



ADIA 2025

Abu Dhabi Investment Authority

Pillar 1: Legal

Legal framework, objectives, and coordination with macroeconomic policies

Principle 1

1. The legal framework for the SWF should be sound and support its effective operation and the achievement of its stated objective(s).

1.1. The legal framework for the SWF should ensure legal soundness of the SWF and its transactions.

1.2. The key features of the SWF's legal basis and structure, as well as the legal relationship between the SWF and other state bodies, should be publicly disclosed.

Abu Dhabi Investment Authority (ADIA) is a public institution established in 1976 by the Government of the Emirate of Abu Dhabi as an independent government investment institution.

ADIA is wholly owned by the Government of the Emirate of Abu Dhabi and has an independent legal identity with full capacity to act in fulfilling its statutory mandate and objectives. ADIA's constitution is set out in Law No.5 of 1981 Concerning the Re-organisation of the Abu Dhabi Investment Authority as amended ("**Law No. 5**"). Law No. 5 outlines the legal and governance framework for ADIA and provides separation of roles and responsibilities of the owner, the governing bodies, and the management.

ADIA is also subject to the supervision of the Government of Abu Dhabi that is vested with the Supreme Council for Financial and Economic Affairs (**the "Council"**). The Council was established by Abu Dhabi Law No. 24 of 2020 establishing the Supreme Council for Financial and Economic Affairs ("**Law No. 24**"). Pursuant to Law No. 24, the Council's responsibilities include setting and approving strategies and public policies regulating financial, investment and economic affairs of the Emirate of Abu Dhabi, reviewing the implementation of the policies, and monitoring and evaluating the performance of ADIA (and other specified state-owned entities) in accordance with the strategies and general policies approved by the Council. In addition, the Council has the authority to issue directions to ADIA (and other specified state-owned entities), including in relation to government ownership policy, investment controls and standards as well as borrowing policy.

Principle 2

2. The policy purpose of the SWF should be clearly defined and publicly disclosed.

As defined by Law No. 5, ADIA's purpose is to receive funds of the Government of the Emirate of Abu Dhabi allocated for investment, and invest and reinvest those funds in the public interest of the Emirate in such a way so as to make available the necessary financial resources to secure and maintain the future welfare of the Emirate.

ADIA carries out its investment activities independently and without reference to the Government of the Emirate of Abu Dhabi or the Government's other "affiliates" that also invest funds on behalf of the Government of the Emirate of Abu Dhabi.

Principle 3

3. Where the SWF's activities have significant direct domestic macroeconomic implications, those activities should be closely coordinated with the domestic fiscal and monetary authorities, so as to ensure consistency with the overall macroeconomic policies.

As this principle refers to direct domestic macroeconomic implications it does not apply, as ADIA manages a diversified global investment portfolio and its assets are not classified as international reserves. ADIA, as a matter of practice, generally does not invest in the UAE.

Principle 4

4. There should be clear and publicly disclosed policies, rules, procedures, or arrangements in relation to the SWF's general approach to funding, withdrawal, and spending operations.

4.1. The source of SWF funding should be publicly disclosed.

4.2. The general approach to withdrawals from the SWF and spending on behalf of the government should be publicly disclosed.

Under the UAE Constitution, the natural resources and wealth of the Emirate of Abu Dhabi are the public property of Abu Dhabi. The Government of the Emirate of Abu Dhabi provides ADIA with funds that are allocated for investment and surplus to its budgetary requirements and its other funding commitments.

In accordance with Law No. 5, ADIA is required to invest and reinvest these funds and make available, as needed, to the Government of the Emirate of Abu Dhabi the necessary financial resources to secure and maintain the future welfare of the Emirate.

ADIA is not involved with matters relating to the spending requirements of the Government of the Emirate of Abu Dhabi. Such matters are managed by the relevant government authorities.

