COP28 Reflections & Reduction Strategies

COP28 key outcomes and how businesses can implement meaningful reductions

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ClimatePartner – Your partner for climate action

EXPERTISE	**15+** years | **500+** experts worldwide | **6,000+** corporate clients
ONE STOP SOLUTION	Support throughout the entire **climate action journey**
SCALABLE TECH	State of the art **software** to leverage automation and efficiency
REDUCTION	**SBTi**, **Green Energy**, **Network Platform** etc.
CONTRIBUTION	**Development** of certified climate projects worldwide
LABEL	Provides **transparent disclosure** of your entire climate action strategy

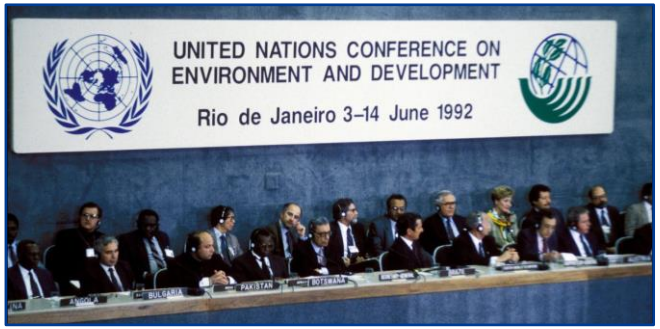
Agenda

1. **COP28, how did we get here and what were the expectations?**
2. What organisations and governments addressed during COP28
3. Understanding how to reduce your businesses Emissions
4. Reduction strategies in practice

How did we get here?
The origins of climate COPs

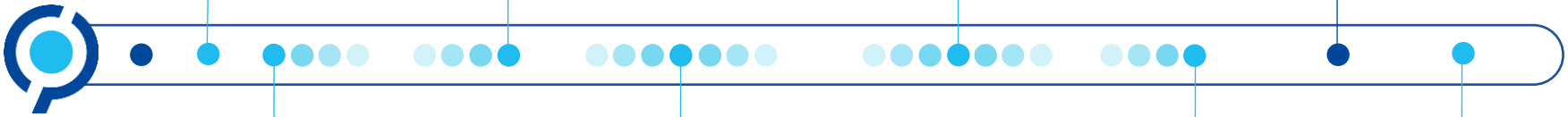
- **IPCC established in 1988:** WMO (World Meteorological Organisation) and UNEP establish the Intergovernmental Panel on Climate Change
- **Calls for global climate treaty in 1990:** IPCC and Second World Climate Conference Call for Global Treaty
- **Convention adopted in 1992:** The UNFCCC opens for signature at the Earth Summit in Rio

First session of IPCC.
Credit: International Science Council



What is COP28?

A timeline of key COPs from 1992-2023



1992 – UNFCCC

- UNFCCC was adopted at the Rio Earth Summit

1995 – COP1

- Parties agreed UNFCCC wasn't enough, parties need to make **specific pledges**

1997 – COP3

- **Kyoto Protocol** established binding emissions targets for developed countries

2010 – COP16

- **Limit warming to 2 degrees**, protect forests, and establish Green Climate Fund

2015 – COP21

- The **Paris Agreement**, where 195 nations pledged to keep global warming to 'well below' 2°C and 'pursue efforts to limit it to' 1.5°C.

2017 – COP23

- First COP to be presided over by a small-islands developing state (Fiji). Prior to the conference, Trump announced his intention to withdraw the US from the Paris Agreement.

