



TCB Digest for Executives

December 22nd, 2023

Welcome to the 14th edition of The Climate Board's Digest for Executives - a summary of key climate-related events, publications, and insights for cross-functional corporate leaders.

With COP28 in Dubai now in the rearview mirror, the world is looking forward to the next steps. While some laud the COP28 agreement as "[the beginning of the end](#)" of fossil fuels, many others argue that it "[doesn't even come close](#)" to necessary and critical climate action. John Kerry, the U.S. Special Presidential Envoy for Climate, called it a "[historic success](#)" and highlighted the agreement's take on coal and methane reduction, but acknowledges that progress is not happening quickly enough and worries about procrastination.

In this edition of the digest, we explore some of the progress made during COP28 - and some of the identified shortcomings. In particular, participants in the carbon markets are likely disappointed as negotiators failed to agree on final rules for bilateral carbon transfers or the UN-backed global carbon market.

As this will also be our last digest of 2023, we want to extend our holiday wishes and share our excitement for an impactful year ahead. Click [here](#) for an overview of the work we've completed in 2023 and a preview for what is to come next year.

COP28 Updates

- [COP28 Ends with Historic Deal to 'Transition Away' From Planet-Warming Fossil Fuels](#) (Time, December 13) - COP28 concluded with a pledge, signed by 200 countries, to transition away from all fossil fuels - the first COP text to mention moving away from oil and gas. The commitment stopped short of including specific "phase out" language that most countries wanted, and many countries, including small island nations such as Samoa, criticized the agreement for not including strong enough steps to combat climate change. The lead negotiator for Samoa, whose criticisms were met with applause at COP28, argued that the text's focus on carbon capture and storage could be used as an excuse to continue burning fossil fuels, among other criticisms. [Some believe](#) that the word "transition" used in the agreement puts the onus on countries to reduce demand for fossil fuels instead of on producers to reduce supply. It is important to note too that whatever commitments or [loopholes](#) the agreement may include, real results and progress will depend on implementation by governments and businesses.
- [COP28 Kicks Carbon Trading Down the Road as EU Blocks Deal](#) (Reuters, December 13) - In a setback for carbon markets, the climate summit failed to set rules that would launch a central system for countries and companies to offset emissions and trade these offsets. The EU blocked the deal, pushing for rules that will hold offsets to a higher standard, but the United States - along with a majority of countries -

argued that stricter rules would prevent developing countries from participating in the market. The Voluntary Carbon Markets Integrity Initiative (VCMI) argues that this lack of an agreement at COP28 emphasizes the need for a [high-integrity voluntary carbon market](#).

- [Carbon Price Tumbles as Investors Fret Over 'Weak' Impact of COP28 Deal](#) (Financial Times, December 14) - After COP28 concluded, the price of carbon fell to its lowest level in over a year. While some analysts did not see significant links between the COP28 agreement and the price of carbon, some argue that the weak language of the agreement caused doubt about any meaningful actions by governments to transition away from fossil fuels.

More COP28 articles

- Vox, December 13 - [3 Wins and 3 Losses at COP28](#)
- Reuters, December 14 - [What are the loopholes in the COP28 climate deal?](#)
- Brookings, December 14 - [The Successes & Failures of Cop28](#)
- The New York Times, December 15 - [U.S. Climate Envoy John Kerry Reflects on Recent Deal, and What Comes Next](#)
- Science News, December 15 - [COP28 Nations Agreed to "Transition" from Fossil Fuels. That's Too Slow, Experts Say.](#)

Government & Regulatory Updates

- [Seven European Countries Pledge CO2-Free Power Systems By 2035](#) (Reuters, December 18) - These countries, including Germany and France - two of the biggest power producers in Europe - pledged to remove carbon dioxide-emitting power plants from their electricity systems by 2035. Since these countries have interconnected electricity systems, working together to plan energy storage infrastructure will be helpful in working towards decarbonization.
- [Biden-Harris Administration Announces New Agreement Between Seven Federal Agencies to Implement the American Climate Corps](#) (EPA, December 19) - Originally announced in September, this program will train young people in environmental jobs including renewable energy and conservation. The [Memorandum of Understanding](#) agreeing to the program's principles, was signed by the EPA and Department of Commerce among other agencies last week. As the first cohort is planned to deploy by summer 2024, administration officials will start convening prospective Climate Corp applicants and implementing partners including labor unions, employer partners and a range of local government bodies early in 2024.

Corporate & Disclosure Updates

- [BlackRock Sued by Tennessee Over "Misleading" ESG Strategy](#) (Bloomberg, December 18) - In the latest criticism of the asset manager's ESG policies by [Republican politicians](#), Tennessee's state attorney claimed that BlackRock has "downplayed the extent to which ESG considerations drive its investment strategies," asserting that funds that do not take ESG into account are thus unfairly impacted. Separately, in the same week, [the U.S. House of Representatives subpoenaed](#)

[BlackRock and State Street](#), seeking documents as the Republican-led Judiciary Committee probes whether the firms' ESG efforts violate antitrust laws.

- [Goldman Sachs Releases 2023 TCFD Report](#) (December 19) - In its first TCFD report since 2021, the Wall Street investment bank provided updates on its climate targets and progress, including reporting that its power portfolio's physical emissions decreased by 29% between 2019 and 2021. The report also detailed Goldman's integration of climate risk and scenario analysis into broader risk analysis efforts.
- [ING Takes Next Steps on Energy Financing After COP28](#) (December 20) - The Dutch bank announced that it aims to phase out upstream (exploration and production) oil and gas financing by 2040 and triple renewables financing by 2025 - with a goal for such financing to reach €7.5 billion per year, up from €2.5 billion in 2022.

Climate Updates

- [Coal Use May Have Peaked in 2023](#) (Forbes, December 18) - The International Energy Agency reported that global demand for coal hit an all-time high in 2023 and estimates demand will drop next year and plateau until 2026 before declining. The IEA predicts this decline will occur even without a strong government crackdown, due to the drop of coal consumption in Europe and the U.S. and expected hydropower rebounds in India and China after decreased output this year.

Publications

- [Integrating Climate Change Induced Flood Risk Into Future Population Projections](#) (Nature, December 18) - While much of the existing research on climate migration explores migration across national borders, this research focuses on a more voluntary form of climate migration in the US and identifies relationships between flood exposure and population change. Particularly relevant for companies in the broader real estate industry, this study indicates that population declines (2-7% lower growth) are statistically associated with higher levels of historic flood exposure.

More Must-Reads

- United Nations, December 11 - [UN Launches \\$46 Billion Appeal to Respond to Worsening Crises in 2024](#)
- Harvard Business Review, December 15 - [What Every Leader Needs to Know About Carbon Credits](#)
- U.S. Treasury & IRS, December 15 - [U.S. Department of the Treasury, IRS Release Guidance to Drive American Innovation, Cut Aviation Sector Emissions](#) - This guidance refers to the "SAF Credit" - a tax credit for sustainable aviation fuel.
- CBS News, December 18 - [About 3 Million Americans are Already "Climate Migrants" Analysis Finds. Here's Where They Left.](#)
- U.S. Department of Agriculture, December 19 - [Biden-Harris Administration Proposes First-of-its-Kind National Forest Plan Amendment to Conserve and Steward Old Growth Forests](#)
- The Rockefeller Foundation, December - [Vulnerable Populations in a Warming World](#)

Thank you - and Happy New Year!
The TCB Team



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