At its core, ADIA's approach has always involved closely monitoring market conditions and prudently maintaining appropriate liquidity at different points of the economic cycle. This ensures it is always able to meet its obligations to the Government of Abu Dhabi, if required, without compromising long-term investment goals.

Principle 5

5. The relevant statistical data pertaining to the SWF should be reported on a timely basis to the owner, or as otherwise required, for inclusion where appropriate in macroeconomic data sets.

The relevant teams within the middle & back-office functions ensure the delivery of timely, accurate data and information across all asset classes, and provides detailed investment performance reports to ADIA's Board of Directors and other key stakeholders.

Pillar 2: Institutional

Institutional Framework and Governance Structure.

Principle 6

6. The governance framework for the SWF should be sound and establish a clear and effective division of roles and responsibilities in order to facilitate accountability and operational independence in the management of the SWF to pursue its objectives.

As outlined in greater detail under Principle 1, Law No. 5 provides separation of roles and responsibilities among the owner, the governing bodies, and the management. Pursuant to Law No. 24, ADIA is subject to the constitutional supervision of the Council.

Governing bodies

ADIA's Board of Directors ("**Board**") is the supreme body having control over its affairs and the discharge of its business. It is responsible for setting ADIA's strategy and risk-return parameters and reviewing ADIA's overall strategy. The Board is composed of a Chairman, a Managing Director, and other Board members who pursuant to Law No. 24 are appointed by a decision of the Chairman of the Council. As part of its oversight of ADIA, the Board meets periodically, as required, and does not normally involve itself in day-to-day running of ADIA or its investment and operational decisions, as the Managing Director is assigned these responsibilities by Law No. 5.

ADIA's Managing Director has sole responsibility for the implementation of ADIA's strategy and administering its affairs, including all decisions related to investments. Investment decisions are based solely on economic objectives in order to deliver sustained long-term financial returns. The Managing Director, or those to whom he delegates, acts as ADIA's legal representative in dealings with third parties and has the authority to execute documents creating financial commitments on ADIA.

A number of key committees support the governance framework:

The Audit Committee is appointed by, and reports to, the Board and provides oversight of the appointment of external auditors, financial reporting in accordance with International Financial Reporting Standards ("IFRS"), systems of internal control and internal audit processes.

The Investment Committee is appointed by the Board and assists the Managing Director and is responsible for managing and overseeing ADIA's investment-related matters. The Managing Director chairs the Investment Committee, assisted by two Deputy Chairmen, with the participation of the Executive Directors of all investment departments and other relevant departments.

The Risk Management Committee is appointed by the Managing Director and is responsible for overseeing the implementation of ADIA's risk management framework. It comprises members of the Investment Committee.

The Investment Guidelines Committee is appointed by the Managing Director and assists the Investment Committee with achieving consistency and clarity in investment guidelines.

The Management Committee is appointed by the Managing Director and is responsible for reviewing and providing recommendations on non-investment and organisational related matters including ADIA-wide planning, department planning and the ADIA budgeting process.

Principle 7

7. The owner should set the objectives of the SWF, appoint the members of its governing body(ies) in accordance with clearly defined procedures, and exercise oversight over the SWF's operations.

Please refer to Principle 2 concerning ADIA's purpose and objectives, and Principle 6 concerning the mandate and separation of roles and responsibilities among ADIA's governing bodies.

Principle 8

8. The governing body(ies) should act in the best interests of the SWF, and have a clear mandate and adequate authority and competency to carry out its functions.

The Board comprises a Chairman, a Managing Director and Board members who are appointed by decision of the Chairman of the Council. This ensures that the Board is constituted of people with integrity, who are competent and are trusted to safeguard ADIA's assets.

For further details, please refer to Principle 6 above concerning the mandate and separation of roles and responsibilities among ADIA's governing bodies.

Principle 9

9. The operational management of the SWF should implement the SWF's strategies in an independent manner and in accordance with clearly defined responsibilities.