2021 – COP26

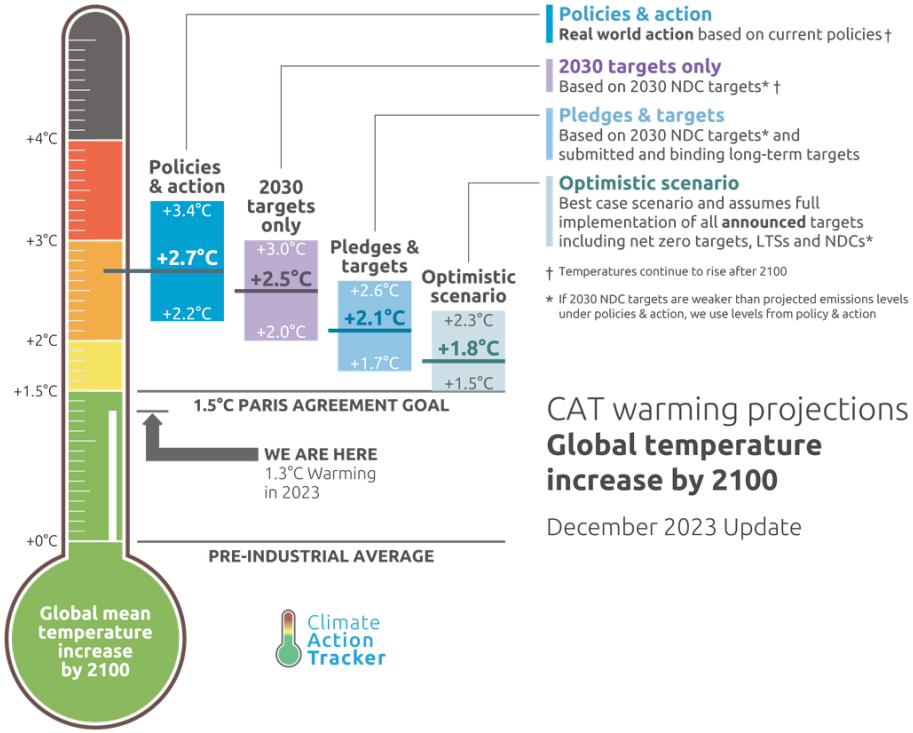
- US-China cooperation agreement. Phasing 'down' of coal: the first COP to come away with a target directly referencing a fossil fuel

2023 – COP28 and beyond

- '**Loss & Damage**' fund agreed upon
- Fossil fuels targeted explicitly for the first time in an agreement

Climate change is humankind’s most urgent challenge

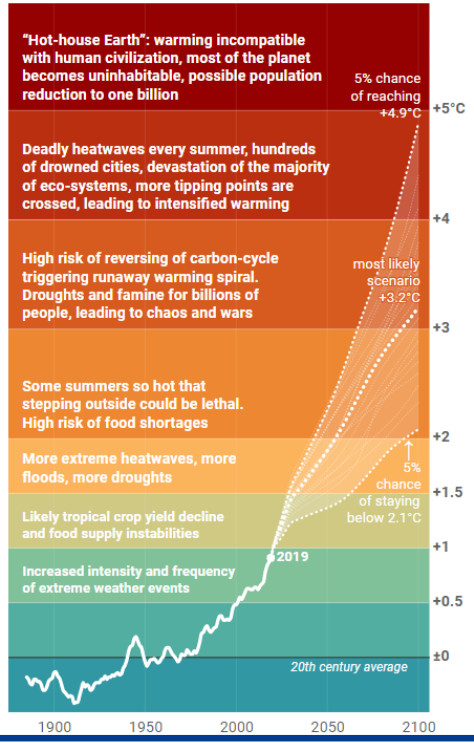
Current policy will lead to a warming of 2.7°C



We have less than 6 years until our remaining carbon budget runs out.

We are facing a widening ambition gap in a race against time.

What does global warming look like?
Why fractions of degrees matter



Data from Raftery et. Al, 2017. Visual by Datawrapper

Climate change experienced in 2023

Record-breaking temperatures and natural disasters

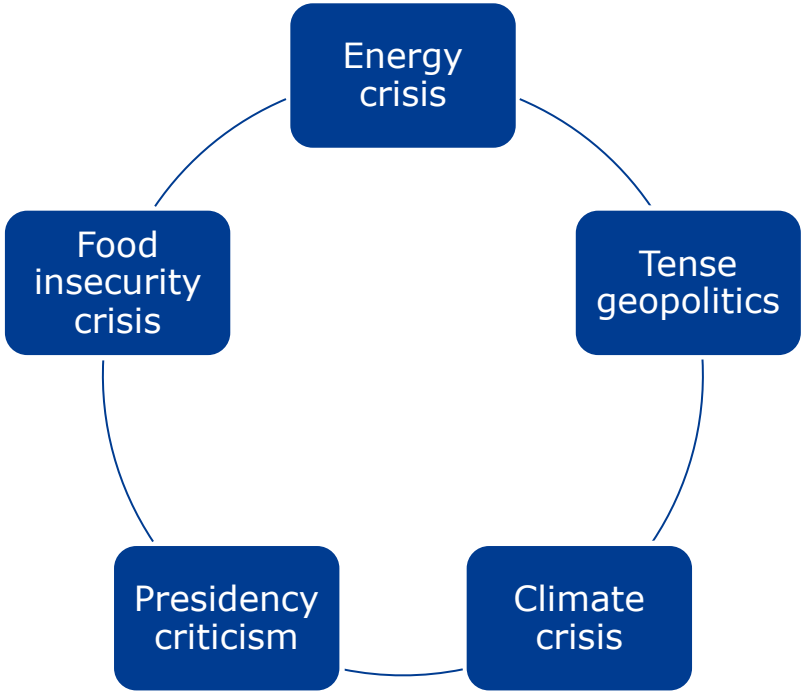
On about a third of days in 2023, the average global temperature was at least 1.5C higher than pre-industrial levels.

