



## Abu Dhabi Investment Office

### ESG Policy

---

*For Official Use Only*

This document is the property of the Abu Dhabi Investment Office. Neither the whole nor part of this document may be copied or used without prior written consent.

Copyright © Abu Dhabi Investment Office (ADIO); All rights reserved, uncontrolled if printed.

## Document Control

### Version Control

ADIO endeavour to review and revise this Policy annually.

Version	Date	Author	Amendments
1.0	January 2021	Legal & Compliance	

### Reviewers

Version	Date	Designation and author	Signature
1.0	January 2021	Strategy & Communications General Counsel	

### Approvals

Version	Date	Designation and author	Signature
1.0	January 2021	Director General	

**Author:** refers to the individual who carried out the initial tasks of preparing and revising the document.

**Reviewer:** refers to the individual(s) who took part in assessing, providing comments and endorsing the changes to the document.

**Approver:** refers to the individual(s) with the authority to approve the document so that it can be issued and implemented.

## Contents

<b>VERSION CONTROL .....</b>	<b>2</b>
<b>REVIEWERS .....</b>	<b>2</b>
<b>APPROVALS.....</b>	<b>2</b>
<b>1. DEFINITIONS .....</b>	<b>4</b>
<b>2. PURPOSE OF THIS POLICY AND TO WHOM IT APPLIES .....</b>	<b>5</b>
<b>3. WHAT IS ESG? .....</b>	<b>5</b>
<b>4. ADIO’S ESG VISION .....</b>	<b>6</b>
<b>5. ADIO’S ESG PRINCIPLES .....</b>	<b>6</b>
<b>6. ADIO’S PRIORITY ESG FACTORS .....</b>	<b>7</b>
<b>7. OVERVIEW OF THE KEY DRIVERS OF ESG ADOPTION GLOBALLY AND IN ABU DHABI....</b>	<b>10</b>
<b>8. LEGISLATIVE AND REGULATORY REQUIREMENTS AND THE FRAMEWORK IN WHICH THIS POLICY OPERATES .....</b>	<b>11</b>
<b>9. ACCOUNTABILITY .....</b>	<b>11</b>
<b>10. ESG INTEGRATION IN ADIO.....</b>	<b>11</b>
<b>A. BUSINESS OPERATIONS .....</b>	<b>11</b>
<b>B. COLLABORATION, KNOWLEDGE SHARING AND DISSEMINATION .....</b>	<b>12</b>
<b>C. DISCLOSURE AND TRANSPARENCY .....</b>	<b>12</b>
<b>D. PRIVATE SECTOR PARTNERS AND THIS POLICY.....</b>	<b>12</b>

## 1. Definitions

Term	Definition
<b>ADIO</b>	Abu Dhabi Investment Office.
<b>ESG</b>	Used to describe environmental, social and governance considerations, including sustainability and resilience.
<b>Environmental</b>	Environmental criteria comprising how ADIO and its partners act as stewards of the natural environment (such as environmental sustainability, climate change and natural capital).
<b>Governance</b>	Governance criteria comprising how ADIO and its partners act in an ethical, transparent and fiduciary manner (such as corporate or organisational governance, business ethics and behaviour, internal controls, leadership style and organisational culture).
<b>Incentive Programme</b>	ADIO's programme to support international and domestic companies establish projects and businesses in Abu Dhabi, through the provision of financial incentives and non-financial incentives.
<b>Incentive Programme Agreement (IPA)</b>	The agreement entered between ADIO and a company who ADIO has determined to be eligible for and has been approved to receive financial incentives and non-financial incentives.
<b>Private Sector Partner</b>	Private sector organisations that partner with ADIO through signing agreements and contracts with ADIO for the Incentive Programme or PPP Programme.
<b>Public Private Partnership (PPP)</b>	PPPs are an alternative form of procurement available to Abu Dhabi Government Departments which allow access to private finance and improve delivery and quality of public infrastructure assets and services.
<b>PPP Programme</b>	Refers to the role of ADIO in relation to Public Private Partnerships pursuant to Law No. 2 of 2019, the implementing PPP Regulations as set-out in administrative resolution no. 179 of 2020 issued by the Abu Dhabi Department of Economic Development and the Partnership Projects Guidebook.
<b>PPP Projects Guidebook</b>	Partnership Projects Guidebook July 2020 (as amended).
<b>Policy</b>	ADIO's ESG Policy (this document).
<b>Social</b>	Social criteria comprising how ADIO and its partners manage their social relationships and impacts on people and communities (such as direct employees, contractors, suppliers, partners, government stakeholders, investors, communities and broader society).

