

# Transition to Sustainable Energy Position Statement

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## Background

The transition towards a more sustainable and resilient energy landscape is vital for world economies amid a backdrop of dynamic global changes, an increasing focus on environmental protection and economic shifts. This transition is essential to address the finite natural energy resources that underpin our current energy systems. The energy supply sector (including electricity, heat and other forms of energy) is the largest contributor to global greenhouse gas emissions, accounting for approximately 35 percent of total emissions. Transforming the sector is crucial for limiting global warming to below 2 degrees Celsius.

The concept of energy transition encapsulates a significant structural change in the energy system, such as the shift from conventional fossil fuel to clean or renewable energy sources like wind, solar, hydro, geothermal and nuclear. Alternative energy sources embrace energy efficiency and innovative technologies. The transition to these sources has profound socio-economic benefits as it drives economic growth, fosters innovation and gives rise to new industries.

## Global and National Outlook

There are global initiatives to standardize reporting on environmental, social, economic and governance issues, including frameworks and guidelines such as the UN Sustainable Development Goals (UNSDGs), the Science Based Targets Initiative (SBTi), and the International Sustainability Standards Board (ISSB). Going forward, the energy mix is projected to shift considerably, influencing an increasing focus on large-scale investment in renewables. Guidelines like these will direct appropriate reporting throughout this shift.

As global demand for energy increases, the UAE is committed to navigating a clear path to meeting energy security needs while creating a sustainable pathway to decarbonization and advancing climate action. The UAE is the first country in the MENA region to have set a net-zero emissions target by 2050<sup>i</sup>. The Government has engaged stakeholders from various sectors, including power generation, industry, transport, waste, and agriculture, to achieve this goal. Each sector has set updated targets aligning with the net-zero goal<sup>ii</sup>. On the energy front, the UAE aims to increase investments in clean and renewable energy at home and abroad. The renewable energy generation capacity of the country is expected to rise from 2.4 gigawatts in 2020 to 14 gigawatts by 2030<sup>iii</sup>. Additionally, the UAE is a member state of the International Renewable Energy Agency (IRENA), an intergovernmental body that promotes international cooperation and innovation in renewable energy headquartered in Abu Dhabi<sup>iv</sup>.

## Our Approach

Navigating the journey to clean energy, ADQ manages a highly integrated portfolio of assets across the entire energy and utilities value chain, with activities at the forefront of accelerating the UAE's clean energy transition. We will continue to assess and examine different innovative solutions in this field through collaboration with our partners and portfolio companies.

We aim to invest in sectors that promote clean technology and contribute to environmental protection, exploring investment opportunities in companies and projects actively working towards the energy transition. Our approach is grounded in several key principles:

- Renewable energy sources such as solar, wind, and hydropower will play a critical role in transitioning to a low-carbon economy. We recognize that the transition to renewable energy will require significant infrastructure investment. Therefore, we continuously search for opportunities to invest in companies and projects that add to our current value chains and provide access to clean energy technologies such as energy storage and nuclear. Nuclear power is the second-largest source of low-carbon electricity today, and our current investments in nuclear energy support the national energy transition efforts.
- We are committed to working with our portfolio companies to encourage them to adopt best sustainability practices and reduce their carbon footprint. This includes measuring their emissions and setting reduction targets. We encourage our companies to improve energy efficiency and transition to renewable energy sources where feasible. We also encourage our portfolio companies to explore, identify and deploy, where applicable, energy transition technologies such as Carbon Capture, Usage and Storage (CCUS) technologies.
- Finally, we acknowledge that the execution of national energy transition ambitions will require significant support from the private sector worldwide. Through our portfolio companies, we will support efforts promoting renewable energy and the shift towards a low-carbon economy, where we can add value.

### Our Action

ADQ encourages its portfolio companies to play an active role in the energy transition. We believe this is imperative to meet the rising expectations of national and global stakeholders as part of our mandate to create value, generate financial returns, and contribute to Abu Dhabi's resilience for the long term.

We aim to work closely and collaboratively with our assets, partners and stakeholders on the following:

1. Benchmark against relevant best practices;
2. Explore innovative clean energy solutions;
3. Assess deployment options across the portfolio and/or identify investment opportunities;
4. Raise internal and external awareness of the topic through relevant channels.

### Our Role and Responsibilities

ADQ's commitment to promoting the transition to a low carbon economy is supported and endorsed by senior leadership and cascaded to our portfolio companies. We acknowledge the challenges inherent in the energy transition, which can include capital requirements, the availability and implementation of technologies facilitating the transition, and the decarbonization of hard-to-abate sectors. ADQ is committed to contributing to addressing these challenges together with its portfolio companies.

## Review

We acknowledge the importance of continuous improvement. ADQ strives to stay up to date on ESG opportunities, challenges and trends and aims to address these appropriately through policies, position statements, benchmarking exercises and other activities.

ADQ Management periodically reviews all position statements and related strategies to ensure the organization's alignment with the latest trends in the sector and to meet stakeholder expectations.

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<sup>i</sup> [UAE Net Zero 2050](#)

<sup>ii</sup> [UAE Ministry of Climate Change and Environment: A Guide to Climate Action in the UAE](#)

<sup>iii</sup> [UAE Net Zero 2050](#)

<sup>iv</sup> [IRENA: International Renewable Energy Agency](#)

<sup>v</sup> [ADQ: Energy & Utilities](#)