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Opening Remarks DFSA Sustainable Finance Task Force

17 November 2021

Good morning and welcome to the inaugural meeting of the DFSA's Sustainable Finance Task Force.

We are grateful to you all for joining us today to be part of this conversation. Before I offer some opening remarks, we have a special guest speaker to help us frame the issues we face today.

[Play "Don't Choose Extinction Video" by the United Nations Development Programme](#)

I must confess that this video caught me off guard – at first because of the novelty in how the message is communicated.

But it wasn't until the video ended that I saw the identity of the sponsoring organisation -- namely the United Nations Development Programme.

The video demonstrates unusual creativity in how that international organisation is seeking to reframe policy questions as part of the U.N. Climate Change Conference (also known as "COP 26") dialogue and communicate with the broader public in clear and even clever ways.

Of course, it's not just animated dinosaurs calling attention to these risks. The dire warnings from scientists and climate experts make it clear that we have reaching a crucial tipping point in the fight against climate change.

The UAE has taken an active approach over recent years when it comes to sustainability, including its commitment to achieving the UN's Sustainable Development Goals. This includes many sustainability-minded investment initiatives in the country and abroad and ground-breaking national declarations such as the recently announced Net-Zero 2050 ambition, which was a first for the region. It also includes the sustainability-themed Dubai Expo 2020; the signing a Memorandum of Understanding with the United Kingdom to take decisive climate actions; and the successful bid to host the U.N.'s next COP28 in 2023.

The financial services sector has an important role to play in ensuring that we leverage the power of the purse to reduce emissions and funnel capital toward innovations in energy and carbon capture that will help us to flatten the curve of increases in average temperatures.

As a significant global hub for banking, securities, and insurance, the Dubai International Financial Centre can draw on the best ideas from around the world, but also catalyse ideas that could be influential in the broader region and potentially around the world as well – which is why your participation as industry leaders is so important.

At the DFSA, we are actively involved in various international regulatory networks developing supervisory approaches and standards in the area of sustainable finance such as the Network for Greening the Financial System, as well as initiatives led by global standards-setters such as the International Organization of Securities Commissioners, the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, and the U.N. Environment Programme-sponsored Sustainable Insurance Forum.

On 5 November 2021, in conjunction with the UAE Sustainable Finance Working Group, we published a [High-Level Statement on Sustainable Finance to Advance National Net-Zero Goal](#) detailing our commitment to achieving the UAE's sustainability objectives.

The DFSA has set up today's task force to gauge what ESG-related activities are already being led in the Centre by industry leaders. We also wish to understand what support we can provide, and whether we should set any standards, that will be both practical and helpful from a regulatory perspective when it comes to ESG standards.

Agustín Carstens, the head of the Bank for International Settlements in Switzerland, remarked in a speech this past summer that "...we need to consider every good idea to combat climate change. Otherwise, it will not be possible to fill the investment gap – in particular as we are already late in tackling climate change."¹

So, I hope that you'll feel inspired today to share every good idea you might have about how we in the DIFC can collectively make a difference – not just in the region, but also in the world.

- What ideas – large and small -- can we adopt that will help to reduce the risks we face?
- Should we develop a taxonomy or disclosure standards to help investors and institutions direct capital toward truly green investments?
- How should risk management evolve to ensure that institutions' actions consider the impact on the environment and climate?
- And what role should we supervisors play in encouraging – or perhaps requiring – authorised firms to manage their activities prudently with regard to climate?

My colleague Peter Smith will talk some more about our thinking to date and about the objectives of this group and our agenda today in more detail shortly.

Let's ensure that today's dialogue is more than a one-time conversation. We're looking for actions that we can take now and that will carry us forward into the months and years ahead.

So, I'm looking forward to engaging with you not just today but going forward as well. We intend to plant the seeds today that will help to make the DIFC an increasingly green international financial centre.

¹ Agustín Carstens, remarks at the International Conference on Climate Change, 11 July 2021, Bank of Italy, [Carstens Remarks.pdf \(bancaditalia.it\)](#)