## 2. Purpose of this Policy and to whom it applies

The purpose of this Policy is to:

- Ensure that ADIO's ESG approach in its various programmes, including the PPP Programme and the Incentive Programme, contributes to the achievement of the UAE's ESG goals, enables ADIO to contribute to related goals & objectives identified in other UAE environmental and social strategic plans, increases the understanding of ESG in the UAE, aligns with the global best practice of allocating funds and capital to more sustainable and ESG aligned projects and operations and delivers projects of the highest value and with strong ESG characteristics. See section 7 of the Policy for more detail.
- Outline ADIO's ESG expectations and requirements of Private Sector Partners in ADIO's various programmes, including the PPP Programme and the Incentive Programme, to ensure that ESG risks and opportunities are appropriately considered and embedded in projects.
- Encourage the use of technology and innovative solutions to address ESG challenges.
- Ensure the framework upon which ADIO's efforts to establish new industry sectors and continue Abu Dhabi's diversification strategy is grounded in principles of long-term sustainability to enhance the economic, environmental and social outcomes for residents of Abu Dhabi and beyond.
- Apply best practice ESG approaches to ADIO's various programmes and within ADIO as an organisation.

This Policy applies to ADIO's various programmes and their respective internal and external stakeholders:

- Internal (i.e. all ADIO Directors, Management, employees and teams responsible for the PPP Programme and Incentives Programme).
- External (including but not limited to, the private sector participants in the PPP Programme, Abu Dhabi Government departments and entities that ADIO supports in procurement and delivery of world-class infrastructure, local and international investors and companies who wish to apply to participate in the Incentive Programme, or any other available ADIO programmes, in connection with a project or business they wish to establish in Abu Dhabi).

This document sets out the general approach to incorporating ESG into ADIO's decision making; it does not provide in-depth details of the processes applied to implementation.

## 3. What is ESG?

The term ESG is used to describe the consideration of environmental, social and governance issues when evaluating an investment's ability to create long term value for stakeholders. It recognises that the generation of long term sustainable and risk-adjusted return on capital is dependent on well-governed environmental and social performance.

## 4. ADIO's ESG vision

ADIO was established in 2019 to create opportunities for domestic and foreign investors and organisations in Abu Dhabi, enhance the investment and innovation ecosystem of Abu Dhabi and be the Abu Dhabi Government centre of excellence of Public Private Partnerships. A core pillar of its mandate and strategy is its role in encouraging private sector involvement in the PPP Programme and the Incentive Programme. In executing its mandate, ADIO's ESG vision is to ensure that private sector investment and delivery of world class infrastructure projects in Abu Dhabi enhance and preserve the best interests of the people of Abu Dhabi. ADIO's focus on responsible investing, sustainability, social impact and economic principles support this vision.

ADIO believes that it is necessary to consider ESG risks and value creation opportunities when executing its mandate. Therefore, ADIO requires that this Policy apply to all and any parties involved in any ADIO programme, including the PPP Programme and the Incentive Programme.

## 5. ADIO's ESG principles

ADIO articulates its ESG vision through the following principles that guide ADIO's implementation of ESG standards into its programmes, including within its PPP and Incentive Programmes:

- **Advancement of ESG:** ADIO seeks to advance Abu Dhabi and the UAE government's ESG objectives more broadly.<sup>1</sup>
- **Integrated:** ADIO is committed to the integration of ESG considerations throughout the organisation and in the execution of its mandate, including promoting acceptance and implementation of ADIO's ESG principles across all internal and external stakeholders.<sup>2</sup>
- **Partnership:** ADIO incorporates ESG standards and factors into its decision making relating to the PPP Programme and the Incentive Programme. ADIO also expects its Private Sector Partners to consider, integrate and pursue ESG opportunities and manage ESG risk in line with emerging best practice performance standards.
- **Transparent and accountable:** ADIO recognises that transparency is a cornerstone of accountability and expects Private Sector Partners to monitor and report on their performance against ESG factors in line with leading practice. In consultation with its business partners, ADIO will measure and report on ESG outcomes and its progress on integrating ESG considerations into the activities ADIO supports<sup>3</sup>.

