

DFM Launches Pilot for Carbon Credits Trading at COP28

- Pilot program introduces trading for 2 UAE carbon credit projects by DEWA and 4 international projects.
- DEWA will supply carbon credits from its Dubai based projects.
- 23 project developers, partners, and market participants are set to take part in the carbon trading pilot program.
- Trading will be open to institutional investors during COP28, from 4th till 8th December.
- The market for carbon credits is expected to grow significantly by 2030 with some estimates in excess of USD 50 billion.

Dubai, 23 November 2023: Dubai Financial Market (DFM) today announced the introduction of a pilot program for trading carbon credits, scheduled to debut at COP28. This move positions the financial market at the forefront of climate action as a regulated platform where project capital raising, carbon credit trading and safekeeping are explored in support of the UAE Government's net zero by 2050 goal.

The pilot will be an integrated platform to explore the trading and use of carbon credits, providing a mechanism to help companies manage unavoidable and residual carbon emissions while pursuing direct decarbonization strategies. Each carbon credit symbolizes a tangible reduction in carbon emissions, with one credit offsetting one ton of CO2 equivalent emissions.

DFM will commence the pilot program for institutional investors who can buy and sell with trading starting from December 4th to December 8th, 2023, with the offsetting period ending on 10th January 2024. The inaugural pilot will see the active participation of more than 17 esteemed UAE companies, including Dubai Electricity and Water Authority (DEWA), DP World, Dubai Municipality, Dubai International Financial Centre (DIFC), Emirates NBD, Majid Al Futtaim, SHUUA Capital, Al Ansari Financial Services, Emaar, Salik, SEE Holding, FIVE Holdings, Gulf Cryo and Tabreed among others. DFM has worked closely with Dubai Future Foundation as a partner for the pilot. The transactions will be executed through 5 DFM brokers, namely Al Ramz Capital, Arqaam Securities, BHM Capital, EFG Hermes and Emirates NBD Securities. Clearing and settlement processes will be handled in USD by Dubai Clear and the Dubai Central Securities Depository (DCSD), with global daily price reference provided by leading pricing agencies such as OPIS, a Dow Jones company.

The carbon credits traded on DFM will be supplied from DEWA and MyCarbon, coming from internationally certified carbon projects around the world that include carbon avoidance, reduction and removal initiatives. All projects have been verified by widely recognized standard setters such as VERRA or the UN's Clean Development Mechanism (CDM). DFM is pleased to bring quality carbon credits from local DEWA projects for admission to the pilot.

HE Saeed Mohammed Al Tayer, MD & CEO of DEWA, said: "DEWA is leading in this aspect, and we're delighted to play a pivotal role in DFM's pioneering carbon pilot initiative, set to

¹ The [Taskforce](#) on Scaling Voluntary Carbon Markets (TSVCM)

launch during COP28. Our active participation aligns with the vision of our wise leadership, in building a green economy in UAE, and achieving the goals of the UAE Net Zero by 2050 strategic initiative, the Dubai Clean Energy Strategy 2050, and the Dubai Net Zero Carbon Emissions Strategy 2050 to provide 100% of Dubai's total power production capacity from clean energy sources by 2050.

This initiative is a true testament of our commitment to climate change mitigation and the Dubai Carbon Abatement Strategy 2030 to reduce carbon emissions by 30% by 2030. To achieve these goals, we have launched many initiatives and projects, most notably the Mohammed bin Rashid Al Maktoum Solar Park, which is the largest single-site solar energy project in the world based on the IPP model with a capacity of 5,000 megawatts by 2030.

This collaborative effort led by DFM not only brings together issuers and key market participants, but also offers a strategic exploration of the effectiveness of carbon credit trading and its catalytic contribution to the UAE prosperous green future."

Commenting on the carbon credit pilot program, Hamed Ali, CEO of DFM and Nasdaq Dubai, said: "Capital markets play a pivotal role in driving the development of a low carbon economy by facilitating project capital raising, enhancing price discovery and transparency, and centralizing liquidity. The launch of carbon credit trading represents a logical progression for DFM as a platform for ESG-focused themes and building on our existing track record. As the global economy accelerates its decarbonization, the demand for carbon project financing is poised to surge and the necessity to trade credits will grow in tandem. We invite other Dubai businesses and project developers to join us in this pilot endeavor."

Eng. Dawood Abdulrahman AlHajri, Director General Dubai Municipality, said:

"Dubai and the UAE continue to solidify their position as regional leaders in climate action through adopting international practices to cement sustainable development and protect resources for future generations. Dubai Municipality's partnership with DFM on carbon emissions reduction reflects our commitment to sustainable practices and responsible urban development. This commitment extends to reducing greenhouse gas emissions and carbon footprints across various sectors. It also covers pioneering environmental initiatives, sustainable environmental ecosystems, comprehensive sewage treatment and waste management. Our commitment helps strengthen Dubai's position as a global laboratory for the latest leading sustainability practices, while providing the necessary elements to achieve Dubai's goal of 100% clean energy by 2050. We believe that Dubai's carbon credits trading platform can play a vital role in achieving climate neutrality by 2050, unlocking new opportunities for sustainable development and consolidating Dubai's position as a global hub for green economy innovations and opportunities."

According to the Taskforce on Scaling Voluntary Carbon Markets (TSVCM), the demand for carbon credits could multiply by a factor of 15 or more by 2030 and up to 100 by 2050. In aggregate, the carbon credit market is projected to surpass \$50 billion in value by 2030.

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Footnote

1 - According to the Taskforce on Scaling Voluntary Carbon Markets (TSVCM), the demand for carbon credits could multiply by a factor of 15 or more by 2030 and up to 100 by 2050. In aggregate, the carbon credit market is projected to surpass \$50 billion in value by 2030.

2 - Definition of Carbon Credits: Carbon credits are measurable, verifiable emission reductions from certified climate action projects. These projects reduce, remove or avoid greenhouse gas (GHG) emissions.

For more information, please visit: www.dfm.ae/Carbon

About Dubai Financial Market:

Dubai Financial Market (DFM) was established as a public institution with its own independent corporate body. DFM operates as a secondary market for the trading of securities issued by public shareholding companies, bonds issued by the Federal Government or any of the local Governments and public institutions in the country, units of investment funds and any other financial instruments, local or foreign, which are accepted by the market. The DFM commenced operations on March 26, 2000 and became the first Islamic Shari'a-compliant exchange globally since 2007. Following its initial public offering in November 2006, when DFM offered 1.6 billion shares, representing 20 per cent of its paid-up capital of AED 8 billion, DFM became a public joint stock company, and its shares were listed on 7 March 2007 with the trading symbol (DFM). Following the IPO, the Government of Dubai retained the remaining 80 per cent of DFM Company through Borse Dubai Limited. www.dfm.ae

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