As mentioned under Principle 2, ADIA carries out its investment activities independently and without reference to the Government of the Emirate of Abu Dhabi or other Government-owned investment entities that also invest funds on behalf of the Government of the Emirate of Abu Dhabi.

Furthermore, ADIA has a disciplined investment process that aims to generate stable returns over the long term within established risk parameters.

For further details please refer to 18 below.

Principle 10

10. The accountability framework for the SWF's operations should be clearly defined in the relevant legislation, charter, other constitutive documents, or management agreement.

ADIA has robust governance standards with clearly defined roles and responsibilities that ensure accountability.

The Board, which comprises a Chairman, a Managing Director and Board members, is the supreme body having control over ADIA's affairs and the discharge of ADIA's activities and meets periodically for the establishment and review of ADIA's overall strategy but does not involve itself in day-to-day running of ADIA or its investment or operational decisions.

ADIA's Managing Director has sole responsibility for the implementation of ADIA's strategy and administering its affairs, including all decisions related to investments.

ADIA's investment departments are responsible for building and managing investment portfolios within the parameters set for them through the asset allocation process.

These departments, which invest across multiple asset classes and geographies, have discretion over the origination and recommendation of investment proposals.

The Audit Committee is appointed by, and reports to, the Board and provides oversight for the appointment of external auditors, financial reporting in accordance with International Financial Reporting Standards, systems of internal control and internal audit processes.

Principle 11

11. An annual report and accompanying financial statements on the SWF's operations and performance should be prepared in a timely fashion and in accordance with recognized international or national accounting standards in a consistent manner.

ADIA produces financial statements in accordance with the IFRS international accounting standards that are delivered to ADIA's Board, Managing Director and the Audit Committee as per ADIA's governance principles. For further details see 12 below.

ADIA's Annual Review, which is posted on ADIA's website, includes data on its investment strategy, asset allocation by asset class and geography, allocation of assets managed internally and externally.

ADIA publications dating back to 2009 are publicly available and can be downloaded from this [ADIA website](#).

Principle 12

12. The SWF's operations and financial statements should be audited annually in accordance with recognized international or national auditing standards in a consistent manner.

ADIA's Internal Audit Department's mission is to add value to ADIA by evaluating and improving the effectiveness of internal controls, governance and risk management processes; through the provision of independent assurance and advisory activities by qualified staff in line with ADIA's cultural values.

Internal Audit is primarily a review function which independently evaluates ADIA's internal control systems to ensure they adequately safeguard ADIA's assets, activities and interests, and reviews them regularly to ensure they are both efficient and effective; and provides an additional layer of security to ensure all transactions are undertaken in accordance with ADIA's policies and procedures.

The Internal Audit Department's work conforms to the International Standards for the Professional Practice of Internal Auditing. The Internal Audit Department reports functionally to the Audit Committee and administratively to the Managing Director.

The Audit Committee is appointed by, and reports to, the Board and provides oversight for the appointment of all external auditors, financial reporting in accordance with International Financial Reporting Standards, systems of internal control and internal audit processes.

ADIA's financial statements are audited on an annual basis, in accordance with international standards of auditing ("ISA's") by an external auditor established in the United Arab Emirates.

The external auditors are appointed in accordance with the requirements laid out by Abu Dhabi Accountability Authority ("ADAA") in its Statutory Auditors Appointment Rules. ADIA has a policy in place to ensure the external auditors remain independent in accordance with the rules set out by the ADAA

and in accordance with the IFAC code of ethics (International Federations of Accountants: www.ifac.org [5]).

In addition, the financial statements of ADIA's subsidiary companies, which require statutory audit, are audited on an annual basis by an external audit firm, in accordance with ISA's.

Principle 13

13. Professional and ethical standards should be clearly defined and made known to the members of the SWF's governing body(ies), management, and staff.

ADIA expects its people to demonstrate the highest standards of ethics, integrity and professional competence. ADIA's employees must adhere to a Code of Conduct and its associated compliance standards that sets the standards of behaviour that are expected of them in order to preserve ADIA's integrity and reputation and enable it to fulfil its mission.

