ESG Thema

SPECIAL COP28

A significant win for climate diplomacy on the back of strong technological tailwinds, daunting challenges ahead

MAIN OUTCOMES OF THE 28th CONFERENCE OF THE PARTIES

Key takeaways

- The stakes at COP28 could not have been higher. Hosted in Dubai, UAE, from November 30th to December 12th, the outcomes of the first **Global Stocktake** (GST) were presented. The GST is the world's first exhaustive check-up on progress towards meeting the objectives of the 2015 Paris Agreement, and it showed that global greenhouse gas (GHG) emissions levels have exceeded interim targets and are off-target for the near-term goals of 2030. For the first time, following the outcomes of the GST, 198 countries agreed on a **landmark deal to transition away from fossil fuels**.

- On the first day of COP28, the **Loss and Damage fund** was operationalised. 18 countries have now committed to the fund, with $725 million pledged. While the operationalisation of the Loss and Damage fund is a great success of COP28, more still needs to be done for EMDEs, such as a new collective quantified goal on climate finance to replace $100 billion per year commitment to EMDEs made at COP15 in Copenhagen.

- The **Global Decarbonization Accelerator** (GDA) was launched during COP28, a series of initiatives to accelerate the energy transition and reduce global GHG emissions, mainly in the industry, energy and the transport sectors.
  - These initiatives include the **Global Pledge on Renewables and Energy Efficiency**, which sets global targets to triple the global installed capacity of renewable energy and double the global rate of energy efficiency improvements by 2030 compared to the previous decade.
  - Another initiative is the **Industrial Transition Accelerator** (ITA), which aims to accelerate the decarbonisation of key heavy-emitting sectors across industry, transport and energy, focusing on sub-sectors that generate 1/3 of global emissions.
  - Yet another is the **Oil and Gas Decarbonisation Charter**, signed by 50 companies representing 40% of global oil production, who commit to zero methane emissions and end routine flaring by 2030 to total net zero operations by 2050 or sooner.

- The negotiations at COP28 were also around the operationalisation of Art. 6 of the Paris Agreement, which might change the way the carbon markets operate. Convergence between compliance and voluntary carbon markets (beyond the ill-fated CDM) could significantly benefit climate mitigation actions. At COP28, a **joint framework for voluntary carbon markets** was announced, covering standards both on the demand side and supply side to ensure end-to-end integrity of voluntary carbon markets.

- During COP28, significant attention was also given to biodiversity, gender equality, peace, and other topics that are interconnected to climate action. Key outcomes include the **Declaration on Sustainable Agriculture, Resilient Food Systems, and Climate Action** endorsed by over 130 countries, committing to integrate food and food systems into their NDCs by 2025, and the **Declaration on Climate Relief, Recovery and Peace** signed by 74 countries and 40 organisations, aimed to ensure that climate action and finance reaches countries and communities that are highly vulnerable to climate change and threatened or affected by fragility, conflict, or severe humanitarian needs.

- **Pledges at COP28 mostly revolved around three out of the five key areas selected by the IEA to keep the 1.5°C objective of the Paris Agreement alive, which is a great success for what concerns climate negotiations. Yet, there is still a lot of room for improvement. COP28 pledges meet only 30% of needed emissions reductions: to achieve the objectives of the Paris Agreement, the glass is still mostly empty.**

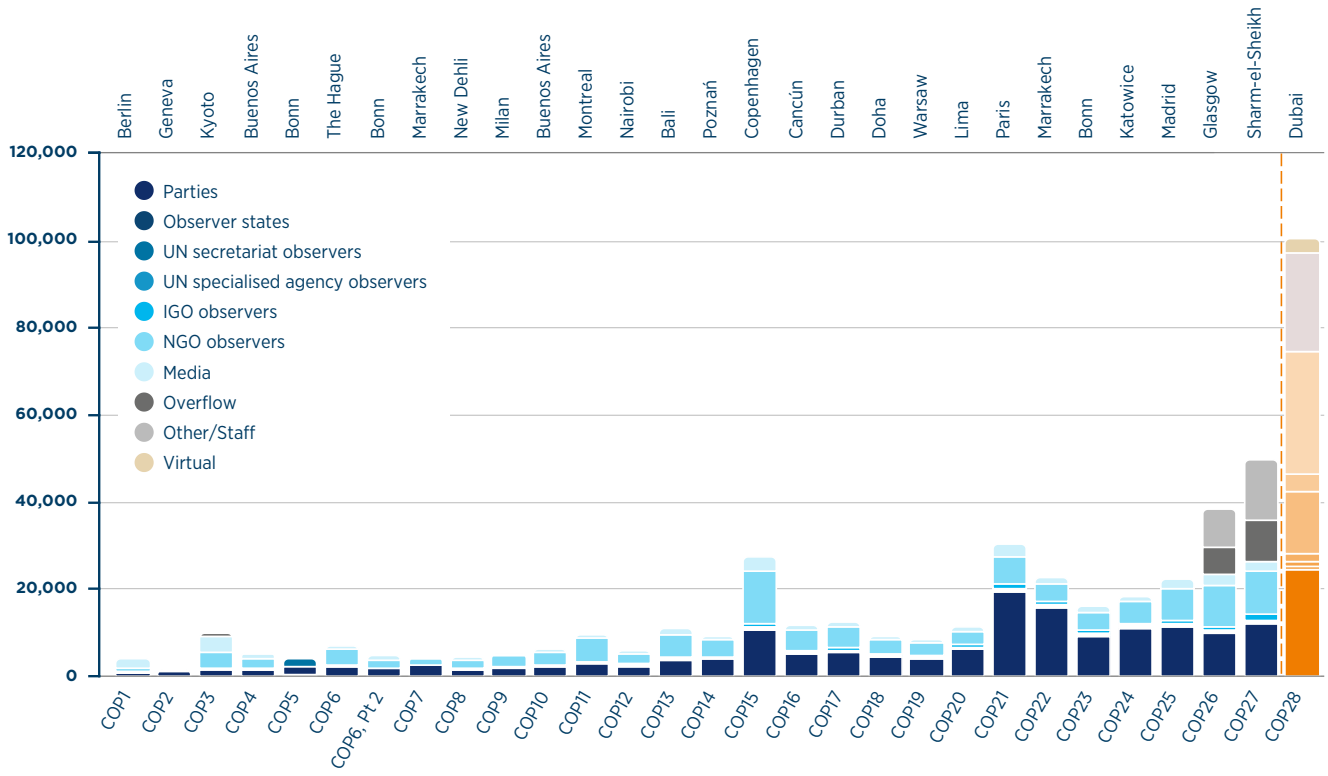
Introduction

From November 30th to December 12th 2023, the 28th Conference of the Parties of the UNFCCC, more commonly referred to as COP28, was held in Dubai. This conference is the largest annual international meeting on climate organized by the United Nations, since 1992: government representatives from 197 countries come together to attempt to agree on action for the climate crisis. With time, the conference has gathered also gathers financial actors, corporates and civil society. The commitments made during the conference go beyond policymaking.

Following a year of increased weather extremes' frequency and broken temperature records, the stakes for this year's COP28 could not have been higher. The outcomes of the first Global Stocktake (GST) were presented at COP28: it was the world's first exhaustive check-up on progress towards meeting the objectives of the 2015 Paris Agreement, and it showed that global greenhouse gas (GHG) emissions levels have exceeded interim targets and are off-target for the near-term goals of 2030. This calls for governments to work on updating Nationally Determined Contributions (NDCs) for 2035, and yet there are other technical, financial and political actions that are necessary to correct the course of global GHG emissions before time runs out.

COP28 was also a controversial climate change conference, mainly due to the location and COP28 President choices. The United Arab Emirates, where COP28 took place, is among the world's ten largest oil producers. Sultan Al Jaber, CEO of Abu Dhabi National Oil Company (ADNOC), a global leader in the oil and gas industry, was nominated to host COP28. Despite the controversy, COP28 registered a record number of attendees: **nearly 100,000** registered to attend, of which 25,000 negotiators, 30,000 "Party overflows" (people that are not part of a country's official delegation), 14,000 NGO observers, 4,000 media representatives, 2,000 IGO observers, 2,000 UN observers, and 23,000 staff.

