



# Roundtable on COP27

## 21 November 2022

### Introduction

On 21 of November, the APPG held a roundtable discussion revolving around COP27, following the climate conference's conclusion a few days earlier and what the outcomes might be for ESG. While this year's COP did not feature a major private sector pledge along the lines of GFANZ's \$130 trillion net zero commitment at COP26, the final agreement has underlined the important role for investors and corporates in decarbonising the global economy, with important consequences for ESG.



### Key takeaways from COP27

- COP27 reflected a need to rework the financial system, and adapt it to reach net zero targets.
- The Loss and Damage Fund was introduced at COP27 to alleviate the severe shocks due to climate change in vulnerable countries.
- The COP27 Implementation Plan calls for \$4 trillion to be invested in renewable energy annually, \$4-6 trillion towards decarbonisation; and the “transformation” of the financial system to help achieve these investments.
- Institutional investors used the platform to call upon policymakers to support their efforts to invest more responsibly, while also helping to deliver appropriate returns. COP27 also featured a new partnership by the ISSB to help firms meet disclosure standards.

- Greenwashing received a large amount of attention with the publication of [guidelines](#) by the High-level Expert Group on the Net Zero Emissions Commitments of Non-State Entities. The publication was accompanied by UN Secretary General António Guterres’s robust assertion that “we cannot afford slow movers, fake movers or any form of greenwashing.”
  - The guidelines notably call for “radical transparency” in sharing relevant and “comparable data”, and for near and medium-term emissions targets, with the emphasis on absolute emissions.

## Issues raised at the roundtable

- How is the Loss and Damage Fund different from existing foreign aid programmes, and will they be robust enough and large enough to counter the effects of climate change? How will financial institutions and corporates interact with them post-COP?
- It was noted that the Europeans are moving very fast in regulating reporting, so much so that no corporation knows how to deal with the European Financial Reporting Advisory Group, and the United States are clearly behind.
- A key issue raised was that we are increasingly dealing with polar opposites:
  - On the one hand, there is a focus on alignment of policy and frameworks by cross-jurisdictions.
  - However, on the other hand, how do we give SMEs the tools to participate? There is a void between these two and it was made clear by participants that there needs to be more clarity about how to bring these two together.
- It was generally felt that COP27 was not an outstanding success. But how much can COP deliver, not every event can be a Paris or Glasgow. As long as networks and initiatives grow in stature - provided they function together and exploit synergies - progress will be made.
- The dangers of ambitious goals and coalitions, announced at COPs, arise when not being followed up by action. This concern was expressed against the backdrop of members leaving GFANZ, and the network loosening its commitments, namely the UN's Race to Zero climate action campaign.
- Sage briefed the APPG on their recently released climate report on SMEs’ transition to net zero. Their four recommendations were:
  - Simplifying climate regulation and carbon reporting.
  - Promoting greater collaboration within supply chains.
  - Providing guidance for digital tools.
  - Enabling SMEs to have greater knowledge of data for climate reporting.

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