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COP28

What business needs to know

After dramatically protracted negotiations at COP28, some have been left disappointed but transformational agreements were made that will impact businesses around the world. We've collected the key issues and takeaways from the conference to help you navigate this fast changing area.

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# 1. Mitigation and the energy transition

## Fossil Fuels

The [UNFCCC first global stocktake agreement](#) (aka the UAE Consensus) was finally agreed on 13 December 2023 following two straight days and nights of fierce negotiation at COP28. The final draft contains the outcome of the first global stocktake following the adoption of the Paris Agreement. The intention is that it updates the Paris Agreement where necessary to enhance commitments and support the intentions of the Paris Agreement in line with the scientific evidence.

Arguably, the most significant outcome of the UAE Consensus is that it calls on Parties to contribute to “*transitioning away from fossil fuels in energy systems...accelerating action in this critical decade, so as to achieve net zero by 2050 in keeping with the science*”. This is the first time “fossil fuels” are specifically mentioned in a COP outcome.

This is a huge step forward. Nonetheless many participants and commentators were disappointed that the adopted agreement did not go further and potentially contains loopholes in the transition away from fossil fuels. There were also criticisms that small island states were not present when the agreement was approved.



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“Cooperation of all countries is needed to approve the Global Stocktake. There are no winners or losers here.”

**Simon Stiell**

The executive secretary of the United Nations Framework Convention on Climate Change



## Methane

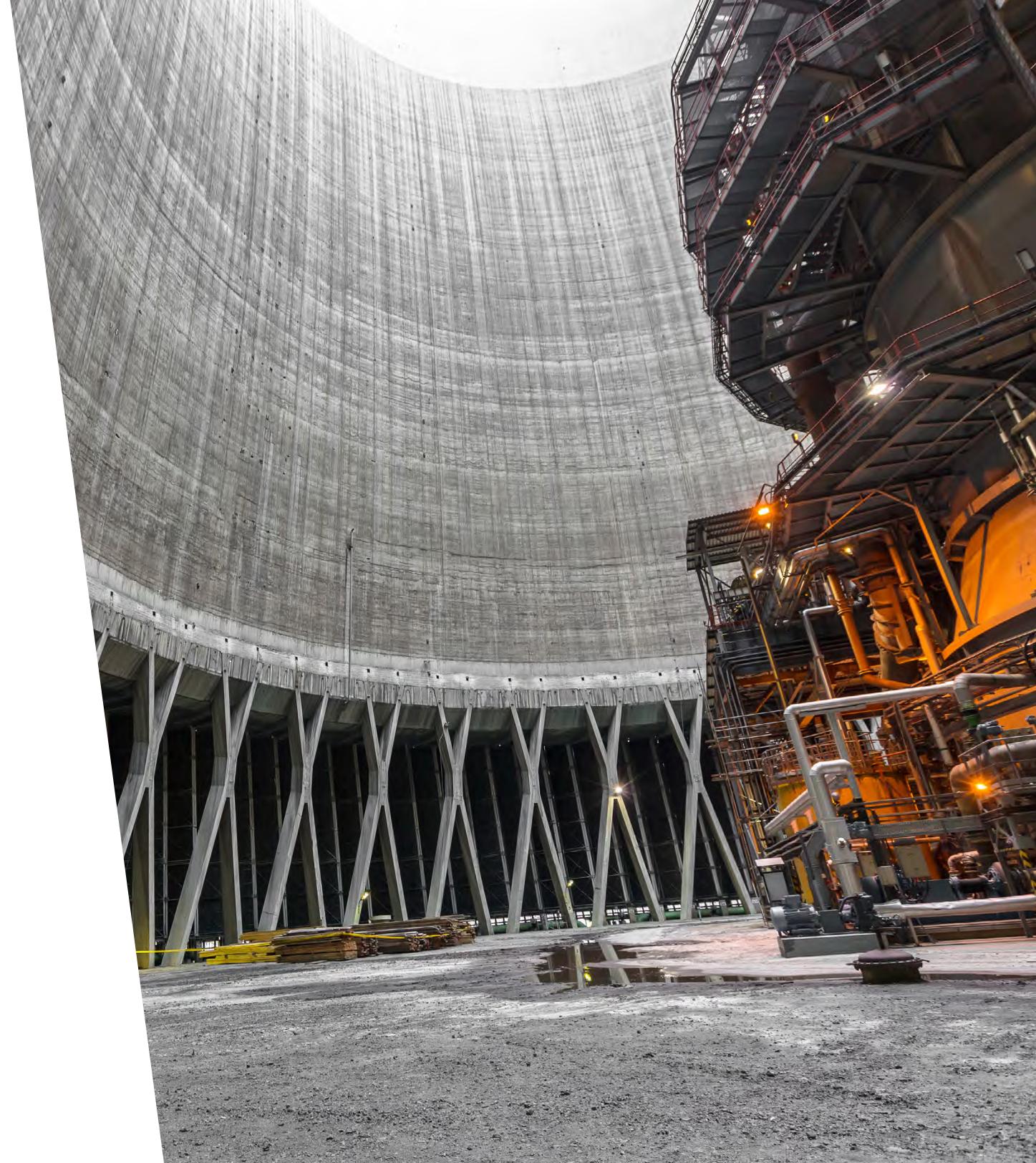
Early in COP28, the U.S. revealed its final rules on the amount of methane that oil and gas companies can leak into the atmosphere. The Oil & Gas Decarbonization Charter has also been agreed by 52 companies representing 40% of global oil production. They commit to net-zero operations (Scope 1 and 2) by 2050 and to aim to cut their methane emissions to near-zero by 2030.

