

# COP26

# IN REVIEW

## TAKEAWAYS AND THE PATH FORWARD

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## Summary of Negotiations

After more than two weeks of negotiations, the United Nations Climate Change Conference (COP26) came to an end on Saturday, November 13 with nearly 200 nations agreeing to adopt the [Glasgow Climate Pact](#).

Policy stances aside, the pact outlines several historic “firsts” never mentioned in any formal COP text. In the words of US Climate Envoy John Kerry, *“If it’s a good negotiation, all [parties] are uncomfortable...and this has been [a good] negotiation.”* In this sense, no policy is

“perfect”; rather, it sets a foundational direction for turning climate ambitions into measurable actions. While the dust settles in Glasgow, the real work is just beginning. In fact, the stakes, not to mention the expectations, could not be higher. It will require ambition, accountability, adaptation and most importantly, aggressive action.

The Glasgow Climate Pact is not *the* solution, it’s the bar we—governments, businesses, NGOs and the individual—should seek to raise moving forward.

## Takeaways

The negotiations and the final COP26 text centered on a few critical topics. Key takeaways include:

### Fossil Fuels

One key objective of COP26 was to target global reliance on fossil fuels. However, following last-minute objections by India, China and other coal-dependent nations, fossil fuel language in the final pact was watered down from “phase out [coal and fossil fuel subsidies]” to [“phase down.”](#) Despite concerns over loopholes posed by the new language, it’s a historic first: fossil fuels have not been mentioned in a final COP text in more than 25 years of the negotiations.

## Methane

Over 100 countries—including the United States, Japan and Canada—collectively representing over two-thirds of the global economy—pledged to reduce methane emissions via [The Global Methane Pledge](#). Signatories committed to reducing overall emissions by 30% by 2030, with an emphasis on targeting methane leaks from oil and gas wells, pipelines and other fossil fuel infrastructure.

## Carbon Markets

Negotiators reached a deal on a new set of rules to govern the global carbon offset trading system, also referenced as a formalization of Article 6 of the 2015 Paris Agreement. The provisions attempt to [standardize](#) an international carbon trading market through which countries can purchase offset credits as a means of fulfilling their climate targets. Proponents anticipate carbon markets could unlock trillions in investments for renewable energy and environmental protection projects whereas critics fear it provides companies a loophole to avoid actual emissions reductions while “greenwashing” products and operations.

## 2022 Ambitions

The agreement acknowledges that commitments made by countries to cut emissions of planet-heating greenhouse gases thus far are nowhere near enough to prevent planetary warming from exceeding 1.5 degrees above pre-industrial temperatures. To attempt to solve this, it asks governments to strengthen those targets by the [end of 2022](#), rather than every five years, as previously required.

## Emissions Reporting

The International Financial Reporting Standards Foundation announced the formation of the [International Sustainability Standards Board \(ISSB\)](#), a new global climate standards body formed by the merging of the Climate Disclosure Standards Board and the Value Reporting Foundation. ISSB will develop a comprehensive set of corporate sustainability disclosure standards that will be released in April 2022 in effort to consolidate sustainability reporting against a core framework.

## Climate Finance

The largest financial commitment at this year’s summit came from a collection of 450 firms spanning 45 countries that together comprise the [Glasgow Financial Alliance for Net Zero \(GFANZ\)](#). With more than \$130 trillion in assets under management, GFANZ requires members to transition their portfolios in line with the Paris Agreement and are pushed to work towards 1.5C-degree rather than 2C-degree temperature pathways.

## Adaptation Funding

For the first time, the final COP text includes a cover section reference to “[loss and damage](#)”, i.e. the cost certain vulnerable countries, such as island nations, incur as a result of catastrophic climate events. The final pact language states that the “current provision of climate finance for adaptation remains insufficient” and holds developed countries—also the largest emitters and contributors to climate change—to their previously-pledged \$100 billion in annual climate adaptation funding to developing countries. Going one step further, the text urges developed nations “to at least double” funding by 2025 and set up a process for long-term financing.

## Deforestation

137 countries covering 90% of global forests have committed to stop deforestation and restore land degradation by 2030 via the [Glasgow Leaders' Declaration on Forests and Land Use](#). The pledge is backed by \$20 billion in public and private funding, including \$7.2 billion from the private sector, with 30 contributing financial institutions representing \$8.7 trillion in assets committing to eliminate investments linked to deforestation.

