

# COP24: Key outcomes of the 24th UN Climate Conference

Find out what was agreed at COP24 and what this means for business.

December 2018



## What was COP24?

The Conference of the Parties (COP) is the annual meeting of the nations signed up to the UN Framework Convention on Climate Change (UNFCCC). Its purpose is to advance global action to tackle climate change. This year's conference, the 24th (hence COP24) was held in Katowice, Poland.

At COP21 in 2015, 195 countries signed up to the Paris Agreement, which committed them to keep global temperatures "well below" 2 degrees Celsius above pre-industrial times and "endeavor to limit" them even more, to 1.5 degrees Celsius. In addition, the industrialized countries agreed to pay US\$100 billion a year by 2020 to help developing countries to decarbonize their economies.

## Recent climate reports showed chilling findings

In advance of the conference, the UN Intergovernmental Panel on Climate Change (IPCC), which examines the science behind climate change, published a report<sup>1</sup> highlighting that the planet's temperature will increase by 1.5 degrees Celsius in just 11 years unless urgent action is taken to reduce carbon dioxide (CO2) emissions.

This year has seen growing evidence that climate change is already having increasingly serious impacts, ranging from heatwaves in the Arctic Circle to sea level rises and increased ocean acidification. In addition, the U.S. Government's National Climate Assessment<sup>2</sup> warned that climate change could cut the size of the U.S. economy by 10 percent by 2100 if no action is taken.

## KPMG view: What does COP24 mean for business?

### 1. Global energy transition will continue and policy is likely to strengthen

By far the majority of national governments remain committed to the Paris Agreement to reduce global carbon emissions even though changes in the global political landscape have led a handful of countries to peel away from the global consensus.

Nations committed to the Agreement, will have to find a way to deliver and fund their carbon reduction commitments. These inevitably, must be delivered by policy that accelerates the low carbon transition and funding mechanisms that spur investment. So while business did not get all the clarity it asked for, business leaders should continue to factor global energy transition into their strategies.

### 2. Scientific research on the dangers of climate change is likely to become even more compelling

2018 saw a raft of scientific evidence that not only pointed to increasingly severe climate change impacts but also noted that government policies and goals are not yet ambitious enough to halt potentially catastrophic outcomes.

Scientific evidence is likely to become even more compelling in 2019 and beyond, which is likely to fire up public opinion and put more pressure on governments and businesses to deliver change.

### 3. Expect more pressure from investors and consumers especially younger generations

Investors are increasingly aware that the future value of their investments can be damaged by extreme weather and changing market dynamics in a decarbonizing global economy. Business leaders should therefore expect their investors to demand more information on how the company is building resilience to these trends.

Business leaders should also recognize that the younger generations are more outspoken and demanding on the issue of climate change than ever before. Companies especially consumer facing brands should expect increasing pressure from their own customers not only to take a clear position on climate change but also to prove that they are taking action to reduce or eliminate their own carbon emissions.

<sup>1</sup>Intergovernmental Panel on Climate Change (2018) *Special report: Global warming of 1.5°C*. Available from: <https://www.ipcc.ch/sr15/>

<sup>2</sup>U.S. Global Change Research Program (2018) *Fourth National Climate Assessment: Volume II Impacts, Risks, and Adaptation in the United States*. Available from: <https://nca2018.globalchange.gov/>

# What happened at COP24?



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## Some national governments remain skeptical

Despite the ever-stronger scientific consensus on the causes and impacts of climate change, governments of a few key nations remain skeptical.

In 2017, the U.S. submitted a formal notice of withdrawal from the Paris Agreement, however, complete withdrawal cannot take place before November 4, 2020.<sup>3</sup>

The president-elect of Brazil, home to most of the Amazon rainforest, has cancelled Brazil's offer to host the next COP talks.

In addition, four oil-producing countries including the US refused to welcome the latest IPCC climate research.

Businesses emphasized that the necessary scale and pace of low-carbon transformation must be driven by ambitious and unequivocal policy signals from national governments.

There was a particular business focus on setting strong rules to improve the reliability of data on carbon reductions by nations. Business also stressed that improved clarity is needed on future government ambitions for cutting carbon in order to drive investment. They also called for more clarity on how carbon markets and climate finance will be used.

Many well-known businesses around the world used COP24 as a platform to launch ambitious carbon reduction targets of their own.

## What happened at COP24?

### Business leaders called for bold action and clarity

A public statement<sup>4</sup> – signed by groups representing hundreds of businesses, investors, and cities – called on governments at COP24 to give business and the markets clarity by delivering "bold targets and clear timelines" for climate action.