ADIA actively supports its employees in their professional and personal development by offering a wide range of targeted development programmes. ADIA is proud to employ the highest number of CFA Charterholders of any organisation in the Middle East. Our emphasis on investment training is complemented by other challenging and rewarding developmental opportunities, with a strong focus on fostering collaboration and innovation.

Principle 14

14. Dealing with third parties for the purpose of the SWF's operational management should be based on economic and financial grounds, and follow clear rules and procedures.

As outlined in greater detail under Principle 18, ADIA follows a clearly defined due diligence process in dealing and selecting third parties.

Principle 15

15. SWF operations and activities in host countries should be conducted in compliance with all applicable regulatory and disclosure requirements of the countries in which they operate.

ADIA recognises the importance of international standards of compliance and risk management and the associated transparency required. The Legal Division, which is responsible for managing and advising on all legal, regulatory, and tax-related issues and associated risks, has a dedicated regulatory and compliance function, which amongst other things: monitors regulatory developments in relevant jurisdictions to ensure ADIA is aware of its regulatory and disclosure obligations; provides guidance to the relevant investment professionals regarding such obligations and works with them and the support departments to ensure appropriate processes and procedures are in place to ensure compliance.

ADIA's middle and back-office functions have dedicated teams that monitor ADIA's holdings to ensure compliance with any applicable disclosure requirements, which support ADIA's global investment mandates, possess deep technical knowledge of global financial markets and stay up to date with all relevant settlement, regulatory and tax requirements.

Finally, ADIA is also mindful of its counterparties' obligations with respect to "Know Your Customer" and strives to provide all necessary disclosures to enable them to fulfil those obligations including information on ADIA employees participating as directors in board representation.

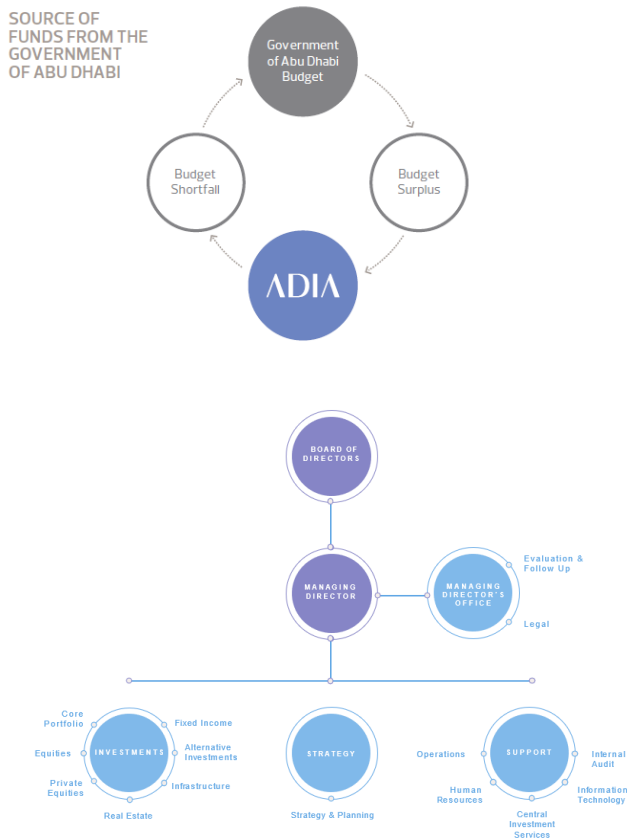
Principle 16

16. The governance framework and objectives, as well as the manner in which the SWF's management is operationally independent from the owner, should be publicly disclosed.

In addition to what Law No. 5 outlines concerning ADIA's governance framework and objectives, ADIA's website discloses the governance framework of ADIA, the investment objectives of the fund and how ADIA is operationally independent of the owner.

