ABU DHABI
SUSTAINABILITY WEEK

INVESTMENT STRATEGIES TO ACCELERATE DECARBONIZATION OF HEAVY INDUSTRIES

Roundtable - COP28

Hosted by
MASDAR

Executive Summary

Held at the Abu Dhabi Sustainability Week Special Edition at COP28, this roundtable brought together stakeholders from finance, industry and environmental science to discuss investment strategies that could accelerate sustainable practices across various industries. With a focus on the hard-to-abate sectors such as steel and cement, the dialogue delved into the constraints of corporate finance, underscored the urgency for innovation and regulatory frameworks, and pinpointed potential pathways for effective decarbonization.

Key takeaways

- Industry leaders need to be innovative and creative to successfully demonstrate the business value of transitioning to clean energy.
- Evaluating the risk of new technologies and the green transition requires a holistic view: financial, reputational and environmental.
- Regulatory support and alignment will be critical to enable companies to achieve environmental targets.
- Both government support and private investment will be needed to bridge the existing financing gap.

Funding decarbonization

Hard-to-abate sectors face numerous challenges in transitioning to clean energy: emerging green technology is still expensive, and there are the additional costs of retraining teams, implementing new processes and decommissioning older infrastructure. Available funding falls significantly short of what is needed to execute a full transition. Companies that have already successfully begun to integrate green technology have done so through subsidies, innovation and partnerships and by prioritizing clean growth.

For companies interested in exploring subsidies as a support mechanism for financing decarbonization, participants recognized the limitations of those that are currently available. For example, billions of dollars will be needed to close the cost gap between green hydrogen and its less sustainable counterparts. Bridging that gap will require significant investment – internally, externally, politically and even culturally among consumers as the ultimate end-buyers.

To secure investment outside of subsidies, leaders need to demonstrate manageable risk profiles and provide assurance to potential investors. Discussions centered on whether companies can handle the risks they face and the commitment levels they will need to ensure environmental and ecological advancement.

Participants highlighted the challenges of high-risk investments in technologies that are not yet commercially viable. There's a clear need for high-quality management and strong governmental, financial and industry support to make these investments more attractive. To help address these roadblocks, the importance of innovation and more advanced solutions emerged as a key theme, particularly in green technology and financial instruments

Simultaneously, roundtable discussions acknowledge that while the cost of the green transition may be high, the cost of inaction is higher. Proactive risk assessment was seen as a valid strategic approach, assessing future-facing risks to companies' own brands, reputations and ultimately to the environment itself when evaluating transitioning.

Along the same lines, members of the panel explored the idea of first-mover advantages. While acknowledging the inherent risks of entering the green market early, they also reflected on the strategic value of being early adopters or providers of green technologies. Embracing innovation might attract more positive attention from governments and investors, for instance, and offer long-term market leadership benefits.

Understanding that corporate finance alone is insufficient to cover the high cost of today's transition, participants talked about the vital role that regulation will play in encouraging green growth. But it was highlighted that while future regulation may support a faster transition to clean energy, the need for change is pressing, and companies need to plan and execute in the environments they are in today.

The road ahead for decarbonization

Overall, the roundtable shed light on the complexity of financing sustainable transitions, particularly within sectors resistant to large-scale change. Speakers emphasized the need for innovative thinking and collaborative efforts, as we work globally to meet climate targets and mitigate the effects of climate change.

Participants highlighted the necessity of sharing successful models that could be replicated and scaled to achieve net-zero emissions, and the significance of continued dialogue to accelerate decarbonization and secure a green future.

Roundtable Participants

William Asiko

Vice President, Africa Regional Office, The Rockefeller Foundation

Dorine Bosman

CIO, Port of Amsterdam

Ahmad Butt

Executive Chairman, Deep Science Ventures

Daniel Calderon

Co-Founder & Managing Partner, Alcazar Energy

Dr. Thane Campbell

Founding Dean of Education, Deep Science Ventures

Régine Clément

President and CEO, CREO Syndicate

Mikael Down

Executive Director and Head of EMEA Sustainable Finance Solutions, Morgan Stanley

Sergiy Dynchev

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Jonathan Eckart

EMEA Partnerships, Breakthrough Energy Ventures

Ziad Fares

Director of Strategy & Business Intelligence, Emirates Global Aluminium

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EVP Low-Carbon Solutions & Business Development, ADNOC

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Principal, Clean Energy Ventures

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Managing Director for Central Europe, Senior Partner in Frankfurt, Head of the global Industry Platform Regulated and Asset Oriented Business, Roland Berger

Bruce Johnson

Director, Corporate Finance and Treasury Investor, Masdar

Christina Karapataki

Partner, Breakthrough Energy Ventures

Michael Liebreich

Chairman and CEO, Liebreich Associates

Dr. Tara Lindstedt

Board Member and Chief Development, InoBat

Robert Niven

Founder and CEO, CarbonCure Technologies

Lauren Faber O'Connor

Operating Partner, Lowercarbon Capital

Saif Humaid Al Qubaisi

Vice President, Mubadala Investment Company

Anjuli Pandit

Managing Director, Head of Sustainable Debt Markets EMEA & Americas, HSBC

Valerie Peyre

Director of Abu Dhabi Sustainability Week (ADSW)

Dr. Thomas Philbeck

Managing Director, Swift Partners

Peter Skantze

Vice President of Infrastructure Development, NextEra Energy

James Socas

Global Head of Climate Solutions Business, Investcorp

Andrew Tait

Group Chief Financial Officer, Fertiglobe

Jones Thomas

Investment Director, Capricorn Investment Group

Irena Spazzapan

Managing Partner, Systemiq Capital

Matthew Winning

Head of Climate Economics, Oxford Economics

Amy Yiannitsarou-Margrett

UK Government Affairs & Climate Policy Manager, Anglo American

Partners

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Roundtable Partner

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About Abu Dhabi Sustainability Week

Abu Dhabi Sustainability Week (ADSW) is a global initiative championed by the UAE and its clean energy powerhouse, Masdar, to accelerate sustainable development and advance economic, social, and environmental progress.

Established in 2008, ADSW provides a global platform for all who have a stake in the future of our planet.

ADSW brings together leaders from across governments, the private sector, and civil society to discuss and engage in bold climate action and innovations that will ensure a sustainable world for future generations.

About Masdar

Masdar (Abu Dhabi Future Energy Company) is one of the world's fastest-growing renewable energy companies. As a global clean energy pioneer, Masdar is advancing the development and deployment of solar, wind, geothermal, battery storage and green hydrogen technologies to accelerate the energy transition and help the world meet its net-zero ambitions. Established in 2006, Masdar has developed and invested in projects in over 40 countries with a combined capacity of over 20 gigawatts (GW), providing affordable clean energy access to those who need it most and helping to power a more sustainable future.

Masdar is jointly owned by TAQA, ADNOC, and Mubadala, and is targeting a renewable energy portfolio capacity of 100GW by 2030 while aiming to be a leading producer of green hydrogen by the same year.

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