---

<sup>1</sup> Refer to section 7 of this Policy for more detail.

<sup>2</sup> Refer to section 10 of this Policy for more detail.

<sup>3</sup> ADIO is in the process of developing an ESG reporting framework that consists of KPIs and targets aligned with each material factor.

- **Modern:** ADIO believes that technology is a powerful tool to address and deliver on ESG commitments. ADIO expects Private Sector Partners to use innovative technological solutions to enhance ESG outcomes (in order to drive operational and process efficiencies as well as impact measurement) and reporting.
- **Collaborative:** ADIO is committed to collaboration, knowledge sharing and dissemination through the sharing of ideas, working groups, transparent communication amongst stakeholders, sharing of resources in order to deliver on the UAE ESG goals and objectives. ADIO will celebrate and acknowledge Private Sector Partners that take a leading approach to ESG. ADIO will give consideration to organisations for the PPP Programmes or the Incentives Programme that are able to demonstrate ESG enhancement that are able to support the advancement of ESG in Abu Dhabi.

To uphold its vision and principles, ADIO will consider industry and key sector norms, corporate performance, competitive issues, regulatory requirements and other factors necessary to drive positive ESG outcomes.

## 6. ADIO's priority ESG factors

ADIO has identified the following six ESG factors that are the primary focus of ADIO's various programmes, with focus of the PPP Programme and the Incentive Programme. To adhere to this Policy, Private Sector Partners must, at a minimum:

- demonstrate to ADIO's satisfaction that all six ESG factors are considered or embedded into organisational governance and management of operations and proposed projects; and
- demonstrate to ADIO's satisfaction good governance over any other ESG factor that they consider material with respect to the organisation, the project, key stakeholders, sector or geography.

This demonstration — both in respect of the private sector party as an organisation and in respect of the proposed investment or project — will be expected throughout the entire lifecycle of an organisation's interactions with ADIO and the life of a project or business plan, from the presentation of a business case through to impact measurement of a project or business activities. In respect of ADIO's six priority ESG factors, an organisation must be able to demonstrate how it enhances these ESG factors through its proposed project and will be expected to report on the ESG factors outlined below using key performance indicators (KPIs) and targets. In addition, there is an expectation that no negative impact on the six pillars is created by the broader business operations of the organisation in Abu Dhabi.

The subsections below describe ADIO's six priority ESG factors and their background.

## 1 Environmental risk management and sustainability

Considerations include an organisation, asset and project's impact on the natural environment and if any impacts detract from the environment, then mitigation and management plans need to be established. Abu Dhabi has rich biodiversity and the UAE Vision 2021<sup>4</sup> sets out a plan to achieve economic growth while preserving the environment as desertification is a key regional risk. ADIO expects that Private Sector Partners will make every effort to protect Abu Dhabi's biodiversity and natural capital through leading environmental risk management approaches.

This factor incorporates consideration of climate change, which is both an environmental and a social issue. Considerations include to what extent an organisation or asset contributes to human-induced climate change and how an asset has been designed and will operate to mitigate the impacts of climate change on its use. The physical and transition risks of climate change require explicit consideration at all stages of project development.

Private Sector Partners will also be expected to incorporate biodiversity principles in the planning and design of infrastructure assets as well as in the delivery of business services which will promote the function, stability and climate change resilience of those assets at the same time increasing natural capital value.

## 2 Emiratisation

Considerations include the alignment of organisations, assets and projects with the principles of Emiratisation by promoting and supporting skilled and meaningful job creation and employment for Emirates across the private sector.