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## Nuclear

More than 20 countries from four continents signed the Declaration to Triple Nuclear Energy, which recognises the central role of nuclear energy in the energy transition and its promise to triple nuclear energy capacity by 2050. President Biden also announced an international partnership for fusion energy development. See [here](#) for our low down on these announcements.

In addition, the US, Canada, Japan, France and the UK (the “Sapporo 5”) announced \$4.2 billion in government-led investments to support increased deployment of zero-carbon, peaceful nuclear energy across trusted high quality suppliers. Such state initiatives are likely to unlock private capital for the development of safe and secure global energy supply chains.



## 2. Adaptation and loss and damage

We saw the Global Goal on Adaptation released on 10 December.

The goal's aim is for appropriate funding and a framework for innovation that increases countries' resilience against climate change events. It has been criticised for only reiterating "*the longstanding call for developed countries to double adaptation finance without providing a clear roadmap to deliver it.*"



## 3. Climate finance

Over \$85 billion has been committed so far at COP28. Finance for mitigation of greenhouse gases, adaptation to climate change and loss and damage remain important components of the Paris Agreement and COPs.

Some of the agreements and pledges made are set out below:

- UAE Leaders' Declaration on a Global Climate Finance Framework: signed by 13 countries, including the UK and the US. It aims to make climate finance available, accessible and affordable. The declaration includes widening the sources of concessional finance for climate action by exploring innovative mechanisms such as hybrid capital, policy based guarantees, rechanneling of inefficient fossil fuel subsidies, emissions pricing and taxation regimes, building better more effective multilateral development banks, unlocking private finance and delivering high integrity carbon markets
- Development banks launched a task force for debt-for-nature swaps to scale up the number and size of debt-for-nature swaps which enable developing economies to reduce their debt obligations in return for protecting vital ecosystems within their countries
- The UAE pledged \$30 billion for a new global climate solutions fund
- Energy Transition Accelerator (led by the US and backed by some global banks) has been announced to create a framework for countries and power sectors to move away from polluting power sources by selling emission reductions. It is intended to improve upon the existing voluntary carbon credits market by using high level national data and measuring emissions reductions in relation to the past and not hypothetical future savings
- Green Climate Fund: \$3.5 billion in new money, including \$3 billion from the US to mobilise finance at the "pace and scale required"
- Adaptation Fund: \$134 million
- Loss and Damage Fund: \$792 million



## 4. Nature, food and water security

Nature, as well as food and water security, are high on our list to follow in 2024. COP28 highlighted the increasing awareness of countries and businesses of the need for adaptation to climate change, specifically in relation to freshwater scarcity and food shortages caused by disruption to the global water cycle.