Extreme heat and record-breaking temperatures across Europe and North Africa

Long-term draught intensified, with 20-50% less than average rainfall from January-August in parts of Latin America

Context of COP28

A destabilized world and a controversial presidency



Context around host nation

Controversy has surrounded COP28...

- Criticism levelled at the decision to allow the UAE to host COP28, due to **ties to fossil fuel industry**
- COP28 President, Sultan Al Jaber (also Adnoc CEO) has **challenged scientific consensus** on climate change
- Document leaks allege the UAE planned to use their role to **strike oil and gas agreements** with 15 nations. The UAE deny these allegations.

Expectations of COP28

Three key themes were anticipated…

- Further measures and targets to **reduce methane** emissions
- Filling shortfalls in **climate finance**, especially loss and damages
- Phasing down (and out) of **fossil fuels**

Who was at COP28

97,000 participants, up from 45,000 at COP27

- **198** nations represented
- **62%** male, **38%** female
- 167 world leaders
- NGOs
- Youth activists
- Private sector
- Lobbyists
- Indigenous people

ClimatePartner at COP28

Insights from our colleagues in attendance

- Leonie Nazemi, Lena Koch, Courtney Fay, and Sofia Jonson from our team working in the voluntary carbon market were all present at COP28
- Our representatives were invited to panel discussions, and busy networking with other sustainability leaders in between events

ClimatePartner at COP28

Insights from our colleagues in attendance

- Our participation in COP28 discussions was focused on the voluntary carbon market, with Leonie (Head of Sourcing & Portfolio Management) featuring on a panel to discuss climate investment opportunities in Pakistan
- One of our Carbon Market Analysts, Sofia, was also invited to speak at a discussion on equitable global carbon trading mechanisms
- Representing both ClimatePartner and ClimatePartner Impact (our project development entity), we continue to support the growth of the VCM and build important connections at the annual summit

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COP28:Goals

What did this year's COP set out to achieve?

1. **Adaptation & Finance** – Recognising the significant implementation and finance gaps to support the most vulnerable countries. Adaptation efforts include natural ecosystem-based solutions and loss and damage.

2. **Mitigation** – Setting the world on appropriate pathways for deep, rapid, and sustained global greenhouse gas emission reductions

3. **Collaboration** - Governments, the private sector and civil society need to work, in tandem, to transform the way in which we interact with our planet. Ultimately, this is the purpose of COP, to bring all these actors into one place to discuss solutions together.