There is a national expectation for Private Sector Partners to support the UAE's

objectives for Emiratisation. Specifically, this prioritises meaningful, private-sector employment opportunities for Emiratis. Delivering on this ESG factor may include procurement from Emirati-owned businesses where possible and working with local Emirati youth and adults to upskill their technical, vocational and entrepreneurship capabilities. Vision 2021 has explicit KPIs to operationalise Emiratisation and ADIO is guided by these KPIs in regard to its ESG approach.

## 3 Worker and public wellbeing

Considerations include the protection and safeguarding of the health, safety and wellbeing of workers, communities and the users or customers of infrastructure assets or business services. This includes having an approach in place that safeguards and promotes the physical, mental and emotional health and wellbeing of people that goes beyond compliance with occupational health and safety laws.

This factor also includes consideration of driving community wellbeing and a sense of community connection and cohesion, through good design and development of assets and projects.

## 4 Social performance

Considerations include to what extent a private sector party promotes and safeguards diversity, inclusion and equal opportunity in their leadership, workforce and local communities.

Private Sector Partners will be expected to demonstrate how they have created workplace and leadership environments that are diverse, that foster a sense of inclusion and equal opportunity, and that are free from discrimination, bullying and harassment. This includes fostering a sense of diversity and inclusion regardless of gender, age, race, ethnicity, socio-economic status, work

<sup>4</sup> Vision 2021 and Emiratisation: [Link](#)

experience, educational background, marital or parental status, income, age, physical abilities, geographical location or religious beliefs or other factors.

This also includes an expectation that private partners take steps to encourage the participation of women in the workforce and in leadership and Board positions.

Further, Private Sector Partners are expected to demonstrate they have contributed to fair, equitable and inclusive economic growth and income equality for women in the workforce<sup>5</sup> and across all communities (including for those experiencing barriers to accessing employment or education opportunities, and those from vulnerable, disadvantaged or minority backgrounds). This includes focusing on equitable job creation, empowering local businesses and workers to meaningfully and equally participate in the economy and embedding the principles of inclusivity and equality.

## 5 Business integrity

Considerations include the actions of a private sector party in aligning to local and international laws, regulations, ethical standards and community expectations. ADIO will review an organisation's code of conduct, which should include mechanisms for accountability, anti-money laundering, anti-bribery and corruption, sanctions compliance, insider trading protections and conflicts of interest. "Integrity" in a business context means honesty, truthfulness and doing the right thing. ADIO may also request an organisation to self-assess its performance in Abu Dhabi against its code of conduct.

Private Sector Partners will be expected to demonstrate responsible procurement approaches that ensure processes are in

place to identify, assess and manage ESG risks and issues throughout an organisation's procurement and supply chain activities.

This factor also incorporates cyber security, data privacy and ethics. Cyber security refers to the measures taken to protect a computer or computer system against unauthorised access from an unapproved source or hacker. Data privacy is a consumer's understanding of their rights as to how their personal information is collected, used, stored and shared. Both these factors are a proxy for a private sector party's governance and a breach of these topics can result in human rights and privacy issues.

## 6 Human rights

Considerations include ensuring compliance with UAE's laws and Constitution and demonstrating respect and protection for human rights in line with the principles of the Universal Declaration of Human Rights and the approach adopted by the recently established UAE National Human Rights Authority with respect to relevant international human rights and labour rights treaties and conventions.

Private partners will be expected to demonstrate respect for human rights and to seek to avoid, prevent and mitigate harm to people that may be caused by or linked to operations, developments or business relationships. This includes protecting, respecting and enhancing the labour rights, working conditions and political rights and freedoms of all direct and indirect workers. Private Sector Partners will also be expected to take steps to eradicate and prevent all forms of modern slavery and human trafficking throughout their operations and supply chain.

---

<sup>5</sup> Articles 27 to 34 of the UAE's labour law lay down special provisions for women employees in the private sector. [Link](#).