Total attendance at COPs through the years



*Source: **Carbon Brief with data published by the UNFCCC** (December 2023)*

Ahead of the conference, the COP28 President wrote a **letter to parties** outlining his priorities for the negotiations. First, climate mitigation, which consists in reducing emissions by phasing down fossil fuels and expanding renewables. Second, ensuring a just transition for emerging markets and developing economies, which consists of deploying affordable and accessible finance and green technologies in low and middle income countries. Third, climate adaptation: building resilience to adverse climate change impacts can be done by operationalising the Loss and Damage fund, for example, and by examining the interconnections between climate, nature and people. Fourth and last, ensuring the climate negotiations are inclusive.

This paper elaborates on the key outcomes of COP28 negotiations, and some of the consequent implications for investors.
The outcomes have been grouped in five main categories:

1. The Global Stocktake;
2. Climate finance;
3. Emissions reduction, further divided into the Global Decarbonisation Accelerator, carbon markets, and fossil fuels phase down and phase out;
4. Nature-related outcomes; and
5. Other remarkable outcomes interconnected with climate action.

1 The Global Stocktake

At COP28 the outcomes of the first Global Stocktake (GST) were presented. The GST measures progress towards meeting the objectives of the 2015 Paris Agreement. It showed that global GHG emissions levels have exceeded interim targets and are off-target for the near-term goals of 2030: global greenhouse gas (GHG) emissions need to be **cut by 43% by 2030 and 60% by 2035 from 2019 levels,** aiming for net zero GHG emissions by 2050. This has far-reaching implications for maintaining the 1.5°C target of the Paris Agreement as a realistic option.

This regular assessment, happening every five years, goes beyond measuring achievements to encourage nations towards higher climate goals. It recommends numerous technical, financial and political actions that are necessary to correct the course of global GHG emissions before time runs out. Transformative change needs to happen across all sectors: scaling up renewable energy, phasing out all fossil fuels, ending deforestation, reducing non-CO_2 emissions, and implementing both supply- and demand-side measures.

"The Global Stocktake shows that we need to rapidly accelerate investments in the energy transition by scaling-up renewable energy while phasing-out fossil fuels. It specifically calls out the urgent need to get financing to developing countries in order to avoid locking-in fossil fuel infrastructure. [...] It is absolutely clear that public funding alone will not be sufficient – the transition will require unprecedented amounts of private capital to flow to the Global South, which is not happening today."

Ani Dasgupta, President & CEO, World Resources Institute

Assessing progress of State entities towards the 1.5°C goal

By 2025, governments will have to work on updating Nationally Determined Contributions (NDCs) for 2035, as current NDCs increase global temperatures **by 2.5-2.9°C**, well beyond the objectives of the Paris Agreement (1.5°C). Expected edits to NDCs include phasing down and out of fossil fuels, and scaling up renewables to replace fossil fuel energy.

On December 13th, 198 countries have **agreed on a deal to transition away from fossil fuels** to keep the 1.5°C objective of the Paris Agreement in reach. This is a historic achievement, as no language on moving away from fossil fuels had been previously agreed on, and it represents significant progress for the countries that want to advance in climate action. Specifically, the text calls on countries to "transition away from fossil fuels in energy systems in a just, orderly and equitable manner, accelerating action in this critical decade" to reach global net zero emissions by 2050. It focuses on the phase down of unabated coal power, though it gives no timeline. It also states countries should triple renewable energy capacity and double energy efficiency by 2030, and calls for countries to develop low-carbon technologies including nuclear, low-carbon hydrogen and carbon capture and storage, as was agreed in the Global Decarbonisation Accelerator some days ago. On climate finance, it also mentions it should "increase manyfold".

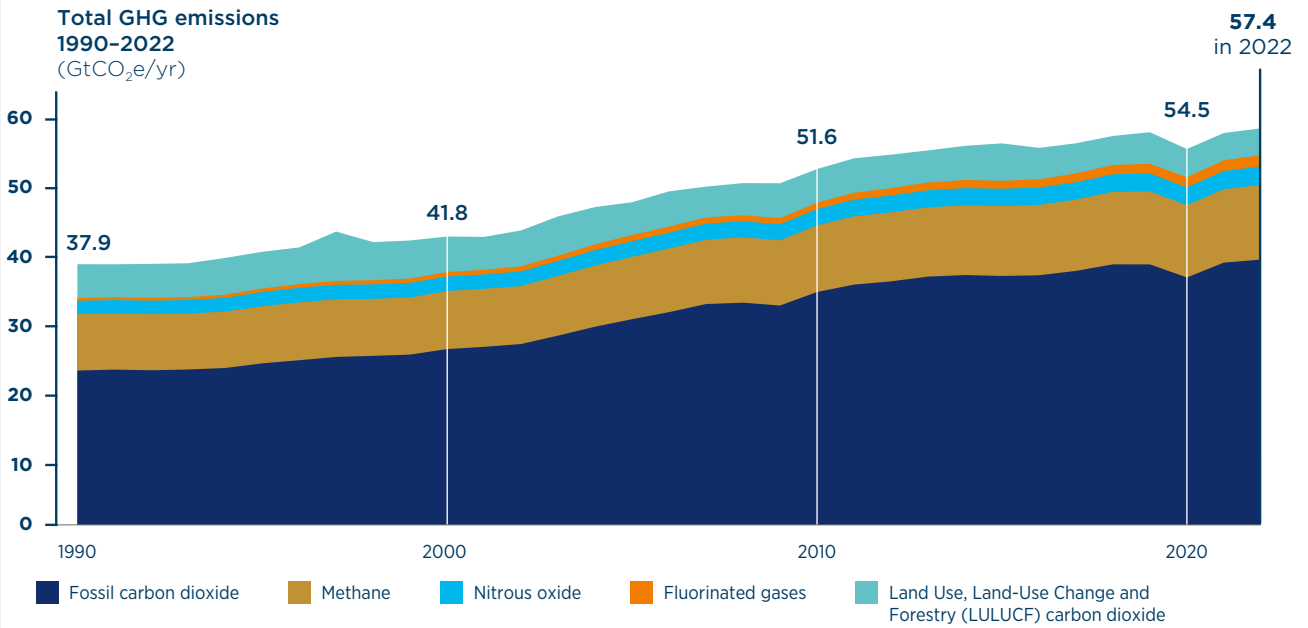
Yet, the agreement made is not perfect. First, it still relies on swift implementation by countries to turn the agreement to tangible action. Second, it lacks clarity on how EMDEs will finance their transition away from fossil fuels and adapt to a warming climate. Third, developed countries are not required to move as fast as they should in their transition either.

1 The Global Stocktake

To ensure that the credibility and accountability of net zero targets are underpinned with coherent policies and regulatory certainty, the UN has launched a new **Taskforce on Net Zero Policy**, building on High Level Expert Group (HLEG) on Net Zero Emissions Commitments of Non-State Entities. A detailed mandate has yet to be released.

The UAE made a **call to action for non-CO_2 GHG emissions to be included in 2035 Nationally Determined Contributions (NDCs)**, which echoes the Sunnylands Statement signed by the US and China in November 2023. In addition, over $1 billion in new grant funding specifically aimed at methane reduction has been agreed upon by governments, philanthropies and the private sector, which is more than three times current annual grant funding. Including non-CO_2 GHG emissions in NDCs would have the potential to address **nearly 27% of human-induced GHG emissions**.

Total net anthropogenic GHG emissions by gas, 1990–2022



*Source: **UNEP Emissions Gap Report** (November 2023)*

Assessing progress of non-State entities towards the 1.5°C goal

Unlike the Global Stocktake for the Parties to the UNFCCC, there is no global assessment of non-State entities towards meeting the objectives of the 2015 Paris Agreement. There are various coalitions that gather non-State actors taking action to support the global objective of net zero, such as **UNFCCC Race to Zero**. Over 13,000 members have joined Race to Zero, to collectively halve global emissions by 2030.

For what concerns companies, there are initiatives that track their climate progress, such as Disclosure Insight Action (CDP) and Transition Pathway Initiative (TPI). Both CDP and TPI have a relatively broad coverage, 18,600 and 1,000 companies respectively, but their analysis is not as comprehensive as that of the Global Stocktake for States.

According to CDP's **2022 Climate Transition Plan** report, out of 18,600 companies, only 4,100 declared they had already developed a Paris-aligned climate transition plan, and of those, only 81 (0.4% of all companies) back the claim with sufficient evidence. Another 6,520 organisations reported they were planning on developing a transition plan in the near future. For a credible transition plan, over 1/3 of companies met the criteria for disclosure in the "risks & opportunities" category, but "financial planning", "targets", and "strategy" were the poorest performing ones (met by 3%, 4% and 7% of companies respectively). The industries with the highest level of disclosure were power generation and infrastructure (with 2.2% and 1.7% of all organizations), while those with the lowest level were the apparel, fossil fuels, and hospitality industries (with

1 The Global Stocktake

only one organization in each of these industries disclosing on all the categories assessed).

