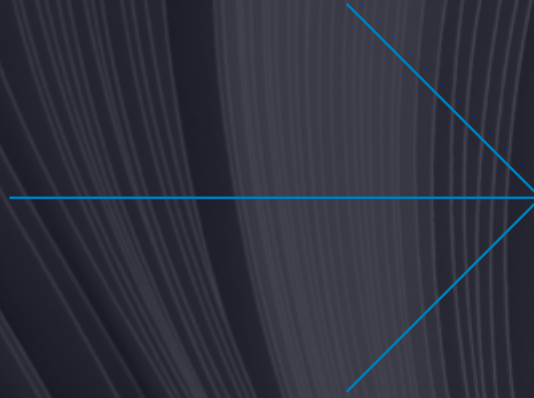


climate tech

for a Sustainable Planet

Quarterly review
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FOR TOMORROW



From the desk of...



Ovais Sarmad,

Deputy Executive Secretary
United Nations Framework
Convention on Climate Change
(UNFCCC)

COP28: BUILDING MOMENTUM FOR CORPORATE CLIMATE ACCOUNTABILITY



United Nations
Climate Change

Ovais Sarmad is Deputy Executive Secretary of the United Nations Framework Convention on Climate Change (UNFCCC). Mr. Sarmad advises the Executive Secretary on a range of issues relating to intergovernmental affairs and strategic planning of the UNFCCC process. He provides oversight of the operations of the UNFCCC, covering human and financial resources, as well as organizational development. Prior to taking up his post at the UNFCCC, Mr. Sarmad held several senior posts at the International Organization for Migration for over 27 years. He is based in Germany.

Time for climate action

In a speech to the UN General Assembly in February 2023, Secretary-General António Guterres made a stark declaration: "If you cannot set a credible course for net zero, with 2025 and 2030 targets covering all your operations, you should not be in business."¹



Every fraction of a degree of global warming results in loss of life and livelihoods. In 2015, with the near-universal recognition of the Paris Agreement, world leaders agreed to take steps to limit global warming to no more than 2°C, with a strong preference for imposing a limit of 1.5°C. However, we have already passed 1.1°C and the trajectory, based on the current level of greenhouse-gas (GHG) emissions, poses danger to lives, livelihoods, and nature, a reality already beginning to be experienced around the world.

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We are in a critical decade. Climate action must reduce GHG emissions by 45%,² while also progressing towards the targets of UN Sustainable Development Goals³ by 2030. In recent years, there has been growing

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recognition of the need for sustainability in both work practices and general living, accompanying a shift in global attitudes towards the environment. This has provided a significant push towards the incipient mega-trend of driving systems transformation across society and business.

This phenomenon has spread, especially during the last two years, in particular owing to mounting geopolitical tensions and the COVID-19 pandemic, which have acted as significant disruptors of business. Multinationals worldwide are now typically climate-aware, with 64% of executives globally saying sustainability is part of their leadership agenda.⁴ As Larry Fink’s annual letter to corporate CEOs and investors in his company, Blackrock, said in 2022: “We have seen a tectonic shift of capital. Sustainable investments have now reached \$4 trillion. Every company and every industry will be transformed by the transition to a net-zero world.”⁵

1 https://www.un.org/sg/en/content/sg/statement/2023-02-06/secretary-generals-briefing-the-general-assembly-priorities-for-2023-scroll-down-for-bilingual-delivered-all-english-and-all-french-versions?_gl=1*1i5syt3*_ga*MTg0ODA3NzcyOS4xNjQ2NDAzNDg0*_ga_TK9BQL5X7Z*MTY3NTkzMzgxMy4xLjEuMTY3NTkzMzgyMC4wLjAuMA (last retrieved on February 10, 2023).

2 In line with the temperature goals of the Paris Agreement: https://unfccc.int/sites/default/files/english_paris_agreement.pdf (last retrieved on 10th February 2023).

3 <https://www.un.org/development/desa/jpo/wp-content/uploads/sites/55/2017/02/2030-Agenda-for-Sustainable-Development-KCSD-Primer-new.pdf> (last retrieved on 10 February 2023).

4 Capgemini Research Institute, “A world in balance,” 2022.

5 <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter> (last retrieved on 10 February 2023).

For many, particularly Millennials and Gen Z, environment, social, and governance (ESG) considerations have become increasingly important when evaluating the impact of organizations worldwide. Today, clients and stakeholders take a different perspective to the traditional financially driven considerations, focusing on the long-term purpose of an organization and ensuring its net-positive effect in terms of sustainable development.

Public climate-action protests around the world, frequently spearheaded by the younger generation, are another source of disruption that is building in potency. Movements such as Fridays for Future, Extinction Rebellion, and Last Generation are calling urgently for climate action and sustainable living and embody the growing social drive towards public- and private-sector accountability.