## 7. Overview of the key drivers of ESG adoption globally and in Abu Dhabi

This Policy is intended to be one of ADIO's contributions to delivering the goals and objectives identified in the UAE strategic plans for greater environmental and social sustainability, ensuring impactful investment and future longevity of infrastructure and key sectors and industries. The key drivers of ESG adoption in the UAE and Abu Dhabi are listed below:

- 1 ESG dividend:** ADIO believes that appropriate ESG policies and frameworks should be implemented within an organisation. This includes implementation at each key step of an organisational process, such as governance forums and charters, strategy development, risk and opportunity management, financial decision making, operational planning and execution, every stage of project development, execution of business operations, performance review process and reporting and disclosure. This process leads to an improved quality of infrastructure, higher longer-term asset value creation, stronger government and Private Sector Partners and meaningful, positive impact for the people of Abu Dhabi.
- 2 Abu Dhabi:** ADIO believes that its activities, investments and Private Sector Partners will advance Abu Dhabi's vision and priorities, as outlined in the: Abu Dhabi Vision 2030; Abu Dhabi Sustainable Finance Declaration; Abu Dhabi Environment Vision 2030; and the Securities and Commodities Authority Master Plan for Sustainable Markets.
- 3 United Arab Emirates:** ADIO believes that its activities, investments and Private Sector Partnerships advance the UAE's priorities for growth and development, as outlined in the: UAE's Guiding Principles on Sustainable Finance 2020; UAE Vision 2021; UAE Green Agenda 2015-2030; National Climate Change Plan of the UAE 2017-2050; UAE National Energy Strategy, UAE Smart Mobility Strategy; UAE Human Rights Framework; UAE and the 2030 Agenda for Sustainable Development; and Federal Law No. 8 of 1980 also known as the Labour Law.
- 4 Global:** The acceleration and evolution of ESG since the turn of the century has been substantial. ESG has evolved and moved from the sidelines to the forefront of decision-making for asset managers and institutional investors. Increasingly, ESG considerations are being integrated into the charters of a growing number of global entities, with ESG standards being included in their day-to-day practice and applied to the due diligence process when assessing assets to be acquired. ADIO believes that incorporating ESG criteria into its programmes will enable alignment with the growing body of global frameworks, standards and regulatory reporting requirements. This alignment will enable increased flows of global investment into Abu Dhabi and a greater range and higher calibre of potential partners. Such global ESG criteria includes: the UN Sustainable Development Goals (SDGs); fulfilling the commitments made under the Paris Agreement; reporting against the Task Force on Climate Related Financial Disclosures (TCFD); aligning with the expectations of the UN Guiding Principles on Business and Human Rights (UNGPs) for human rights due diligence; ensuring compliance with regulatory modern slavery reporting requirements<sup>6</sup> where applicable; and aligning with the standards and expectations for social responsibility and responsible procurement as set by ISO 26000 and ISO 20400, where applicable.

---

<sup>6</sup> Now including the Netherlands' *Child Labour Due Diligence Act 2019*, Australia's *Modern Slavery Act 2018 (Cth)* and NSW *Modern Slavery Act*, France's *Duty of Vigilance Law 2017*, the UK's *Modern Slavery Act 2015* and California's *Supply Chain Transparency Act 2011*.

## 8. Legislative and regulatory requirements and the framework in which this Policy operates

In constructing this Policy, ADIO has considered (amongst other sources) the following:

- ADIO External Code of Conduct.
- Law No. (1) of 2019 concerning the establishment of ADIO (the ADIO Establishment Law) whereby ADIO is responsible for producing and executing a comprehensive FDI strategy and encouraging economic growth in priority sectors.
- Federal Law No. 8 of 1980 also known as the Labour Law.
- Law No. (2) of 2019 concerning the regulation of Public Private Partnerships (the PPP Law) whereby ADIO is responsible for regulating PPPs as a method of accelerating infrastructure investment, accessing private finance and improving the delivery and quality of public assets and services.
- PPP Partnerships Guidebook which sets out the processes and procedures that are required to be followed in connection with the development, procurement and management of Partnership Projects in Abu Dhabi.

## 9. Accountability

The ADIO General Counsel is accountable for this Policy. This will include its annual review, oversight over implementation and updates as required. The ADIO Infrastructure Partnerships and Investment teams are accountable for the day-to-day implementation of this Policy into their work activities and ADIO's various programmes.