### Governments and international institutions announced new initiatives

The European Union signed off on tighter 2030 targets on energy efficiency (an improvement of at least 32.5 percent), renewable energy (32 percent of total energy use) and renewable transport fuels (14 percent).<sup>5</sup> The UK announced plans to create the world's first "net-zero carbon" industrial cluster of heavy industry by 2040 to allow it to "export emissions-cutting expertise like carbon capture around the world".<sup>6</sup>

<sup>3</sup>Volcovici, V. (2017) 'U.S. submits formal notice of withdrawal from Paris climate pact', *Reuters*, 4 August. Available from: <https://www.reuters.com/article/us-un-climate-usa-paris/u-s-submits-formal-notice-of-withdrawal-from-paris-climate-pact-idUSKBN1AK2FM>

<sup>4</sup>Available from: <https://www.wemeanbusinesscoalition.org/policy/cop24/>

<sup>5</sup>European Council (2018) *Energy efficiency, renewables, governance of the Energy Union: Council signs off on 3 major clean energy files* [Press release]. 4 December. Available from: <https://www.consilium.europa.eu/en/press/press-releases/2018/12/04/energy-efficiency-renewables-governance-of-the-energy-union-council-signs-off-on-3-major-clean-energy-files/>

<sup>6</sup>Gov.uk (2018) *World-first carbon 'net-zero' hub of heavy industry to help UK seize global economic opportunities of clean growth* [Press release]. 13 December. Available from: <https://www.gov.uk/government/news/world-first-carbon-net-zero-hub-of-heavy-industry-to-help-uk-seize-global-economic-opportunities-of-clean-growth>

# What was agreed at COP24?

The World Bank announced it will provide financial, technical and advisory support to help developing countries manage the socio-economic impacts of moving away from coal.<sup>7</sup> This initiative recognized that progress on addressing climate change has been blocked by fears that it would cost jobs and hit growth in countries with significant coal industries or coal-dependent energy industries.

## Popular figureheads spoke out

World-renowned conservationist David Attenborough warned world leaders that climate change could bring about the collapse of civilizations and the natural world on which mankind depends.

Swedish schoolgirl Greta Thunberg, the figurehead of a global movement of students organizing school strikes to put pressure on political leaders, warned leaders that failing to take action will not play well with the voters of tomorrow.<sup>8</sup>

She said: "You say you love your children...and yet you are stealing their future in front of their very eyes. Until you start focusing on what needs to be done, rather than what is politically possible, there is no hope.

"We have not come here to beg world leaders to care...We have come here to let you know that change is coming, whether you like it or not."

## What was agreed at COP24?

### The Paris Agreement Rulebook was finalized

The main aim of COP24 was to finalize the rules that will govern the Paris Agreement, which is due to come into force by 2020.

The meeting ran into controversy early on as a handful of countries questioned some of the recent climate research, but eventually an agreement emerged that was stronger than many negotiators had hoped for, although typically, it was a compromise that pleased no one fully.

The rulebook<sup>9</sup> sets the rules on areas such as how to establish and monitor national emissions reduction plans. There is now some flexibility on how poorer countries report their progress, after a number of nations said they lacked the capacity to track and monitor emissions. They will be able to explain why they have not reported and present plans to build reporting capacity.

The rulebook also includes guidelines that relate to:

- The process for establishing new financial targets to help developing countries reduce their emissions from 2025 onwards
- How to assess effectiveness of global climate action in 2023
- How to assess progress on the development and transfer of low-carbon technology

Nations also agreed to update their national carbon reduction targets (Nationally Determined Contributions or NDCs) by 2020, making it possible that a number of leading economies could strengthen their climate targets.

But the deal was held up over rules for new carbon markets which were meant to eliminate double-counting of carbon credits traded across borders. Objections meant that the issue has been deferred to next year's meeting, which will be held in Chile.

For more information, contact [sustainabilityservices@kpmg.com](mailto:sustainabilityservices@kpmg.com)

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<sup>7</sup>The World Bank (2018) *World Bank, Canada, UK to Assist Countries in Transition from Coal; Accelerate Uptake of Cleaner Energy Available* [Press release]. 13 December. Available from: [http://www.worldbank.org/en/news/press-release/2018/12/12/wb-canada-uk-to-assist-countries-in-transition-from-coal?cid=EXT\\_WBSocialShare\\_EXT](http://www.worldbank.org/en/news/press-release/2018/12/12/wb-canada-uk-to-assist-countries-in-transition-from-coal?cid=EXT_WBSocialShare_EXT)

<sup>8</sup>Rigitano, E. (2018) 'COP24, the speech of 15-year-old climate activist Greta Thunberg everyone should listen to', *Lifegate*, 17 December. Available from: <https://www.lifegate.com/people/news/greta-thunberg-speech-cop24>

<sup>9</sup>Available from: [https://unfccc.int/sites/default/files/resource/Informal%20Compilation\\_proposal%20by%20the%20President\\_rev.pdf](https://unfccc.int/sites/default/files/resource/Informal%20Compilation_proposal%20by%20the%20President_rev.pdf)

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