The growing momentum of such movements has been in evidence at the annual UNFCCC Conference of the Parties (COP) over the past seven years (since the adoption of the Paris Agreement in 2015). Rising numbers of delegates from businesses, NGOs, and civil organizations are testament to this, as is the rising value of financial pledges in the Glasgow Financial Alliance for Net Zero (GFANZ)⁶ and the swelling number of partners in the UN Race to Zero campaign.⁷

Learnings from COP27



COP27, held in Sharm El-Sheikh, Egypt, on 6th–18th November 2022, and presided over by the Egyptian government, brought together over 45,000 participants to share ideas and innovative solutions, and to build partnerships and coalitions towards the implementation of the Paris Agreement operationalization agreed upon at COP26 in Glasgow in 2021. Representatives of businesses, indigenous people, local communities, cities, and civil society, including young people, showcased the ways in which they are addressing climate change and shared their experiences of how these efforts are impacting both their lives and their communities.

⁶ <https://www.gfanzero.com/> (last retrieved on February 10, 2023).

⁷ <https://unfccc.int/climate-action/race-to-zero-campaign> (last retrieved on 10 February 2023).



The Sharm el-Sheikh Implementation Plan estimates the expected annual financial requirements of a global transformation towards a low-carbon economy at \$4-\$6 trillion a year."

The Sharm el-Sheikh Implementation Plan⁸ estimates the expected annual financial requirements of a global transformation towards a low-carbon economy at \$4-\$6 trillion a year. If apportioned with forethought, this investment could generate significant returns, both financially and in terms of contributing to sustainable development. Delivering such funding will require a swift and comprehensive structural transformation of the financial system and engaging governments, central and commercial banks, institutional investors, and other financial actors.

At COP27, much was said about the compelling need for transparency and accountability in relation to climate action taken in the private sector, specifically in the context of the drive towards carbon neutrality. The UN Secretary-General's High-Level Expert Group on Net-Zero Emissions Commitments of Non-State Entities released a report⁹ at COP27 that illustrates the need to develop stronger and clearer standards for net zero emission pledges by businesses and to create stricter, monitored programs for their implementation. The Secretary-General invited non-state actors to put forward credible and transparent transition plans in time for COP28 in 2023 as a key milestone towards the emissions-reduction global plan for 2030.

⁸ <https://unfccc.int/documents/624444> (last retrieved on 10 February 2023).

⁹ https://www.un.org/sites/un2.un.org/files/high-level_expert_group_n7b.pdf (last retrieved on 10 February 2023).

Another important outcome of COP27 was the establishment of a new dedicated Fund for Loss and Damage to assist developing countries in coping with the consequences of climate change. A transitional committee has been established to make recommendations on operationalization of the fund at COP28.

COP27 also saw significant progress on the Global Goal on Adaptation, which will conclude at COP28 and inform the first global stocktake of progress towards the goals set out in the Paris Agreement, improving resilience among the most vulnerable countries. New pledges, totaling more than \$230 million, were made to the Adaptation Fund at COP27.

Governments cannot, on their own, implement this transformation across business and society. Multilateralism is the key to finding an inclusive and effective way forward. Inclusive multilateralism means involving non-state actors, including businesses, NGOs, academics, young people, and civil society in general, to play an active role in the journey to carbon neutrality and sustainable living. This opportunity for regulatory support and governmental cooperation represents an opportunity for the corporate world to put climate accountability at the core of revised business strategies. Through inclusive, multilateral collaboration, we can achieve the systemic transformation necessary for a sustainable future.



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Looking forward to COP28

The upcoming COP28, to be held in Dubai, UAE, in November and December 2023, must see significant progress in addressing the climate crisis. The first global stocktake of the Paris Agreement¹⁰ will independently evaluate both the progress made by governments and the adequacy of the goals set. As well as resetting the agenda for action on climate change, it will offer businesses the opportunity to showcase their sustainability and climate actions and demonstrate how they are accelerating the transition to a green business model.

The New Collective Quantified Goal on Climate Finance (NCQG) is expected to see real progress ahead of 2025, especially at COP28, in terms of meaningful mitigation and greater transparency of implementation plans. Developed countries have agreed to set an NCQG from a floor of \$100 billion per year, considering the needs and priorities of developing countries.

¹⁰ <https://unfccc.int/news/global-stocktake-is-about-ambition-accountability-and-acceleration> (last retrieved on 10 February 2023).

The operationalization of the Loss and Damage Fund represents another key element of COP28 in the UAE and will consequently provide clarity on which countries will be contributing to the fund and who will be eligible to benefit from it.

In a nutshell, we are in a race against time to limit global warming by avoiding a global temperature rise in excess of 1.5°C – to preserve our natural resources, and to preserve our livelihoods in all parts of the world, especially those regions that are on the front line in terms of battling severe climate impacts.

There is hope. Global warming can still be limited. Young people are pushing for urgent climate action, and we are already seeing positive developments, such as the expansion of renewable-energy production and use, a shift towards the circular economy, and increased sustainability awareness and climate literacy, to name just a few examples. But, for this vision to become reality, businesses must put the environment and sustainability front and center in their planning and actions. The time for corporate climate accountability is now. Sustainable systems transformation cannot be achieved if we don't pull together. All of us have the means to advocate and push for climate action and carbon neutrality in our spheres of influence. Our future will be the sum of the decisions we make today, individually and collectively. It can be and it must be done!