TPI's **2023 assessment** covers over 1,000 publicly-listed companies, including those in the highest-emitting sectors, which collectively constitute 90% of the total market capitalisation of those high-emitting sectors. The initiative found that only 1% were aligning their capex with long term decarbonisation goals, only 2% had committed to phase out capex in carbon-intensive assets.

According to **MSCI Net Zero Tracker**, at the rate of current emissions, listed companies are set to use their share of the global carbon budget to limit temperatures rise to 1.5°C by April 2026, and to 2.5°C by 2050. Yet, according to a recent **analysis by Accenture** on the 2,000 largest companies by revenue globally, the share of companies with net zero targets continues to grow, especially in Europe.

For what concerns financial actors, there are initiatives that track progress of members of the **Glasgow Financial Alliance for Net Zero (GFANZ)**, such as the Net Zero Finance Tracker by Climate Policy Initiative. GFANZ was launched in April 2021 in partnership with the Race to Zero campaign, to coordinate efforts across all sectors of the financial system to accelerate the transition to a net zero global economy. As of December 31st 2022, GFANZ members were 562 private financial institutions, with a total of $80 trillion assets under management.

The **Net Zero Finance Tracker** measures financial actors' progress towards achieving the objective of the Paris Agreement: their commitments, actions, and impacts on the wider economy. Its results include:

- Despite significant progress in recent years, most GFANZ members are just starting to adopt broad net zero mitigation targets. While the number financial actors with a climate mitigation goal has almost doubled between 2021 and 2022, climate investment targets and fossil fuel divestment goals are lagging behind.
- There has also been slow progress concerning actions taken to reach climate targets: 57% of GFANZ members have reached the "Initial Response stage of Implementation", with most progress seen on "Climate Risk Management", "Strategy and Disclosure" as well as the adoption of "Internal Accountability Frameworks". While most GFANZ members commit to climate stewardship, less than 20% have encouraged net zero transition activities.
- In terms of impact, while green lending activities from GFANZ members have increased by 30% between 2020 and 2022, exposure to fossil fuels remains significant, and green investment still fall short of what is needed to achieve the Paris Agreement.

Net Zero Data Public Utility

At COP28, French President Emmanuel Macron and UN Secretary-General's Special Envoy on Climate Ambition and Solutions Michael Bloomberg announced the proof of concept of the **Net Zero Data Public Utility (NZDPU)**, which will shift to a fully functioning offering. The NZDPU will be the world's first global, centralized, free, and open repository for private sector climate transition-related data.

"The most valuable currency in financial markets is reliable data. This new data portal will allow investors and regulators to see which companies are making progress on their commitments, while also empowering the public to hold companies accountable for backing up words with action."

Michael R. Bloomberg, UN Secretary-General's Special Envoy on Climate Ambition and Solutions

1 The Global Stocktake

IMPLICATIONS FOR INVESTORS

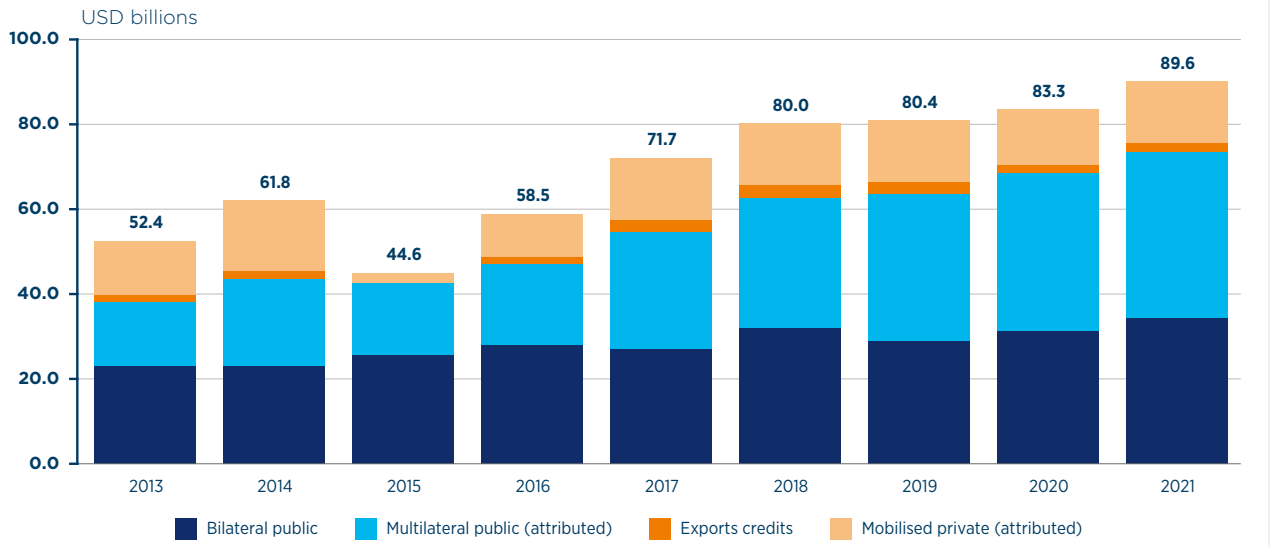
Net Zero data is essential for estimating climate risk, but coordinated regulation remains the cornerstone of the transition. While it is clear where we must go, how and when we will move away from our dependence on fossil fuels is still to be clarified. In the absence of a clear regulatory framework, investments from industrials and investors to decarbonise the power sector and industrial processes will remain sub-optimal. This lack of clear and stable regulatory framework targeting both demand and supply can be costly, Net Zero investors financing the way the economy should work to reach net zero targets could be penalized by not funding the way the real economy actually works.

For this reason, Net Zero investors should welcome the creation of the Taskforce on Net Zero Policy that seek to move from voluntary initiatives to regulatory requirements that ensure accountability on Net Zero targets. The final result on the Global Stocktake, which clearly underlines the need to transition away all fossil fuels in the energy system for the first time, is another step in the right direction. The pace, target year and means of achieving this goal remain in the hands of governments. On this front, we remain conscious of the uncertainty surrounding the implementation timeline considering the instability of local political and international geopolitical context. With the upcoming US election, concerns are already being voiced regarding the implementation of the Inflation Reduction Act (IRA) at the national level, which could also undermine the future of the Paris Agreement. Consequently, evaluating climate ambition and action of both sovereigns and corporates should be performed hand in hand with a thorough monitoring of Net Zero-related regulations.

2 Climate finance

During COP15 in Copenhagen in 2009, developed countries had agreed to a **collective goal of mobilizing $100 billion per year by 2020** towards climate action in developing countries. According to the OECD, climate finance increased **from $52.4 billion in 2013 to $89.6 billion in 2021** ($53.8 billion for mitigation and $24.6 billion for adaptation) – still far from the $100 billion/year target. The OECD also states that **the goal looks likely to have been met ahead of 2023.**

Climate finance provided and mobilised by developed countries (in USD billions)



The gap in the private finance series in 2015 is due to the implementation of enhanced measurement methodologies. As a result, private flows for 2015-18 cannot be directly compared with private flows for 2013-14.

*Source: OECD, **Climate Finance Provided and Mobilised by Developed Countries in 2013-2021** (2023)*

The needs for climate mitigation and adaptation are dire, especially in emerging markets and developing economies (EMDEs). **Per capita GHG emissions in EMDEs are 1/4 of those in advanced economies** – but EMDEs are set to account for the largest source of emissions growth in the coming decades. EMDEs currently account for only **1/5 of global investment in clean energy, even though they are 2/3 of the world's population**. To meet rising energy needs, annual investment in clean energy in EMDEs will need to go **from $770 billion per year in 2022 to $2.4 trillion per year by the early 2030s**.

Climate finance has been at the centre of the attention at COP28. As an example, during the first four days of COP28, **over $57 billion in climate finance had been mobilised**, and **$83 billion had been mobilised by day 5**.

2 Climate finance

Loss and Damage fund

The Loss and Damage Fund was created last year during COP27 in Sharm El Sheikh, aimed at directing capital towards low and middle income countries most exposed to adverse effects of climate change, such as extreme weather events. Even though it was praised as a landmark agreement, no consensus could be reached to set it in motion, and therefore was left 'an empty promise'. On the first day of COP28, during the opening plenary, an **agreement was reached to operationalise the fund**: at time of writing, 18 countries had committed to the fund, with $725 million pledged.