<https://www.adia.ae/en/investments/governance>

ADIA's governance model is illustrated in the following charts:



Principle 17

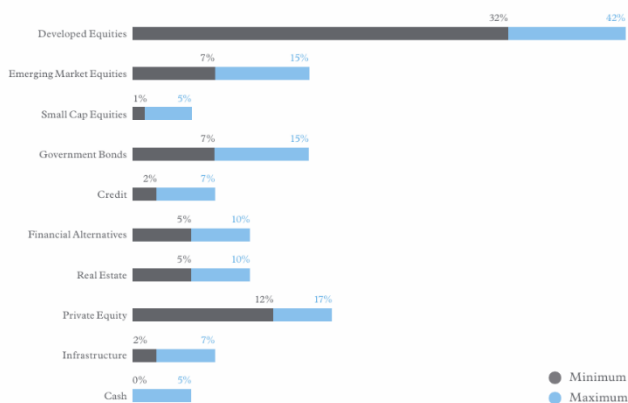
17. Relevant financial information regarding the SWF should be publicly disclosed to demonstrate its economic and financial orientation, so as to contribute to stability in international financial markets and enhance trust in recipient countries.

ADIA's Annual Review, which is posted on ADIA's website, includes data on its investment strategy, asset allocation by asset class and geography, allocation of assets managed internally and externally.

ADIA publications dating back to 2009 are publicly available and can be downloaded from this [ADIA website](#).

ADIA Asset Allocation (as of 31 December 2023):

By Asset Class



By Region

North America 45.0% to 60.0%

Europe 15.0% to 30.0%

Developed Asia 5.0% to 10.0%

Emerging Markets 10.0% to 20.0%

ADIA uses a number of recognised independent benchmarks for its asset classes. For example:

Listed Equities: S&P, MSCI and Russell Indices

Fixed Income: JP Morgan Government Bond, Barclays

Alternative Investments: Bank of America Merrill Lynch US Treasury Bill Index

Annualised Rates of Return (as of 31 December 2023):

6.8% (annualised rolling 30-year rate of return)

6.4% (annualised rolling 20-year rate of return)

Pillar 3: Investment

Investment and Risk Management Framework.

Principle 18

18. The SWF's investment policy should be clear and consistent with its defined objectives, risk tolerance, and investment strategy, as set by the owner or the governing body(ies), and be based on sound portfolio management principles.

18.1. The investment policy should guide the SWF's financial risk exposures and the possible use of leverage.

18.2. The investment policy should address the extent to which internal and/or external investment managers are used, the range of their activities and authority, and the process by which they are selected and their performance monitored.

18.3. A description of the investment policy of the SWF should be publicly disclosed.

With a long tradition of prudent investing, ADIA's investment decisions are based solely on its economic objectives of delivering sustained long-term financial returns.

To ensure a coherent risk management approach across ADIA, ADIA's risk management practices are embedded in the Risk Management Policy and in a number of risk governing documents that outline the risk governance and oversight, roles and responsibilities, and ADIA-wide risk activities. Those governing documents demonstrate ADIA's commitment to fostering a culture of proactive and holistic risk management, ensuring resilience and adaptability in a dynamic landscape.

ADIA uses both active and passive/indexed strategies as part of the asset management process. ADIA's assets are managed by internal and external investment managers, who are subject to ADIA's risk and investment guidelines. ADIA regularly reviews the ongoing performance of its internal and external managers. Each of the internal and external managers has been selected by ADIA for their experience and track record.

The Strategy & Planning Department (SPD) plays a central role in ADIA's investment process, with responsibility for developing, maintaining and dynamically reviewing ADIA's asset allocation across more than two dozen asset classes and sub-categories. In doing so, SPD adds value by diversifying across a rich set of asset classes, using weightings based on ADIA's long-term view of the world.

Through an ongoing assessment process, ADIA's investment strategies are continuously streamlined to enhance performance. This includes proposing new strategies to expand ADIA's investable universe and systematically identifying opportunities for generating excess returns, while maintaining ADIA's target risk profile.

