and C-suite level a separate box provide some essential input.

About Chapter Zero

Chapter Zero UAE (CZUAE) is the national chapter of the global Chapter Zero Alliance (CZA), a network active in more than 70 countries today. CZUAE was established in 2024 in collaboration with our esteemed partners, Mubadala, HSBC UAE, Simmons & Simmons, the University of Dubai, and UAE University. Aurora50 serves as the CZUAE's Secretariat, and it is the leading platform in the country for strengthening climate governance at the board and executive levels. Built on CZA's international best practices, CZUAE brings together an advisory board, steering committee, sub-committees, and strategic partners to advance climate knowledge and leadership across the country.

Our purpose is to build the readiness of board directors and C-suite leaders to navigate the risks and opportunities presented by climate change. We work to equip leaders with the insight and confidence needed to guide management, enhance oversight, and embed climate considerations into corporate strategy. Through a curated blend of annual training, thought leadership, certified educational programmes, and networking forums, we empower non-executive directors (NEDs) and senior executives to engage meaningfully with climate issues shaping the future of business.

By raising awareness, driving capacity building, and fostering high-level dialogue through high-level participation in events such as ADSW, ADFW, and Global Future Councils, CZUAE continues to expand its impact. Since the inception, our Chapter has engaged over 200 business leaders, hosted several webinars and roundtables, launched original thought leadership, and welcomed new strategic partners, all aligned with Climate Governance Initiative's Eight Principles of Effective Climate Governance.

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