While the operationalisation of the Loss and Damage fund is a great success of COP28, more still needs to be done for EMDEs, such as a new collective quantified goal on climate finance to replace $100 billion per year commitment to EMDEs made at COP15 in Copenhagen.

Blended finance

COP28 also saw unprecedented levels of Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs) commitment, both in terms of mobilization coupled and willingness and political support to reform. In a **joint statement for MDBs Long-Term Strategy**, they committed to better support countries in terms of strategic and policy advice and financial resource mobilization for climate. Following the statement, there were many pledges and coalitions launched during COP28, the most significant of which are reported below.

Global Capacity Building Coalition

MDBs and DFIs announced the launch of **Global Capacity Building Coalition** with the aim to increase climate finance capacity building and technical assistance programs for financial institutions in EMDEs. The global collaboration is unprecedented and is expected to increase the availability of climate finance technical assistance programs for financial institutions.

"Banks and financial institutions are the lifeblood of economies. Building their capacity in climate finance, especially in emerging markets, is vital to accelerating the transition. The World Bank is proud to contribute our knowledge and experience to support this important coalition."

Ajay Banga, President of the World Bank

Net Zero Export Credit Agencies Alliance

The **Net Zero Export Credit Agencies Alliance (NZECA)** for export credit and export import banks was launched by leading public finance institutions committed to supporting the global goal of net zero by 2050 and facilitate action from public and private finance.

Just Energy Transition Partnerships

The **Resource Mobilisation Plan (RMP) of Vietnam's Just Energy Transition Partnership (JETP)** was launched. This is a key step to implementing the commitments made during the launch of the partnership in December 2022, and will help Vietnam to finance the projects needed to deliver the country's climate targets. The RMP has mobilized a total of $15,8 billion. It will be updated as the implementation of the JETP continues, in terms of priority actions needed to boost renewables and scale down from fossil fuels, but also ensure the transition is socially acceptable.

The JETP scheme, launched in 2021 during COP26, is advancing also for other countries, such as **South Africa** ($8.5 billion plan announced at COP27, which will be implemented in February 2024) and **Indonesia** ($20 billion plan announced during the G20 meeting in November 2023).

Commitments to include climate-resilient debt clauses

The UK, France, and MDBs such as the World Bank, IADB, EIB, EBRD, and AfDB, **have committed** to increase climate-resilient debt clauses (CRDCs) in their lending to support EMDEs. For example, the UK announced the delivery of new CRDCs in Senegal and Guyana, while the World Bank said it would start offering them to existing loans. We expect such clauses to become more widespread as this gets picked up by private sector arrangers and lenders.

2 Climate finance

Other climate finance commitments

To unlock private finance, the United Arab Emirates launched "ALTÉRRA" – a **$30 billion fund** aimed at **climate finance in EMDEs**, with initial allocation to three North American managers. The focus of investments will remain on energy transition, industrial decarbonization and green technology. The fund aims to further mobilize **$250 billion** by 2030. The UAE has also announced that **$200 million** will be allocated to the IMF Special Drawing Rights reserve, to strengthen climate resilience in developing countries. Moreover, the country allocated **$150 million** to finance water security.

The United States of America announced it will mobilize an additional **$3 billion** to the Green Climate Fund (GCF), the largest international fund dedicated to supporting developing countries to tackle climate change. A total of **$3.5 billion** has been announced to replenish the GCF, reaching record funding level in its second replenishment to **$12.8 billion**.

Additionally, the World Bank has announced an increase of **$9 billion annually** to finance climate-related projects.

Declaration on a Global Climate Finance Framework

The **Declaration on a Global Climate Finance Framework**, currently backed by 12 countries, seeks to make climate finance available, accessible, and affordable, scale up collective action for climate, create opportunities for all, and deliver at scale. Some of the commitments include: investing $5-7 trillion per year by 2030 to achieve shared climate goals, delivering on commitments and achieving ambitious outcomes (such as the $100bn/year commitment to EMDEs by 2025), setting out a common set of aspirations around climate finance, and recognising the importance of high-integrity carbon markets.

Singapore-Asia Taxonomy for Sustainable Finance

A remarkable outcome for what concerns taxonomies, standards and framework is the launch of the **Singapore-Asia Taxonomy for Sustainable Finance** by the Monetary Authority of Singapore (MAS). After four rounds of public consultations over two years, this framework defines criteria and thresholds of sustainable or transition activities across eight sectors. The Singapore-Asia Taxonomy is the first to explicitly account for transition finance across sectors. Using a "traffic-light" approach, MAS aims to facilitate financing for green and transition activities, while activities posing significant harm are ineligible. To enhance interoperability with global taxonomies, MAS is performing a gap analysis with the China-EU Common Ground Taxonomy. MAS also introduced a **blended finance platform** and a **coalition to develop transition credits**, demonstrating Singapore's commitment to accelerating decarbonization in Asia.

"The Singapore-Asia Taxonomy is a significant milestone for several reasons. First, it is the first taxonomy globally that sets out credible definitions for transition activities.
Second, this taxonomy has extensive coverage – it covers sectors making up 90% of the region's greenhouse gas emissions. Third, this taxonomy is industry-led. It draws extensively on the experience of financial institutions and real economy players engaged in transition activities in the region."

Ravi Menon, MAS Managing Director

2 Climate finance

IMPLICATIONS FOR INVESTORS

The latest advancements in climate finance hold the promise of drawing increased capital into Emerging Market and Developing Economies (EMDE) by fostering diversification, reducing risks while enhancing liquidity.

Transition finance propels investors into traditionally high-emitting sectors and regions, recognizing the profound impact achievable in these areas. This approach, most importantly recognizing that most of the real-world impact can be achieved in the yet to be sustainable area of the economy, has the collateral impact to enlarge the investable universe of Net Zero investors. In addition, the sophistication of financial instruments from carbon credits to ESG-labelled bonds or catastrophe bonds provides investors with a wider range of financial means to reach both financial and extra financial objectives. Finally, a notable challenge is the disproportionate allocation of climate finance toward adaptation efforts, with 90% directed towards mitigation efforts only. It is therefore necessary to develop climate financing in new areas, particularly in EMDEs.

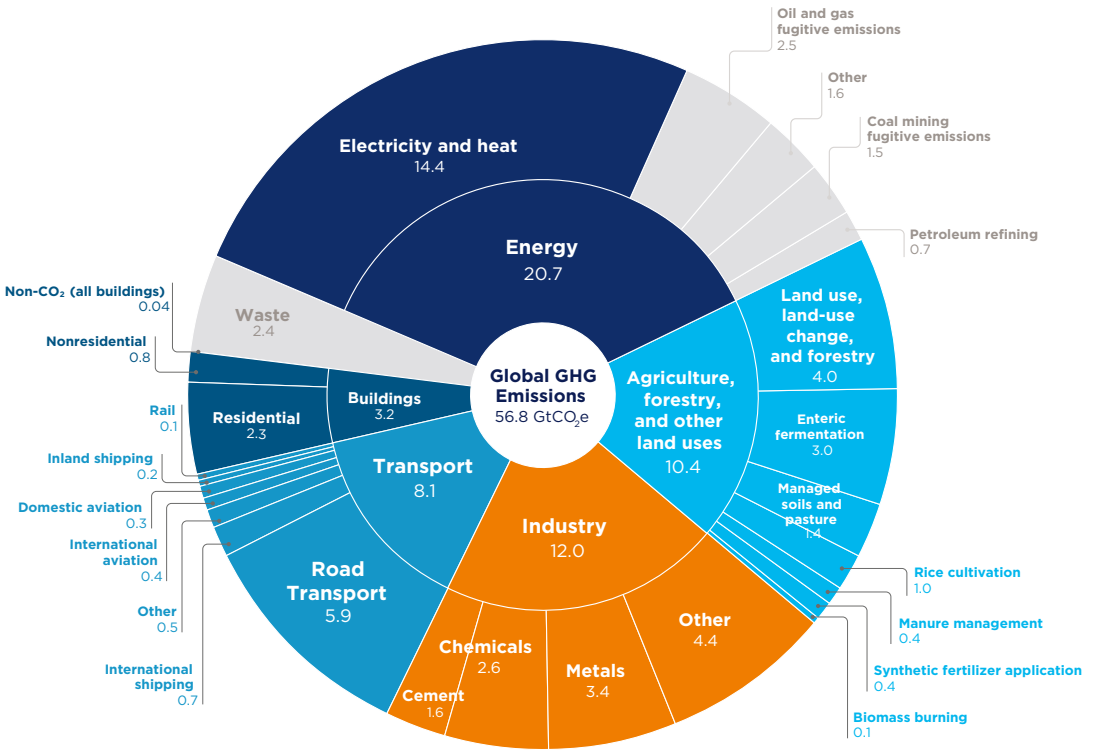
While the growth of GSS+ bonds markets in EMDEs reflects a positive trend, the discussion on Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs) reform underscores the need for significant changes in the global financial system. For instance, the proposed MDB Reform agenda published during the India G20 Presidency includes the creation a funding mechanism that would permit flexible and innovative arrangements for investors willing to support elements of the MDB agenda.