In accordance with ADIA's prudent governance structure, SPD's recommendations are submitted to the Investment Committee and ultimately the Managing Director. If approved, funds are allocated to the respective investment departments, which are responsible for implementation in line with their mandates.

To achieve its long-term objectives, ADIA must be able to execute on its desired asset allocation in a timely fashion, in size, while minimising transaction costs. It is for this reason that slightly less than half of ADIA's portfolio consists of index-replicating, or passive, strategies within quoted markets. This is offset by skilfully designed, actively managed investments across asset classes, in areas with the genuine potential to generate market outperformance, or alpha, over the long term.

We recognise that a structured yet flexible approach is needed to ensure opportunities and trends can be captured as they arise. On a macro level, this has enhanced the organisation's ability to take a globally strategic view of opportunities, both across and within asset classes. It has also enabled ADIA to become increasingly tactical and opportunistic where potential opportunities and trends arise.

By making continuous enhancements, ADIA has built an investment strategy that is not simply based on asset class or geographic allocations but one that is both robust and increasingly focused on return drivers. This allows for a sophisticated approach that can be more granular in nature and provides us with the ability to focus on sector-based or thematic investments with attractive risk and return characteristics.

ADIA's guidelines, which help ensure that investment department's portfolios are diversified, include limits on the size of the investment, the geographical and sector concentrations and what other types of exposures can be taken.

In addition, the Evaluation & Follow-Up Division (EFD) advises and supports the Managing Director, and the Investment Committee.

EFD provides independent analyses and evaluations on investment and asset allocation proposals generated by ADIA's investment departments and SPD prior to their presentation to the Investment Committee. It also evaluates and prepares periodic reports on investment departments' performance, strategies, risk profile, structure and resources, and on ADIA's overall investment performance including the impact of its asset allocation decisions.

Evaluation & Follow-Up's role also involves reviewing and providing recommendations on ADIA-wide strategic, organisational and governance matters.

In total, around 35% of ADIA's assets are managed externally in areas including equities, fixed income, money markets, alternative investment, real estate, infrastructure, and private equities. We engage managers across the risk spectrum, from index-replicating to actively managed mandates, and typically tailor each fund to our specific needs and internal guidelines.

ADIA's alpha-seeking managers operate in a wide variety of geographies and asset classes and employ a comprehensive array of strategies to meet their objectives. Our goal is to ensure that we employ only those managers in whom we have the highest level of conviction operating across structurally attractive geographies and asset classes, who combine to produce the levels of alpha we demand from active management.

ADIA uses external managers to complement its internal capabilities in the management of investments across the various asset classes and geographies.

In recognition of the important role they play, we devote time and effort to the process of recruiting and monitoring external managers. Our due diligence teams begin by creating a long list of potential managers in any given asset class and strategy, sourced from extensive internal databases. We then analyse these managers on the basis of ADIA's "Four Ps Framework" – Philosophy, Process, People and Performance.

This approach involves discussions and face-to-face meetings with managers before we create a short-list, allowing us to build a well-rounded understanding of their backgrounds and potential to deliver sustainable outperformance against their mandates.

The teams then gather and analyse relevant data to back up their qualitative views on the attributes of each manager. In this way, we set clear expectations of the behaviours of each external manager and are able to put their performance in context against differing market conditions.

ADIA has developed robust systems and processes over many years that require our external managers to remain compliant with their agreed investment and operating parameters. Once appointed, teams in each department continuously monitor our managers, analysing portfolio performance, positions, risk exposures and investment styles, and hold regular follow-up meetings with them, both on-site and in their offices.

This approach and its processes are supported by the Internal Audit Department, Evaluation & Follow-Up Division, and ADIA's middle and back-office functions, in coordination with ADIA's custodian banks.