Adaptation

Enhancing resilience for the most vulnerable communities

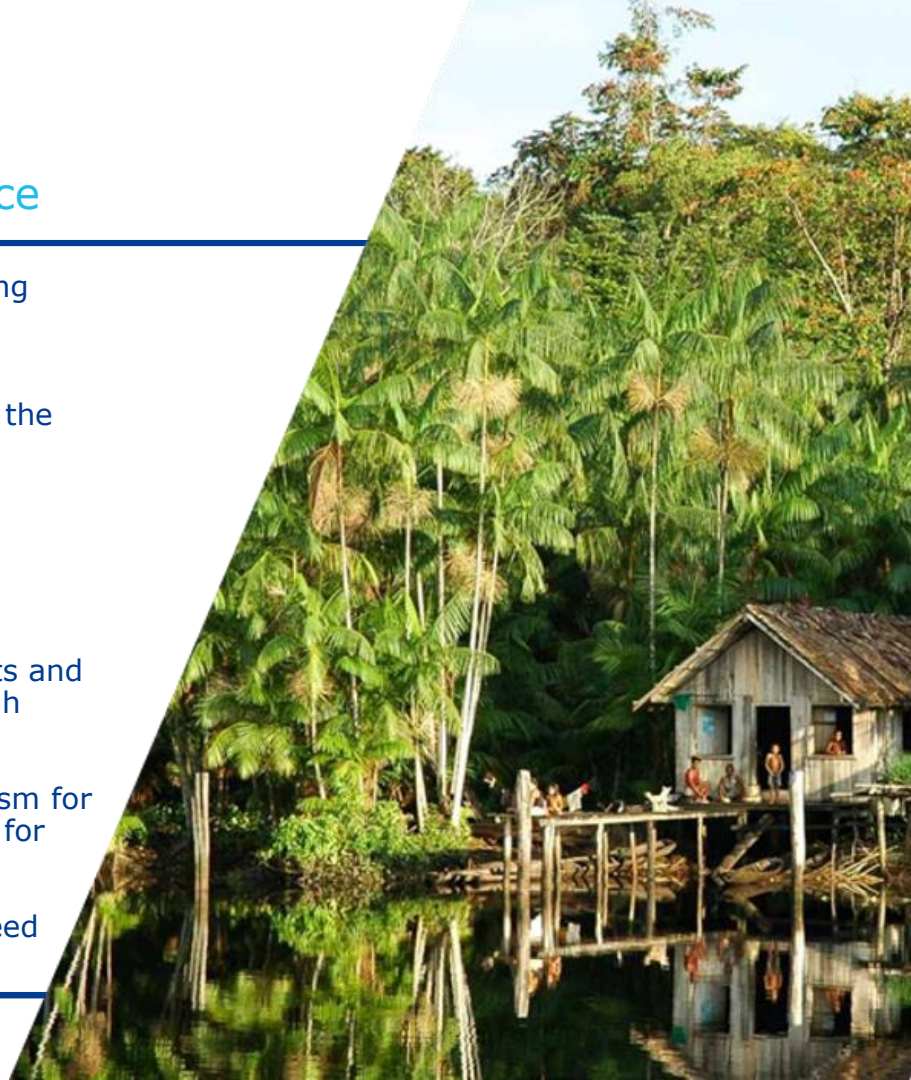
- Helping nations recover from the "loss and damage" caused by climate change
  - Fund agreed at COP27, but implementation left to COP28
  - Early momentum at the opening plenary of COP28 – a hard won victory!
  - Compromise on implementation – hosted by World Bank for first 4 years but with its own 26-person board, majority developing countries.
  - $790m pledged at COP28 vs $100bn target annually – now pushed to 2025 despite being realistic in 2022.
  - Real cost of loss & damage somewhere between $100bn-$580bn per year.

> *The bill for loss and damage will only increase if adaptation is not sufficiently funded and emissions are not urgently cut – they are part of the same puzzle being negotiated within the global stocktake discussions.* – Mohamed Adow, Powershift Africa

Finance

The role of carbon markets in climate finance

- High-level roundtable: Complementary roles of carbon pricing schemes, compliance markets and high integrity voluntary carbon markets (VCMs) in the transition
- “Integrity is a journey not a destination” Mary Grady, ED of the American Carbon Registry
- We can expect a stronger harmonization of standards and regulation of the VCM going forwards
- Not much progress on Article 6. Two parallel tracks:
    - Article 6.2 allows countries to exchange carbon credits and other units, like renewable power in gigawatts through bilateral agreements
    - Article 6.4 allows for a UN governed market-mechanism for international carbon trading. Also exploring guidance for greenhouse gas removals.
    - Technical guidance and methodologies still to be agreed



Mitigation

Limiting the extent to which the climate changes

- The first Global Stocktake of the Paris Agreement text is the showpiece and the focus of the negotiations at COP28. It informs the next round of NDCs which run to 2035-2040. The next stocktake will be in 2028.

- "**Transitioning away from fossil fuels in energy systems**" is the first time fossil fuels have been explicitly mentioned in the agreement so is a major milestone.

- The agreement also highlights **"accelerating action in this critical decade**, so as to achieve net zero by 2050 in keeping with the science". This is a notable increase in pressure to move more quickly, and refers back to the criticism that the UAE wasn't adhering to the science at the start of the conference.

Mitigation
The language of energy transition

- Proposed ‘menu of actions’ with a 'litany of loopholes'
  - **Trebling** renewable energy capacity globally and doubling the annual rate of energy efficiency improvements **by 2030**
  - Accelerate efforts towards the phase down of unabated coal power
  - Phasing out inefficient fossil fuel subsidies that do not address energy poverty or just transitions, as soon as possible
  - Inclusion of transition fuels, likely included by major gas-producing nations
- Other language common at COP28:
  - Phase out / phase down
  - Abated vs unabated – no clear definition of capture rate, and limited scale

Mitigation

A start in re-imagining food systems

- Food systems are estimated to be responsible for between 18%-37% of global GHG emissions, but have received limited attention at previous COP’s
- The importance of food systems was recognised for the first time pre-COP28, with The Emirates Declaration committing 134 nations to integrating food systems into their climate mitigation and adaptation plans (NDC's) by 2025
- The FAO unveiled a roadmap for food, agriculture and water to align with 1.5c warming and become a Net Positive sink by 2050, underpinned by 120 actions and targets
- Limited bilateral progress with limited policy agreements beyond the FAO roadmap