Despite those positive signals and initiatives, it is essential to acknowledge the macroeconomic context acting has brought significant headwinds for climate action in EMDEs since the Ukraine war. In a risk-off environment, institutional investors may be reluctant to favour allocations to emerging markets while opting for hard currency debt. Additionally, the higher interest rates environment directly impacts the present value of future cash flows, influencing investor preferences for projects with secure and short-term cash flows such as fossil fuels related projects over those projecting long-term and uncertain cash flows. This macroeconomic context further calls for creating the infrastructure and the mechanism that balances risk and return while providing the sufficient liquidity to attract a diverse set of investors. In this sense, by creating a stable and secure investment environment that encourages the participation of risk-averse investors, the catalytic role of blended finance is more important than ever.

3 Reducing emissions: the Global Decarbonization Accelerator

According to the **State of Climate Action 2023,** the economy sector transformations needed to align with the Paris Agreement are not occurring at a fast enough pace and a great enough scale. Only 1 of 42 indicators assessed – the share of electric vehicles in passenger car sale track for the 2030 target. For the remaining indicators, progress is promising but insufficient for 6, and well below the requirements for another 24. Progress towards 6 indicators is heading in the wrong direction, and data are insufficient to evaluate the remaining 5.

Total net anthropogenic GHG emissions by sector, 2022



Notes: CO_2 = carbon dioxide; GHG = greenhouse gas; $GtCO_2e$ = gigatonnes of carbon dioxide equivalent. Note that sectors in grey are excluded from this report. Source: World Resources Institute, ***State of Climate Action 2023*** *(November 2023)*

3 Reducing emissions: the Global Decarbonization Accelerator

To align with 2030 targets, shifts to low-carbon investments need to occur more than ten times faster: the development of clean energy can cut fossil fuel demand **by more than 25% by 2030 and 80% in 2050**. Progress in adopting zero-carbon technologies must be accelerated, and the much-needed support to all sectors must be expanded, especially those lagging furthest behind. Increasing electrification with clean technology developments, improving in energy efficiency, cutting methane emissions and building up renewables can provide **more than 80% of the emissions reductions needed by 2030**.

According to the **International Energy Agency (IEA)**, keeping the door open to 1.5°C requires action on five areas by 2030: tripling global renewable power capacity, doubling the rate of energy efficiency improvements, aligning activities from the fossil fuel industry with the Paris Agreement (starting by cutting methane emissions from operations by 75%), establishing large-scale financing mechanisms to triple clean energy investment in EMDEs, committing to measures that ensure an orderly decline in the use of fossil fuels (including the elimination of new approvals of unabated coal-fired power plants).

The COP28 President launched the **Global Decarbonization Accelerator (GDA)**, a series of initiatives to accelerate the energy transition and reduce global GHG emissions, mainly in the industry, energy and the transport sectors. The GDA is based on three pillars:

1. Scaling up renewable energy and energy efficiency **(Global Pledge on Renewables and Energy Efficiency, Hydrogen Declaration of Intent)**
2. Decarbonising the energy system **(Oil and Gas Decarbonisation Charter, Industrial Transition Accelerator)**
3. Targeting methane and other greenhouse gases **(Global Methane Pledge, Global Cooling Pledge)**

Global Pledge on Renewables and Energy Efficiency

As of Friday December 8th, 130 countries accounting for **40% of global CO_2 emissions from fossil fuels, 37% of global energy demand and 56% of global GDP**, signed the **Global Pledge on Renewables and Energy Efficiency**. The pledge sets global targets to triple the global installed capacity of renewable energy (to at least 11,000 gigawatts) and double the global rate of energy efficiency improvements by 2030 compared to the previous decade (from around 2% to more than 4% ever year until 2030). Delivering these targets will support the transition to a decarbonised energy system, and help to phase out unabated fossil fuels. The Pledge seeks to embed the principle of "energy efficiency" at the core of policy making, planning and major investment decisions. $2.5 billion were mobilized for renewables, and $568 million to drive investments in clean energy manufacturing.

The Pledge **recognizes the role of international cooperation** to achieve the targets and it also highlights the importance of resilient value chains and technology developments. The Pledge emphasizes the cross-border interconnections and calls for an annual review of the progress made till 2030 through meetings and publication of reports.

Hydrogen Declaration of Intent

27 countries have endorsed the **Hydrogen Declaration of Intent**, a global certification standard and recognised existing certification schemes, to help foster global trade in low-carbon hydrogen.

Industrial Transition Accelerator (ITA)

Endorsed by 35 companies and 6 industry associations, the **Industrial Transition Accelerator (ITA)** aims to accelerate the decarbonisation of key heavy-emitting sectors across industry, transport and energy, focusing on sub-sectors that generate 1/3 of global emissions, including steel, aluminium, cement, chemicals, shipping, aviation and parts of the energy supply chain. Carbon emissions from these sectors alone are likely to increase **by more than 30% by 2050**, if action is not taken rapidly to reduce them. Given the interconnections between heavy-emitting sectors, slow progress in one sector delays action in another.

Backed by $30 million from Bloomberg Philanthropies and COP28 Presidency, ITA will also encourage governments, technical experts and financial actors to unlock investments and scale up the implementation of emissions reduction projects.

3 Reducing emissions: the Global Decarbonization Accelerator

Oil and Gas Decarbonisation Charter (OGDC)

50 companies, who represent 40% of global oil production, signed the **Oil and Gas Decarbonisation Charter**, committing to zero methane emissions and end routine flaring by 2030 to total net zero operations by 2050 or sooner. This is the largest decarbonization pledge ever signed by national oil companies, and it is a fundamental breakthrough to increasingly align the industry with the objectives of the Paris Agreement.

To support signatories to the Charter, the World Bank announced the launch of **programs in 15 countries to cut methane emissions** by 10 million tons in the next year and a half, and announced two partnerships to further accelerate methane action: the Global Methane Reduction Platform for Development (DH4D) calls for the abatement of methane in the agriculture and waste sectors, and the Global Flaring and Methane Reduction Partnership (GFMR) focuses on reduction of methane leaks in the oil and gas sector. The GMFR has already received **wide support** from big O&G companies, that have donated capital to the trust fund. While still in its early days, these initiatives have the potential to mobilize the **$75 billion** required to achieve net methane emissions by 2030.

Global Methane Pledge

155 governments joined the **Global Methane Pledge**, announcing a series of national actions and catalytic grant funding to reduce methane by at least 30% by 2030. The signatories announced over $1 billion in new grant funding to reduce methane emissions, tripling current amounts mobilised. This is also accompanied by the launch of new national commitments and legislations from some of the world's biggest methane emitters: the US, for instance, unveiled new regulations to cut methane emissions from its vast oil and gas industry **by 80% by 2038 (a total of 58m tonnes)**. To monitor the progress of the commitment, a **Methane Alert and Response System and a new Data for Methane Action Campaign** has also been launched. $1.2 billion were pledged for methane emission reduction.