## 10. ESG integration in ADIO

ADIO is focussed on implementing ESG standards into its day-to-day activities and within its various programmes, including the PPP Programme and Incentive Programme. As a result, it expects Private Sector Partners and investors to align ESG policies and business practises into their business operations. This section of the Policy outlines how ADIO ensures the systematic and explicit inclusion of ESG in its business operations (including not limited to including in the PPP Programme and the Incentive Programme) as well as through its interaction with other Abu Dhabi Government departments and entities, stakeholders and the market more broadly.

### A. Business operations

ADIO evaluates and strongly considers ESG risks and opportunities in its investment analysis, due diligence and proposals in relation to its various programmes and offerings, most importantly in relation to its PPP Programme and the Incentive Programme. ADIO expects the business case put forward by Private Sector Parties to outline the positive ESG outcomes it will deliver in line with ADIO's priority ESG factors described in Section 6. In the operation of assets, projects and infrastructure built under the ADIO programmes, ADIO will monitor, report and drive improvement year-on-year to ensure outcomes in line with the Policy. Both the PPP Guidebook and the IPA specifically refer to this Policy, thereby ensuring that private sector stakeholders are cognisant of the importance that ADIO places on its partners committing to and integrating appropriate ESG practises within their business operations.

There is an expectation that the broader operation of the Private Sector Parties within Abu Dhabi will not have a negative impact on the six pillars.

## B. Collaboration, knowledge sharing and dissemination

ADIO is committed to collaboration, knowledge sharing and dissemination. The purpose of ADIO's work is to facilitate investment and the effective and efficient use of capital to support greater environmental, social and economic outcomes for Abu Dhabi. ADIO seeks to demonstrate that it is possible to make sound infrastructure procurement and investment decisions whilst taking positive action on ESG and it encourages industry, government and other investment offices to replicate the partnerships, investments, behavioural changes, innovations and projects ADIO has shown are possible.

ADIO is committed to working with all relevant stakeholders to drive meaningful change across identified ESG factors. ADIO seeks to raise awareness through knowledge sharing and dissemination and facilitating workshops with procuring entities, Private Sector Partners, industry associations and/or governments on various ESG factors that go beyond the responsibilities of the PPP Programme or Incentive Programme. This process ensures a positive contribution to Abu Dhabi and the UAE more broadly.

ADIO believes that collaborative initiatives with Abu Dhabi Government Departments and Entities and industry groups and stakeholders is vital in order to assist in the development of the skills and experience required to influence the sector and support greater environmental, social and economic outcomes for the country.

## C. Disclosure and Transparency

ADIO is committed to transparency and disclosure in order to monitor and report on ESG factors so that performance can be measured and tracked. ADIO's reporting will measure the ESG performance and impact of investments against key ESG criteria and set targets for improvement.

ADIO expects Private Sector Partners to strengthen the maturity of their ESG reporting processes and to embed systematic ESG processes to ensure timely and accurate reporting. ADIO's Private Sector Partners that participate within its various programmes will be required to report on the six priority ESG factors using ESG KPIs and targets as agreed in contracts. This ESG data will be checked for accuracy as part of auditing requirements in respect of projects and companies as agreed in contracts.

## D. Private Sector Partners and this Policy

It is the responsibility of all internal and external stakeholders to uphold and fulfil the purpose of this Policy. If a Private Sector Party engages with ADIO under an ADIO programme, including the PPP Programme or the Incentives Programme:

- In relation to the Incentives Programme, the IPA will incorporate this Policy, and where applicable, detail the specific requirements regarding ESG factors which are to form part of the IPA (including through KPIs), including reporting and monitoring requirements tailored for the IPA. ADIO will consistently engage with the Private Sector Party and monitor the integration of the ESG factors into their performance of the IPA and completion of the specific program; and

- In relation to the PPP Programme, the partnership agreements will incorporate this Policy, and where applicable, detail the specific ESG requirements which form part of the partnership agreements, including reporting and monitoring requirements tailored for the particular partnership agreements entered into with that Private Sector Party.

**The End**