Collaboration

From governments to cross-sector players

- Renewed cooperation between China & the USA going into COP28, underpinned by recent Sunnylands Statement
- Fifty oil companies pledged to reach 'zero-out' methane emissions by 2030, whilst leading US dairy businesses launched Dairy Methane Action Alliance with the EDF
- Powering Past Coal Alliance, Fossil Fuel Non-Proliferation Treaty & Small Island Developing state coalitions gained further support with notable new signatories
- Partnership announced between carbon credit ratings agency Sylvera and Singapore to advance their Paris Agreement goals

The sentiment post COP28

A landmark recognition, but finance and actions must follow

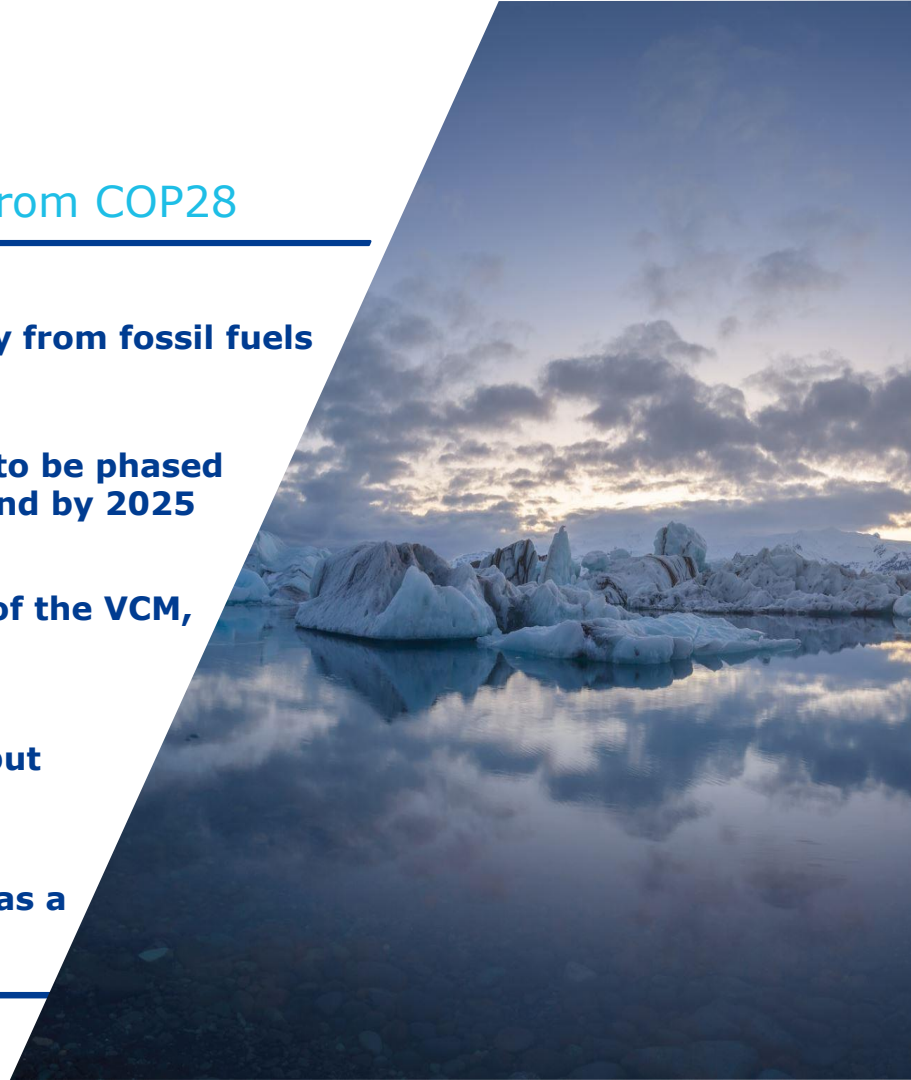
> The decision at COP28 to finally recognize that **the climate crisis is, at its heart, a fossil fuel crisis** is an important milestone. But it is also the bare minimum we need and is long overdue. The influence of petrostates is still evident in the half measures and loopholes included in the final agreement.
> Whether this is a turning point that truly marks the beginning of **the end of the fossil fuel era depends on the actions that come next**, and the mobilization of finance required to achieve them.
>
> - Al Gore, 2023

