



# COP28 Preview: Energy, Climate Finance, and the Future of COP

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The 28th meeting of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) will be held in Dubai, United Arab Emirates, from November 30 to December 12.

## Why does COP28 matter?

Five contexts that will bring what happens at the summit into the boardroom:

- **We are already crossing dangerous climate tipping points.** The year 2023 has already proved the hottest, worst and costliest year on record for climate impacts in many countries. Out of the 26 tipping points assessed by scientists, the world is at risk of breaching several and setting further damage in train.
- **We have six years left to halve global emissions.** That's to have a 50% chance of limiting warming to 1.5°C – the threshold scientists consider necessary to limit the worst effects of global warming. Last week, UN [analysis](#) warned those odds are now as little as 14% if emissions are not rapidly reduced.
- **We know what must be done to put the world on track.** The UN's [Global Stocktake](#) report shows 1.5°C remains possible, but the window is rapidly closing; private sector leadership, referred to 33 times in the executive summary, will prove essential. At COP28, countries and companies will be called on to decide how to respond to this stocktake in their next round of climate action plans, due in 2025.
- **The global economy can capture an enormous opportunity and avoid enormous losses.** The difference between inaction on climate change and a rapid transition to net zero is worth \$178 trillion to the global economy, according to [analysis from Deloitte](#). Technological change is also happening much faster than many thought possible: Renewables and electric vehicles (EVs) are scaling exponentially, setting up [EVs to be two-thirds of car sales](#) by 2030 and for solar and wind to be 40% of electricity supply, putting the [net-zero emissions scenario](#) in 2030 within striking distance.
- **There is meaningful engagement between the real economy and the conference.** In recent years, COPs have expanded their participation to actors beyond governments, and COP28 is expected to further increase the inclusion of non-state actors with the aim to accelerate system-wide, global efforts to tackle climate change. COP is now a critical moment for the climate conversation and sets the stage for policy and regulatory developments. Following this conversation closely can inform business strategy and positioning, as well as provide an early warning signal for which sectors might come under scrutiny in 2024.



# Key themes for COP28

## 1. Implications for energy

The single biggest theme at COP28 will be decarbonizing the energy system of today while accelerating the buildout of the energy system of tomorrow. Ambitions for tripling renewables, doubling energy efficiency investment, reducing reliance on fossil fuels, accelerating heavy industry transformation and the feasibility of carbon capture are all going to be dominant.

A major debate will be what to do about “unabated fossil fuels,” which produce emissions that cannot be reduced or captured. The EU is expected to push for a “phase-out” of unabated fossil fuels to be acknowledged in the final negotiation text. Last year at COP27, more than 80 countries including the US, UK and EU backed an ultimately unsuccessful proposal to agree to “phase down fossil fuels.”

Carbon capture is also at the center of an increasingly heated conversation, with direct implications for business, around how feasible a role the technology can play in net-zero strategies.

- In some sectors, such as cement, which produce carbon dioxide regardless of the energy source, carbon capture is expected to play a vital role.
- However, scientists, governments and campaigners continue to express extreme doubt over the use of the technology, questioning whether it can realistically be scaled up to the level required and fearing the technology will be used as an excuse for the continued use of polluting fuels.
- The rise of technologies such as hydrogen has also led expert industry bodies including the International Energy Agency and Energy Transition Commission to set out ahead of COP28 [their view](#) that carbon capture will play only a limited role in industrial processes.

## 2. Pressure and opportunity for financial institutions

One of the biggest climate challenges is mobilizing and realigning the flow of capital to where it is needed, to transition carbon-intensive sectors and help developing economies transform and build climate resilience.

- **The scale is vast.** Around \$3.5 trillion of capital investment will be needed per year through 2050.
- **And the gap is large:** Advanced economies [require a doubling of current](#) annual investment levels, while for low- and middle-income countries the figure required is quadruple.
- **The costs are uneven.** Take solar power; in Ghana, the cost of capital can be up to [eight times that in Germany](#), rendering the cheapest form of electricity out of reach for those that need it most.
- **And developing countries are being left behind:** Global clean energy investment has been rising and hit an all-time peak in 2023, but lower-middle income countries accounted for [only 7% of clean energy spending](#), despite being home to over 40% of the global population.

Expect this topic of realigning and rebalancing finance for climate action in emerging economies to dominate the conversation.

- There will be pressure to land the \$100 billion finance target promised in 2009 for climate action in developing countries, now seen as a token of trust. There will be further pressure on multilateral development banks to help turn billions into the \$2.4 trillion that lower- and middle-income countries need to combat climate change. Through these financing mechanisms, it will be possible to attract private finance and reduce the cost of capital.
- We can expect scrutiny to be placed on large banks and investors to demonstrate how they are helping to meet this challenge (paving the way for some truly substantial announcements) while



driving down their own portfolio emissions in partnership with clients and helping to scale up the technologies that reaching net zero requires.

### 3. Transforming food systems and nature

There will be a big focus on protecting and restoring nature loss and transforming food systems, which accounts for a third of global emissions. The focus will be on conserving what the world has by halting supply chain deforestation and degradation by 2030, securing tenure; restoring what the world has lost by revitalizing degraded ecosystems such as forests, peatlands and oceans, in turn boosting livelihoods, supporting biodiversity and sequestering carbon; and transforming food systems by halving food wastage and loss, shifting diets to reduce strain on ecosystems and forest destruction, reducing emissions and increasing resilience.

### 4. Scrutiny of corporate action

Due to the importance of COP in the climate calendar, the conference provides a moment to generate significant momentum for campaigners and activists. With the focus of the entire world on one spot and one subject, activists will use COP to highlight the worst offenders for inaction on climate. The first-ever global stocktake, which concludes at COP28, creates an expectation for increased action and accountability for progress that applies to companies as well as countries. With that, businesses can expect an especially high level of scrutiny this year.

For COP28 specifically, businesses should anticipate a flurry of announcements and new initiatives to try and help the world reach its climate targets. Companies will need to be clear on:

- Progress from setting targets to delivering transition plans that support climate and commercial goals.
- Using distinctive expertise to contribute to wider industry transition, in partnership with others.
- Active advocacy for the enabling conditions needed to deliver a successful transition, quicker.

### 5. The future of the COP process itself

Calls for reform are growing due to a perception that the COP process is not delivering action at the speed and scale required if the world is to meet its target of limiting global warming to 1.5°C. The interim [Global Stocktake](#) concluded that the world needs urgent, systemwide transformation “across all sectors and contexts.” Expect these calls to become more widespread as the effects of the climate crisis accelerate.

The presidency of COP28 is held by the UAE, led by Sultan Ahmed Al-Jaber, and has given the Gulf region a high-profile role in international climate diplomacy and spurred scrutiny of Al-Jaber’s ties to oil and gas. The appointment has caused controversy and drawn attention away from the issues at play. Al-Jaber remains CEO of Abu Dhabi National Oil Company (ADNOC), but his supporters point to his expertise in renewables as well as oil and gas (he is also chief of renewables company MASDAR). The appointment has steered the conversation directly to energy, despite Al-Jaber’s initial goal to make COP28 largely about the tripling of renewable power and a new push into climate health. The oil and gas industry may not have such a prominent and visible role in international negotiations again.



## To continue the conversation



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Phil is Partner and lead global client advisor of the Brunswick Climate Hub. He has advised many of the world's largest financial institutions and corporates on their climate leadership agenda. Phil has also advised the UN Climate Change High Level Champions for COP25, COP26, COP27 and COP28 and helped launch the Race to Zero and Glasgow Financial Alliance for Net Zero.