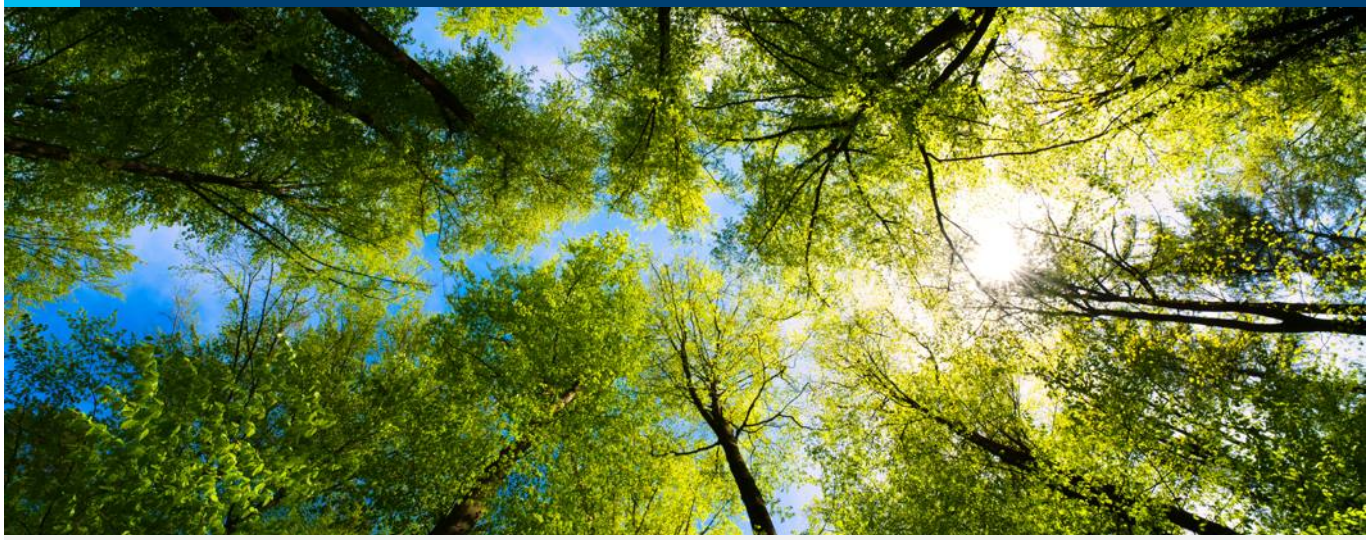
Global Cooling Pledge

Spearheaded by the UAE ahead of COP28, 52 countries have signed the **Global Cooling Pledge**, which targets reducing global cooling emissions by 68% by 2050. Cooling emissions account for 7% of global emissions, a figure expected to triple as more nations adopt air conditioning.

IMPLICATIONS FOR INVESTORS

COP28 has played host to many roundtables, panel discussions and initiative announcements regarding methane. Over a short time horizon, this potent greenhouse gas has a global warming potential nearly 30x greater than CO_2. Hence, cutting methane emissions presents an opportunity to get back on track with 2030 decarbonisation objectives. Methane is relevant across many sectors, including agriculture, utilities and waste, but most important of all is the oil & gas sector. Investors should expect issuers in the sector to allocate capital towards methane abatement technologies and beware of methane leaks risks. If most used to be underreported if reported at all, and not penalized, this is about to change with methane leak becoming more and more material as a sustainability risk. Fresh issuances of debt should be met with specific criteria, notably on disclosure and performance targets. Bond issuances for methane reduction projects should be conditional on short, medium and long-term targets. Crucially, whilst beneficial, methane abatement is no replacement for Scope 3 emissions reduction. Any fresh investment must reflect this in its selection criteria, performance penalties and incremental coupon rates.

4 Reducing emissions: carbon markets



Carbon markets are expanding rapidly: countries use compliance carbon markets, which currently cover **21% of global emissions**, while companies increasingly make use of voluntary carbon markets, buying carbon credits. As both carbon markets expand, convergence between them could significantly benefit climate mitigation actions.

Article 6 of the 2015 Paris Agreement allows countries to cooperate to achieve the objectives of their Nationally Determined Contributions (NDCs). Article 6.2 allows to trade emissions reductions across countries, and Article 6.4 aims to establish a global carbon market issuing credits that can be then bought by countries or companies.

Beyond COP28, negotiations between countries are taking place regarding the operationalisation of Article 6, which might change the way the carbon markets operate. At the same time, there are convergence initiatives taking place to decrease the price discrepancies between the two markets.

End-to-end integrity framework for voluntary carbon markets

At COP28, a joint framework for voluntary carbon markets was announced, covering standards both on the demand side (SBTi, VCMI) and supply side (ICVCM). The framework aims to ensure the **end-to-end integrity of voluntary carbon markets**.

On the supply side, six carbon crediting programs (responsible for over 90 percent of carbon credits) announced they will collaborate within the new framework and CFTC released draft rules for carbon credits traded on exchanges.

On the demand side, conversations have highlighted that "transition credits" could be an important enabler, specifically targeting the early retirement of coal-fired power plants. The urgency of the situation and the need to operationalize Article 6 of the Paris Agreement rapidly and deploy end-to-end high-integrity carbon markets to keep 1.5°C within reach.

High-integrity carbon markets are an essential tool for reaching net zero emissions. **Between 37,5% and 45% of emissions reductions** required by 2030 to limit warming to 1.5°C could be supported by high-integrity carbon markets, which include voluntary and country-to-country carbon markets.

Energy Transition Accelerator (ETA)

The **Energy Transition Accelerator (ETA) framework**, launched by the US State Department, the Rockefeller Foundation and Bezos Earth Fund, is designed to generate funding through the voluntary carbon market to help developing countries transition to cleaner sources of energy. The ETA will bring together governments and private sector stakeholders employing high-integrity carbon crediting to deliver faster, deeper greenhouse gas reductions by accelerating the transition from fossil fuels to clean power in developing and emerging economies. Based on preliminary estimates, the ETA could mobilize from $72 billion to $207 billion in transition finance by 2035.

4 Reducing emissions: carbon markets

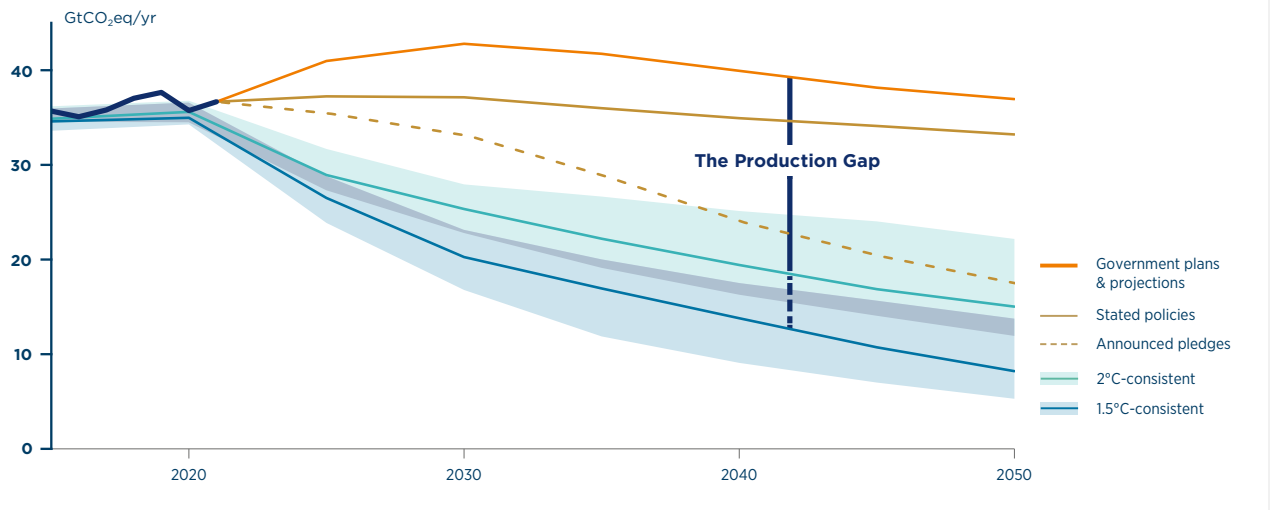
IMPLICATIONS FOR INVESTORS

For assessing the carbon credits of investees, or evaluating projects to offset their own financed emissions, enhanced integrity of voluntary carbon markets spells good news for investors and all stakeholders. The system has huge potential to divert capital flows to decarbonisation projects with added Sustainable Development Goals (SDGs) benefits, but in the current state it is inefficient and opaque. By reducing the high risks of frequent controversies which blight the sector, the framework could enable significant additional investment in this already rapidly growing market.

5 Reducing emissions: fossil fuels phase down and phase out

There is great misalignment between what governments have planned in terms of fossil fuel production, and the global production levels allowed to limit global warming well below 2°C. Governments, in aggregate, still plan to produce **around 110%** more fossil fuels in 2030 than would be consistent with alignment with 1.5°C, and **69%** more than would be consistent with limiting global warming to 2°C. **Government plans projections** see an increase in coal production until 2030, and oil and gas production until at least 2050, which is in conflict with the expectation that global demand for coal, oil and gas, will peak by 2030.