The use of external managers also ensures that ADIA retains up-to-date knowledge and is kept abreast of developments across the investment industry. While we have a clear focus on investment performance, our preference is to have long-term relationships with our external managers.

Principle 19

19. The SWF's investment decisions should aim to maximize risk-adjusted financial returns in a manner consistent with its investment policy, and based on economic and financial grounds.

19.1. If investment decisions are subject to other than economic and financial considerations, these should be clearly set out in the investment policy and be publicly disclosed.

19.2. The management of an SWF's assets should be consistent with what is generally accepted as sound asset management principles.

ADIA's investment decisions are based solely on its economic objectives of delivering sustained long-term financial returns and aims to maximise risk-adjusted financial returns.

See response in Principle 18 relating to the role of the Strategy and Planning Department (SPD).

ADIA understands -- and is committed to fulfilling -- its responsibilities as a global investor and observes international standards of compliance.

ADIA's Legal Division independently reviews, monitors and provides guidance to relevant stakeholders on ADIA's investment activities.

ADIA's Managing Director is assisted by the Investment Committee established pursuant to Law No. 5. The Investment Committee assists the Managing Director in the performance of his duties and provides advice in respect of ADIA's investments and the management and coordination of ADIA's affairs and activities (as mentioned in Principle 6.).

In addition to the details outlined above regarding ADIA's asset management approach and selection of external investment managers, ADIA expects its people to demonstrate the highest standards of ethics, integrity and professional competence. ADIA's employees must adhere to a Code of Conduct and its associated compliance Standards that sets the standards of behaviour that are expected of them in order to preserve ADIA's integrity and reputation and enable it to fulfil its mission.

Principle 20

20. The SWF should not seek or take advantage of privileged information or inappropriate influence by the broader government in competing with private entities.

ADIA carries out its investment programme independently and without reference to the Government of the Emirate of Abu Dhabi or other Government-owned investment entities that also invest funds on behalf of the Government of the Emirate of Abu Dhabi (as mentioned in Principle 1).

ADIA does not have, nor does it seek, access to privileged information or inappropriate influence through the Government. ADIA's compliance function further provides a framework to prevent inappropriate access to and the use of privileged information.

Principle 21

21. SWFs view shareholder ownership rights as a fundamental element of their equity investments' value. If an SWF chooses to exercise its ownership rights, it should do so in a manner that is consistent with its investment policy and protects the financial value of its investments. The SWF should publicly disclose its general approach to voting securities of listed entities, including the key factors guiding its exercise of ownership rights.

ADIA is a leading global institutional investor and endorses the free flow of global capital and investments. ADIA understands -- and is committed to fulfilling -- its responsibilities as a global investor.

As a shareholder, ADIA exercises its voting rights in certain circumstances to protect its interests or to oppose motions that may be detrimental to shareholders as a body. ADIA does not actively seek to manage the public companies in which it invests.

ADIA seeks to apply best practices to all of its disclosure processes and regularly makes disclosures, as required, in relation to its investments in global markets.

This includes ex-ante disclosures for example in compliance with local market rules related to stock trading activities. They also include ex-post disclosures to markets and regulators related for example to investment thresholds.

Principle 22

22. The SWF should have a framework that identifies, assesses, and manages the risks of its operations.

22.1. The risk management framework should include reliable information and timely reporting systems, which should enable the adequate monitoring and management of relevant risks within acceptable parameters and levels, control and incentive mechanisms, codes of conduct, business continuity planning, and an independent audit function.

22.2. The general approach to the SWF's risk management framework should be publicly disclosed.

ADIA's risk management framework is holistic in nature, having been designed to comprehensively identify and analyse all types of risks across asset classes and ensure that any potential issues are managed efficiently and effectively. Taxonomy of these risks is defined the Risk Management Policy of ADIA.