### Food

Recognising the threats to the resilience of agriculture and food systems, over 130 countries signed the [UAE Declaration on Sustainable Agriculture, Resilient Food Systems and Climate Action](#). The declaration shows an intention to scale up adaptation and resilience activities in order to reduce the vulnerability of farmers, fisherfolk and other food producers to the impacts of climate change. In addition, the COP28 Presidency, FAO, the World Bank, CGIAR and International Fund for Agricultural Development announced the [joint Sharm-El Sheikh Support Programme](#), a three-year support package to help countries to unlock finance and support for farmers, food producers, small agribusinesses and local communities.



## Water

Similarly, the Freshwater Challenge welcomed 30 new members, including Zambia, Canada and the UK, evidencing a further global commitment to protect and restore 30% of the Earth's degraded freshwater ecosystems by 2030. That freshwater ecosystems have become a core part of the climate conversation is no surprise given the increasing scarcity and vulnerability of freshwater sources and the fear that there will not be enough to sustain life on the planet in the future due to global warming and climate change.

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“To achieve the goals of the Paris Agreement, to keep 1.5C within reach, we must address the connection between global food systems, agriculture, and the climate. At COP28, we have built the foundations for action, which commit 152 countries to transform their food systems, and embedding those commitments in their climate strategies, all the while ensuring they are protecting the livelihoods of those who depend on those sectors. Together, we must build a global food system that is fit for the future. Today marks an important moment in achieving this.”

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**H.E Mariam bint Mohammed Almheiri**  
UAE Minister of Climate Change and  
Environment and COP28 Food Systems Lead

## Nature

The COP28 and COP15 Presidencies endorsed a joint statement on climate, nature and people – this recognises that biodiversity loss and land degradation need to be addressed.

*“We affirm that there is no path to fully achieve the near- and long-term goals of the Paris Agreement or the 2030 goals and targets of the Kunming-Montreal Global Biodiversity Framework without urgently addressing climate change, biodiversity loss and land degradation together in a coherent, synergetic and holistic manner, in accordance with the best available science.”*

COP28’s Nature, Land Use and Ocean Day saw countries and non-state actors come together in support of nature-based climate action pledging \$186.6 million of new financing for forests, mangroves and the ocean.

In addition, the ten multilateral development banks that signed a Joint Statement on Nature, People and Planet at COP26 published common principles to track nature-positive finance.



## 5. Innovation & inclusivity

Inclusivity and innovation have been pervasive ideas at COP28. Climate change exacerbates inequality, particularly between the Global South and the Global North, and this inequality has been reflected in all forms of policy and initiatives throughout the conference.

One example of a policy designed to alleviate this inequality is the Africa Green Investment Initiative, where funding was allocated to connect private capital with the relevant state leadership to confront the systemic barriers to funding green projects in developing economies. Another example is the Innovate for Climate Tech platform which aims to unlock venture capital funding for the scaling of green technologies in regions which have historically lacked access to private capital to further decarbonisation within the relevant regions.

While developing economies have experienced the brunt of the negative repercussions of climate change, in some cases they also possess the unique resources and climates to advance the net-zero transition with the right funding.



## 6. Conclusion

The most significant outcome of COP28 has been to see acknowledgment that there has to be a transition away from fossil fuels in energy processes.

This is a start and although many hoped for more immediate and urgent action to keep the 1.5°C pathway alive, there has been progress. However, many workstreams have been left without resolution and the coming months will require the commitment of nations to agree these as well as to implement the agreements and accords which have been made over the last two weeks. There are opportunities to be seized and promises to keep in the bid for a just transition to net-zero.

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“An agreement is only as good as its implementation. We are what we do, not what we say. We must take the steps necessary to turn this agreement into tangible action. If we unite in action, we can have a profoundly positive effect on all our futures.”

Dr. Sultan Ahmed Al Jaber  
Remarks at Closing Plenary



## Our green credentials

We combine cutting-edge understanding of the diverse issues at play in the ESG space with our vast global experience across a wide range of industries to craft the right solution to your unique ESG focus, whatever it may be.

Our legally-driven holistic approach to managing ESG issues draws on the full scope of our global practice and sector capabilities to drive long-term profits and maximize positive impact for clients. We help our clients use the law to build a better and more sustainable business and world.

We take our own climate change commitments seriously and are founder members of the Legal Sustainability Alliance and the Net Zero Lawyers Alliance. We have recently launched the next stage of our global sustainability plan, focusing on reducing our carbon impact and achieving the use of 100% renewable energy, and are committed to UN Business Ambition 1.5°C and Race to Zero.



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