Global fossil fuel production gap



Source: UNEP, **Production Gap Report 2023** *(November 2023)*

There is a strong need for governments to adopt fossil fuel phase down and phase out policies, to complement other climate mitigation strategies discussed above. COP26 in 2021 saw the first **fossil fuel exit agreement by reducing coal use**, but there was no mention of oil and gas. At COP28, over 80 countries are calling for a broader agreement to phase out of all fossil fuels.

This position is supported by large Western producers such as US, Canada, the EU Member States, but also by some countries in Africa and Latin America, and small island States. The agreement is opposed by Russia, China, and Saudi Arabia, some of the world's largest carbon emitters.

5 Reducing emissions: fossil fuels phase down and phase out

Coal Transition Accelerator

The Powering Past Coal Alliance, France, Canada, the European Commission, Indonesia, Malaysia, Senegal, United Kingdom, United States, Vietnam and other organizations have launched the **Coal Transition Accelerator**. This initiative has the aim to share expertise, design policies and mobilize private and public funding to finance just transitions from coal to clean energy. It seeks to implement a strategy to decrease the cost of capital for clean energy investments in EMDEs, create options to source new private and public capital to transition the existing unabated coal fleet, and implement a "gold standard" to measure and assess climate and financial risks attached to private sector investments in new coal assets.

New members join the Powering Past Coal Alliance (PPCA)

To meet the objectives of the 2015 Paris Agreement, countries need to immediately end the construction of new coal power plants and phase out existing plants by 2030 in the OECD and EU, and by 2040 elsewhere. The Powering Past Coal Alliance (PPCA) is a coalition created six years ago of national and subnational governments, businesses and organisations working to advance the transition from unabated coal power generation to clean energy. **New members**, including the United States, the Czech Republic, Cyprus, Dominican Republic, Iceland, Kosovo and Norway joined the PPCA during COP28. Over 80% of OECD and EU countries are now members of the PPCA. Over **3/4 of coal-fired electricity generation capacity** in the OECD and EU is now on track to end by 2030, in line with what is required to limit temperature rise to 1.5°C.

"To meet our goal of 100% carbon pollution-free electricity by 2035, we need to phase out unabated coal, and we urge the world to join us in doing so, while working to grow good-paying clean energy jobs. Together with the Powering Past Coal Alliance, we will be working to accelerate unabated coal phase-out across the world, building stronger economies and more resilient communities. The first step is to stop making the problem worse: stop building new unabated coal power plants."

John Kerry, Special Presidential Envoy for Climate, United States

Enteric Fermentation R&D Accelerator and Lowering Organic Waste Methane (LOW-Methane)

About 40% of the world's methane emissions come from agriculture, and 70% of that is due to enteric fermentation. Private, public and philanthropic partners announced the **Enteric Fermentation Research and Development Accelerator**, a funding initiative of over $200 million for R&D technologies to reduce livestock methane emissions. This is the largest globally coordinated research fund on this topic.

The **LOW-Methane initiative** was launched to reduce methane reductions from the waste sector by 1 million metric tons per year before 2030. The ambition of the initiative is also to unlock over $10 billion in public and private investment.

Declaration to Triple Nuclear Energy

22 countries signed the **Declaration to Triple Nuclear Energy**, recognizing the key role of nuclear energy achieving the global net zero objective, and committing to work together to triple the world's nuclear energy capacity by 2050.

Utilities for Net Zero Alliance

The **Utilities for Net Zero Alliance (UNEZA)** was launched, supported by over 25 global utilities, with the commitment to advance electrification, renewables-ready grids, and clean energy deployment in line with 2030 Breakthrough goals and a net zero future by 2050.

Taskforce on International Taxation to Scale up Development and Climate Action

France and Kenya announced the launch of a new **Taskforce on International Taxation to Scale up Development and Climate Action**, to develop international taxes from industries depending on fossil fuels to fund green and climate-related investments in EMDEs. The Taskforce follows the Nairobi Declaration signed by African Heads of State, calling for a global taxation regime, such as a carbon tax on fossil fuel trade, maritime transport and aviation.

5 Reducing emissions: fossil fuels phase down and phase out

Cement and Concrete Breakthrough and Buildings Breakthrough

Launched by Canada and the UAE, the **Cement and Concrete Breakthrough** initiative, endorsed by a number of other countries, affirms the commitment to working with countries, businesses and international organizations to accelerate investments in technologies, tools, and policies for cement industry to reach net zero solutions by 2050. This follows the Breakthrough Agenda created at COP26, which accelerates decarbonization actions in five sectors of the economy: power, road transport, steel, hydrogen and agriculture. Also following COP26 Breakthrough Agenda, 27 countries have joined the **Buildings Breakthrough** initiative to increase near-zero emissions and climate resilient buildings by 2030.

Green Public Procurement Pledge

Member countries of the Industrial Deep Decarbonization Initiative (IDDI) have signed the **Green Public Procurement Pledge**, to purchase low-emission steel, cement concrete and set emissions reduction thresholds to create a market demand for low and near-zero emission steel, cement and concrete, helping to drive the global decarbonization of these heavy industries.

IMPLICATIONS FOR INVESTORS

The USA's participation in the PPCA represents a step forward for the phase-out of coal power in developed markets. As a non-binding declaration, membership does not equate to immediate action to phase-out coal however it is a symbolic statement of intent for future policy. Investors may expect more dialogue on coal phase-out as a result and, optimistically, more target-setting from banks and energy utilities in the near term.

In emerging markets, the CTA aims to provide additional support on reducing the cost of capital for renewable energy and just transition activities. There is an imperative to accelerate coal-phase out in emerging markets due to the rapid rate of electrification and associated risk of lock-in. As time goes on, it will become ever more difficult to decarbonise power in such regions. Investors may anticipate further opportunities to finance this vital transition, however the efficacy of the alliance's yet-to-be-developed 'gold standard' on climate and financial risks remains to be seen. An important obstacle is that notably two of the world's largest consumers of coal, China and India, are not members of the alliance.

Above all, the greatest implication for investors on emissions reduction relates to the landmark inclusion of 'transition' in the text relating to fossil fuels. This should filter down into the updated NDCs of all 198 signatories, finally providing investors with the policy certainty required to divert significant private capital flows from fossil fuels to clean energy. How this landmark deal will translate to national policy in practice remains to be seen and will no doubt vary between signatory nations.

6 Nature-related outcomes

Biodiversity is essential for the wellbeing of our societies and a healthy economic system, as it provides fundamental life-support functions. It is estimated that **$44 trillion** of economic value generation, over half of the world's GDP, is dependent on biodiversity. Biodiversity is declining at an unprecedented pace, and like climate change this is mainly due to human activity, which has significantly altered **75% of terrestrial and 66% of marine environments**.

Biodiversity is critical to both the 2030 UN Agenda for Sustainable Development (explicitly for SDGs 14 and 15) and the 2015 Paris Agreement. Climate change is one of the **top 5 direct causes** of biodiversity, and yet the former receives more attention than the latter. The **OECD** reported that funding for climate change mitigation accounted for 90% of funds allocated towards environmental measures, while biodiversity only accounted for 7%. At the same time, biodiversity and climate change are interconnected, and addressing biodiversity loss can have a key role to play in fighting climate change: **around 1/3 of GHG emissions reductions** required to limit global warming to well below 2°C could come from nature-based solutions.

Without action to counter biodiversity loss, this trend will accelerate further. Governments, businesses, and the wider financial system need to align their interests to preserve biodiversity before its decline becomes irreversible. Through urgent and coordinated actions that support transformative change, biodiversity loss can be halted and restored, and its resources exploited sustainably.

Declaration on Sustainable Agriculture, Resilient Food Systems, and Climate Action

134 countries, covering 70% of the world's land, signed the **Declaration on Sustainable Agriculture, Resilient Food Systems, and Climate Action**, committing to integrate food and food systems into their Nationally Determined Contributions (NDCs) by 2025. Other than the Declaration, **$2.6 billion** have been committed for food systems transformation, and **$2.6 billion** to protect nature.

Investment Mobilisation Collaboration Agreement

The US and Nordic countries have launched the **Investment Mobilisation Collaboration Agreement (IMCA)** to develop blended finance for climate-related investments in EMDEs, namely: climate mitigation and adaptation, and nature-based solutions. The project intends to mobilize up to $500 million in private capital to with a specific emphasis on Africa.

6 Nature-related outcomes

Declaration on Climate and Health

The **Declaration on Climate and Health**, endorsed by 125 countries, emphasizes urgent measures for resilient health systems and secures substantial financial commitments of $454 million. This marks a pivotal shift towards interconnecting health with climate action. Other than the Declaration, **$2.7 billion** have been pledged for health.