Image from Reuters

Key takeaways for businesses

Global collaboration & momentum to take from COP28

1. **The first explicit pledge to transition away from fossil fuels**
2. **Renewables to be trebled, unabated coal to be phased out, & inefficient fossil fuel subsidies to end by 2025**
3. **Continued recognition of the importance of the VCM, despite article 6 setbacks**
4. **Food systems received new recognition, but significant policy gaps remain**
5. **Methane reduction was again referred to as a priority for this decade**



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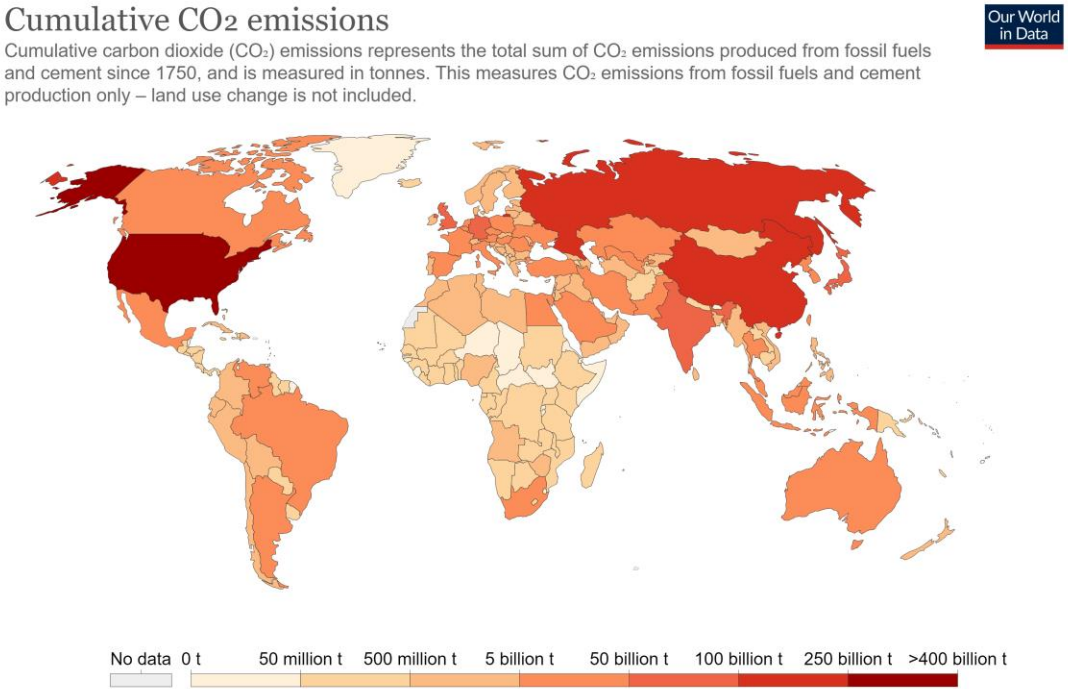
4. Reduction strategies in practice