## US & China Partnership

During the summit, an unexpected [agreement](#) between the US and China, the two biggest global emitters, signaled a new chapter in climate collaboration. The partnership has been seen as an opportunity to accelerate coal phaseout and bring China into the fold on methane discussions.

# COMMITMENTS AND COALITIONS

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Dozens of commitments, pledges, initiatives, partnerships and coalitions were announced at COP26. Highlights include:

## Commitments

- [India](#) announced its plans to achieve net-zero emissions by 2070
- [REGEN10 Initiative](#) will scale regenerative food systems and achieve 50% of global food production that positively impacts people, climate, and nature by 2030
- [Science Based Targets for Nature](#) welcomed over 100 new members who pledge to become nature positive
- [The Agriculture Innovation Mission for Climate](#) (AIM for Climate) will mobilize public-private investment and other support for “climate-smart” agriculture and food-systems
- [The Breakthrough Agenda](#) secured support from 40 world leaders in a shared commitment to supporting countries most vulnerable to climate change
- [The Clydebank Declaration](#) garnered support from 19 nations which will develop zero-emission shipping routes between key ports
- [The Glasgow Accord on Zero Emissions Vehicles](#) comprised of fleet owner signatories including Astra Zeneca, GSX, Ikea, Tesco, Unilever, Ford, Volvo, GM and Mercedes will further net zero transportation
- [The Global Coal to Clean Power Transition Statement](#) pledges to ending investments in coal power and scaling up clean power generation
- [The Green Hydrogen Organization \(GH2\)](#) launched a collaborative effort to develop a Green Hydrogen Standard
- [The Industrial Deep Decarbonization Initiative](#) (IDDI) will help measure carbon embodied within major public construction projects by 2025
- [The Least Developed Countries Fund](#) will provide climate adaptation grants
- [The Policy Action Agenda](#) drew support from 45 nations agreeing to reform policies to better support sustainable food systems
- [The Systematic Observations Finance Facility](#) will fill data gaps and support vulnerable countries in climate monitoring
- [The 'Count Us In Citizens' Declaration'](#) calls on world leaders to ensure that only new zero-emission vehicles are sold in the bus space by 2030, followed heavy-duty vehicles in 2035

## Coalitions

- [The Adaptation Research Alliance \(ARA\)](#) will support adaptation research in communities most vulnerable to climate change
- [Target True Zero](#) signatories, including 20 airline members, pledged scale up use of electric, hydrogen and hybrid aircraft technologies
- [The Beyond Oil and Gas Alliance](#) formally launched an international coalition of governments and stakeholders committed to phasing out oil and gas production
- [The Consumer Goods Forum's Forest Positive Coalition of Action](#) will support forest positive change in regions where coalition members produce or source key commodities by 2030
- [The First Movers Coalition](#) with founding members Delta Air Lines, Volvo Group, Amazon and others will harness members' collective buying power to grow market demand for low-carbon technologies
- [The Getting to Zero Coalition](#) drew 50 businesses calling for net-zero targets for shipping
- [The Global Energy Alliance for People and Planet \(GEAPP\)](#) will unlock \$100 billion in public and private financing by 2030 to help provide renewable power and jobs
- [The Global Offshore Wind Alliance](#) launched with support from governments, international organizations and the private sector in effort to scale up offshore wind energy
- [The International Aviation Climate Ambition Coalition](#) gained support from 21 countries which will further the aviation sector's pursuit of net-zero carbon emissions by 2050
- [The International Aviation Climate Ambition Coalition](#) will develop a new 1.5C-aligned joint emissions target
- [The Long Duration Energy Storage Council](#) targets \$3 trillion in long-duration energy storage technology investments by 2040
- [The Powering Past Coal Alliance](#) welcomed over 20 new members including subnational governments, energy companies and financial institutions in effort to end reliance on coal power
- [The Sustainable Aviation Buyers Alliance \(SABA\)](#) welcomed Alaska Airlines, United Airlines, JetBlue and Amazon Air in effort to grow the sustainable aviation fuels market
- [The Sustainable Hospitality Alliance](#) aims to develop a net positive pathway for the hospitality sector

## LOOKING AHEAD: TURNING AMBITION INTO ACTION

The scale and urgency with which climate action is needed means we all must play a role—every business and government—in contributing to the solution. The [2021 Edelman Trust Barometer Special Report on Climate Change](#) notes there is significant public skepticism about business delivering on promises made, underscoring the necessity for businesses to maintain transparent and consistent communications to share progress along the way. Governments, the media, investors and the consumer will—and should—hold the private sector accountable to delivering on its climate commitments.