Task Force on Credit Enhancement of Sustainability-Linked Sovereign Finance for Nature and Climate

8 international organizations including the Agence Française de Développement (AFD), Asian Development Bank (ADB), African Development Bank (ADB) announced the formation of a **Task Force on Credit Enhancement of Sustainability-Linked Sovereign Finance for Nature and Climate** aimed at providing long-term fiscal solutions, avoiding short-term debt relief that relies solely on international development assistance.

Nature Solution Finance Hub

The Asian Development Bank (ADB) launched a **Nature Solutions Finance Hub (NSFH)** for Asia and Pacific. It seeks to bring in at least $2 billion in programs that incorporate nature-based solutions, to provide a wide range of activities that support awareness, policy and capacity building. Moreover, it will use finance measures to reduce risk, targeting $1 billion de-risking funds.

IMPLICATIONS FOR INVESTORS

Investors should take note of the interconnectedness of earth systems, including biodiversity and climate change, as both are essential components of global sustainability efforts and one cannot offset one versus the other. Despite this connection, there is a significant disparity in funding allocation, with climate change mitigation receiving a disproportionate share compared to biodiversity conservation. Investors can anticipate opportunities arising from the $2.6 billion commitment for food systems transformation, $2.6 billion for nature protection, and $454 million for resilient health systems. The formation of the Task Force on Credit Enhancement of Sustainability-Linked Sovereign Finance for Nature and Climate is noteworthy. Investors should monitor the outcomes of this initiative, as it aims to provide long-term fiscal solutions and avoid relying solely on international development assistance for short-term debt relief. GFANZ has prioritized the integration of nature into investment strategies for 2024. As progress are made in enhancing disclosure, improving data quality, and deepening the overall understanding of the interdependencies between climate and nature, investors should enlarge the scope by integrating nature-related indicators within Net Zero investment frameworks.

7 Other outcomes interconnected with climate action

Declaration on Climate Relief, Recovery and Peace

74 governments and 40 organizations have signed the **Declaration on Climate Relief, Recovery and Peace**, aimed to ensure that climate action and finance reaches countries and communities that are highly vulnerable to climate change and threatened or affected by fragility, conflict, or severe humanitarian needs. Other than the Declaration, **$1.2 billion** have been committed for relief, recovery and peace.

The Coalition for High Ambition Multilevel Partnerships (CHAMP) for Climate Action

Over 60 countries agreed to endorse the **Coalition for High Ambition Multilevel Partnerships (CHAMP) for Climate Action**. The CHAMP aims to foster collaborative, coordinated climate action between national and subnational governments, which plays a pivotal role in achieving emissions reduction, building resilience, and mitigating severe climate impacts. Other than the CHAMP, **$467 million** have been announced for urban climate action.

Gender-Responsive Just Transitions and Climate Action Partnership

Endorsed by 68 countries, the **Gender-Responsive Just Transitions & Climate Action Partnership** includes three-fold commitments to implement over the next three years, to support gender equality. These are: better quality data to support decision making in transition planning, more effective finance flows to regions most impacted by climate change, and education, skills and capacity building to support individual engagement in transitions.

IMPLICATIONS FOR INVESTORS

Investors, acting as fiduciaries and stewards of assets, can play a crucial role in achieving a just transition by connecting climate action with inclusive economy and sustainable development goals. The current retreat of democracies worldwide highlights the imperative to ensure the political acceptability of the energy and ecological transition. Much like the recent addition of the Just Transition dimension by NZAOA in its latest protocol, addressing the social facet of the transition is the condition of its success and acceptability of the transition.

Conclusion

Great attention was given to COP28: it was the most attended COP in history, notably due to the significant acceleration we observe in private sector mobilization, underpinned by the recent technological progresses in clean energy generation and policy programs in China, the US, and the EU.

Despite all the noise surrounding COP28, it will be remembered as the conference that managed to operationalise the much needed Loss and Damage fund for EMDEs, and the landmark agreement to transition away from fossil fuels after the first Global Stocktake. These outcomes alone, achieved in the opening and closing days of COP, are a great success. Other unprecedented successes concerning climate finance include the massive mobilisation of MDBs and DFIs, between their willingness to reform and political support for them to do so, as well as the commitments made for the replenishment of the Green Finance Fund and the creation of a new climate fund by the UAE.

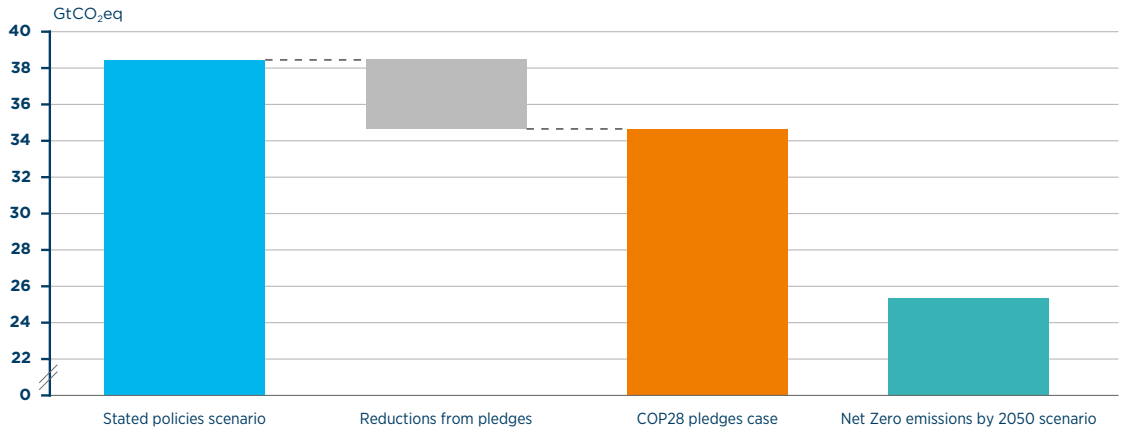
Other remarkable outcomes of COP28 include the call from many countries to phase out from all fossil fuels, as well as the effort to create a high-integrity voluntary carbon market. Concretely, pledges at COP28 revolved around three key areas: scaling up renewable energy, improving energy efficiency, and cutting methane emissions. These are three out of the **five key areas selected by the IEA** to keep the 1.5°C objective of the Paris Agreement alive.

In the context of relative setbacks for "ESG investing", COP 28 emerges as a catalyst for generating new commitments on issues that extend beyond the climate domain. This aligns with Net Zero initiatives that are calling for embarking natural capital and just transition within Net Zero Investment frameworks. Our belief is that long-term investors must continue to master of E, S, and G dimensions to stay ahead in a rapidly evolving environment. As our understanding of the intricate connections between climate, earth, and society evolves, our methodologies and tools to assess ESG risk strengthen. Long-term investors that put their foot down may pay the cost of inaction.

Yet, for Net Zero investors, navigating this surge of commitments poses a unique challenge: distinguishing what is truly material from what is not, whether for the portfolio or the planet. While the imperative to electrify the power sector with low-carbon electrons is evident, our economy isn't quite ready to make the switch overnight. Crucially, short and medium-term regulatory signals are still pending, leaving Net Zero investors in suspense about the optimal pace to redirect investments toward a net-zero economy across sectors. Commitment and investments will not pay off as long as coordinated regulation do not send the right signals.

There is still a lot of room for improvement for what concerns climate diplomacy. **COP28 pledges meet only 30% of needed emissions reductions**: to achieve the objectives of the Paris Agreement, the glass is still mostly empty.

Impact of COP28 pledges on global energy-related GHG emissions trajectory by 2030



Note: y axis is truncated

Source: International Energy Agency (December 8th, 2023)

While the operationalisation of the Loss and Damage fund is a great success of COP28, more still needs to be done for EMDEs, such as a new collective quantified goal on climate finance to replace $100 billion per year commitment to EMDEs made at COP15 in Copenhagen. Additionally, scaling up climate adaptation efforts at the global scale is now a necessity: a Global Goal on Adaptation – a framework with clear targets and a robust monitoring system – has to be devised to enhance support to EMDEs.

Finally, language on the outcomes to the Global Stocktake and the necessary updates to climate strategies must be more ambitious, for countries to keep the 1.5°C objective of the Paris Agreement in line. This should include greater details on implementation by countries and climate finance for EMDEs. COP29 will take place in Baku, Azerbaijan, in 2024. We look forward to the next Conference of the Parties to further scale up climate action, and hope that the negotiations will have more ground-breaking outcomes to reach the objectives of the Paris Agreement.

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