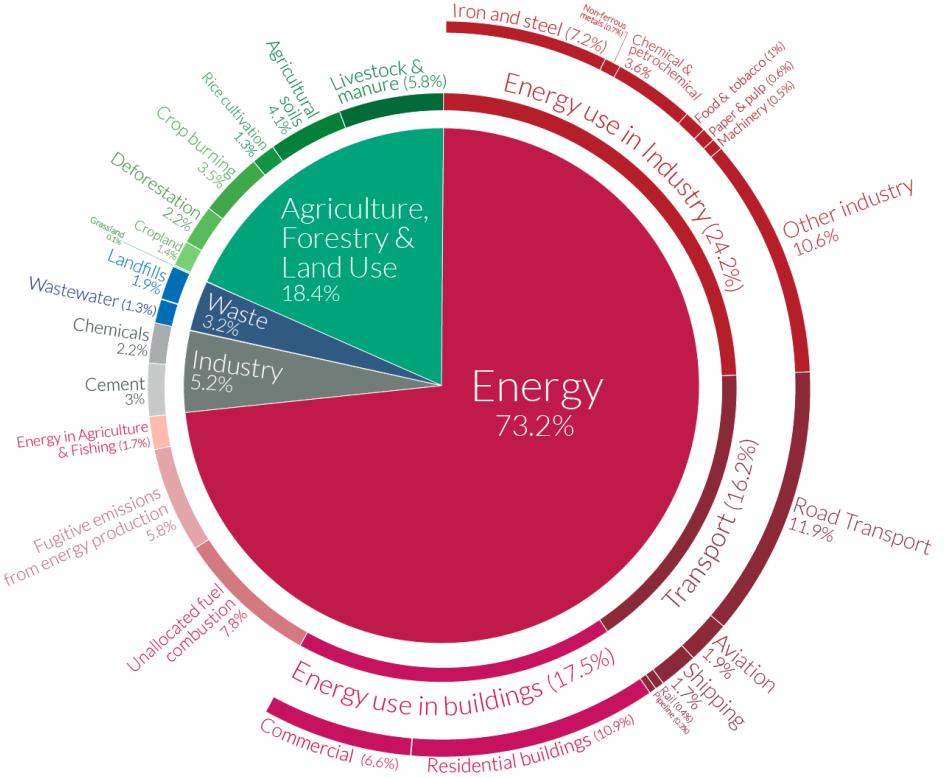


Cumulative share of global CO2 emissions since 1750, as of 2021 – Our World in Data based on the Global Carbon Project

Global greenhouse gas emissions by sector

This is shown for the year 2016 – global greenhouse gas emissions were 49.4 billion tonnes CO_2eq.

Our World in Data



OurWorldinData.org – Research and data to make progress against the world's largest problems.
Source: Climate Watch, the World Resources Institute (2020).

Licensed under CC-BY by the author Hannah Ritchie (2020).

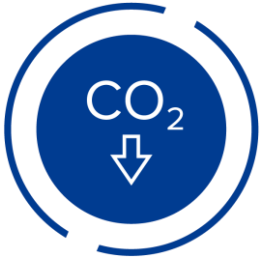
- **73.2%** Energy
  - Industry
  - Buildings
  - Transport
- **18.4%** Agriculture, forestry and land use

Radically transforming our energy systems is vital for decarbonisation

A holistic climate action strategy consists of 5 steps

Measure
carbon footprints

Set
reduction targets



Implement
reductions

Finance
climate projects

Communicate
transparently

Climate Action Strategy

How can the private sector set reduction targets?

The Science Based Targets Initiative (SBTi) is the de facto authority to science-based targets

- **Joint initiative** by CDP, UNGC, WRI and WWF
- Develops methods and criteria for **science-based targets**
- **Validates and publishes** company targets
- As of September 2022, **>1900** companies are "committed" to setting a science-based target and >1000 of these already have set a validated SBT

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Partner Organizations

CDP DISCLOSURE INSIGHT ACTION

UN GLOBAL COMPACT

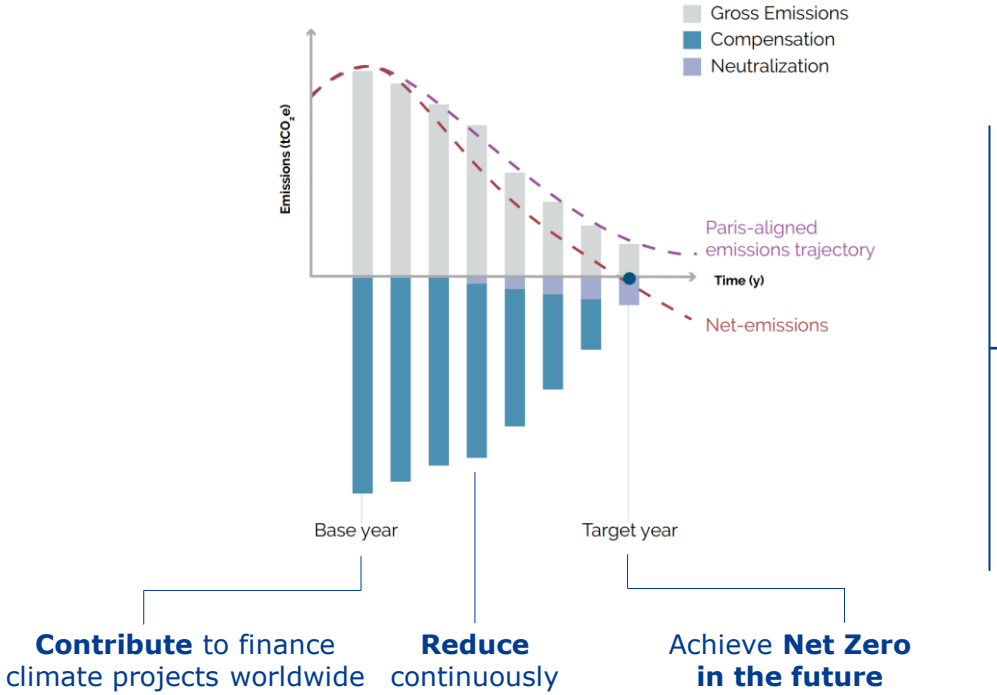
WORLD RESOURCES INSTITUTE

WWF

https://sciencebasedtargets.org

A comprehensive climate action strategy consists of measuring, reducing, and contributing