As highlighted in Principle 18, ADIA's risk management practices are embedded in the Risk Management Policy and in a number of risk governing documents that outline the roles and responsibilities and risk activities with respect to risk governance and compliance. Those governing documents are developed to provide a coherent risk management approach across ADIA and to demonstrate ADIA's commitment to fostering a culture of proactive and holistic risk management, ensuring resilience and adaptability in a dynamic landscape.

The Managing Director has ultimate responsibility for ADIA's risk management, with assistance and advice from several committees and departments, including the Central Investment Services Department, Strategy & Planning Department, Evaluation & Follow-Up Division, Legal Division and an independent Internal Audit Department that reports functionally to the Board through the Audit Committee.

Governance

The Risk Management Committee (RMC) oversees the effective implementation of ADIA's risk management framework and ensuring that all risks are addressed by relevant departments in a timely manner. It seeks to facilitate a proactive dialogue between all senior risk executives in order to help protect ADIA from unexpected loss of capital or calls for liquidity, failure of key operational processes, or reputational damage. Other key objectives of the RMC include ensuring alignment of departmental risk activities with ADIA's risk appetite and overall risk framework, and serving as a conduit for the escalation of risk issues arising from within or across departments.

Risk Management

At ADIA, we believe that managing risk is a core responsibility of all employees. Risk management is embedded in all of ADIA's investment and related activities, from asset allocation to investments in individual asset classes and ultimately to trade execution.

The Central Investment Services Department, Operations Department and the Strategy & Planning Department, working closely with investment teams, are responsible for protecting ADIA's assets and adding value to the investment process through performance analysis and core risk management responsibilities. These entail leading the disciplined execution of the risk management framework and promoting a culture of risk awareness.

The Departments' risk analyses include:

- Continuously assessing all sources of risk on both an absolute and a relative basis, including through proprietary portfolio modelling.
- Developing a comprehensive risk assessment across all risk types, including “top-down” aggregate portfolio risk, “bottom-up” investment risk by asset class, country and counterparty risk, operational risk, operational due diligence, business continuity, and compliance risk.
- Identifying, monitoring and escalating risk mitigation strategies to address emerging and ongoing risk issues on a timely basis.

In addition, and to ensure connectivity across ADIA, each of ADIA’s investment departments has its own investment risk team. By cascading down from the ADIA-wide framework, these combine a unity of purpose with the necessary flexibility to capture risks that are unique or specific to each asset class.

Risk Culture

ADIA’s risk management framework is underpinned by the emphasis we place on education to support the continuous development of a culture of risk awareness across ADIA.

At ADIA, we expect our people to demonstrate the highest standards of ethics, integrity and professional competence. ADIA’s employees must adhere to a Code of Conduct that sets the standards of behaviour that are expected of them in order to preserve ADIA’s integrity and reputation and enable it to fulfil its mission.

Principle 23

23. The assets and investment performance (absolute and relative to benchmarks, if any) of the SWF should be measured and reported to the owner according to clearly defined principles or standards.

ADIA’s assets and investment performance (absolute and relative to benchmarks) are measured and reported to its owner according to clearly defined principles and standards.

ADIA’s middle and back-office functions including the Central Investment Services Department’s Data Services and Performance Reporting teams ensure the delivery of timely, accurate data and information across all asset classes, and provide detailed investment performance reports to key stakeholders.

As previously mentioned at 18 above the Evaluation & Follow-Up Division (EFD) advises and supports the Managing Director, and the Investment Committee that support ADIA’s governance framework.

EFD provides independent analyses and evaluations on investment and asset allocation proposals generated by ADIA’s investment departments and Strategy and Planning Department prior to their presentation to the Investment Committee. It also evaluates and prepares periodic reports on investment departments’ performance, strategies, risk profile, structure and resources, and on ADIA’s overall investment performance including the impact of its asset allocation decisions.

Principle 24

24. A process of regular review of the implementation of the GAPP should be engaged in by or on behalf of the SWF.

ADIA regularly reviews its implementation of the GAPP and publishes details regarding the implementation of the GAPP in this updated self-assessment report.