Source: sciencebasedtargets.org



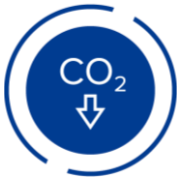
SCIENCE BASED TARGETS

Companies should go further and **invest in mitigation outside their value chains now** to contribute towards reaching societal Net Zero – **Beyond Value Chain Mitigation**

How to avoid and reduce emissions

Reduction targets
Development of ambitious but realistic reduction targets

Science Based Targets (SBT)
Development of targets in line with the Science Based Targets initiative framework and support with submission if applicable



Green Energy
Complete operational management of your green energy strategy, including your supply chain.

Supplier Engagement
Engage and empower your suppliers to accelerate their climate action journey.

Net Zero
Set a Net Zero target, as per the pathway presented by the Science Based Targets initiative.

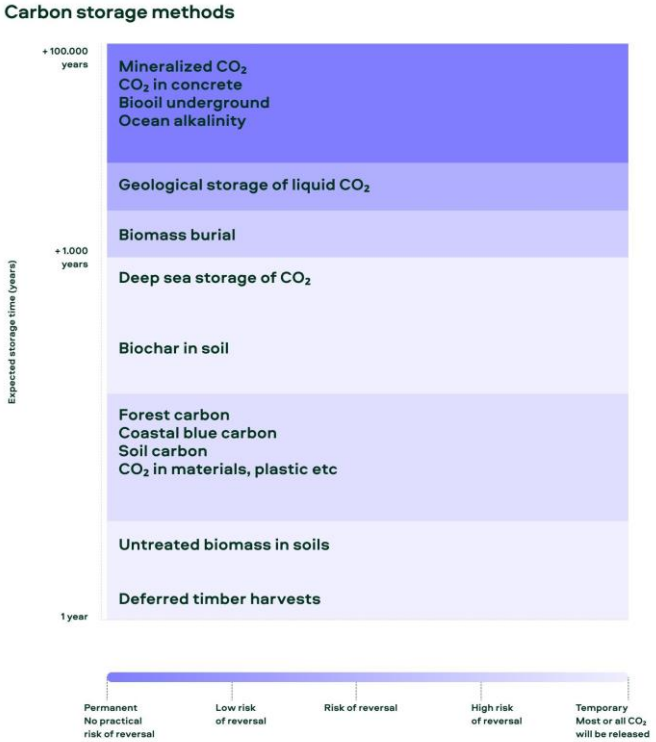
What does Beyond Value Chain Mitigation mean?

A company releases GHGs into the atmosphere.

Contributing to climate projects is a way for them to take responsibility for their emissions, and contribute to the scaling of vital climate solutions

When a company supports climate projects, they are investing into tangible climate change mitigation to reduce, avoid, or remove emissions.

It is recommended that companies engage with Beyond Value Chain Mitigation (SBTi, Oxford Net Zero Principles) **whilst they are working on reducing their emissions.**



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3. Understanding how to reduce your Businesses emissions
4. **Reduction strategies in practice**

Case Study: Hays PLC

Striving towards Net Zero

- Hays PLC is the world's largest specialist recruiter, with a £5.6bn turnover
- Working with ClimatePartner since 2021 for carbon measurement, reduction & beyond value chain mitigation
- Hays has created an internal Global Net Zero Working Group, tasked to permanently reduce the company's GHG emissions
- ClimatePartner is auditing Hays' CO2 emissions, encompassing its scope 1, 2, and relevant parts of scope 3 data
- Reduction measures include: only renewable electricity in their offices by 2022, embedding virtual meetings to reduce travel, a 40% reduction in Group flights (vs pre-pandemic levels) by 2025, and increasing proportion of hybrid and electric vehicles in their fleet

Case Study: Duncan Farms & Lidl GB

Meeting the scope 3 challenge

- Duncan Farms is Scotland's fastest growing egg business, and one of Lidl GB’s main suppliers
- Working with ClimatePartner since 2021 for product carbon footprint measurement and reduction support
- ClimatePartner supported Duncan Farms to deliver a 57% reduction in carbon emissions over the lifecycle of the eggs, compared with a 2021 baseline
- The steps taken by Duncan Farms also indirectly reduced Lidl GB’s scope 3 emissions; key to the decarbonisation challenge
- Duncan Farms also invested in Beyond Value Chain Mitigation, supporting a Gold Standard certified wind energy project in Chile and afforestation in the UK

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