This is why we are at COP29 in Baku this year

The world is heading towards a devastating 2.7°C global warming, far exceeding the 1.5°C Paris goal.[1] The Paris Agreement makes clear that all countries and all sectors have a responsibility to prevent dangerous climate change. The Netherlands is not doing enough, the chance to reach its own 2030 climate goal is less than 5%.[2] One of the conclusions in last year's IPCC report was that adverse climate impacts are already more far-reaching and extreme than anticipated.[3] This underscores once more the need for rapid action and this should be done in a (gender)just and inclusive way.[4]

Large polluting companies have direct control over the vast majority of their global emissions, and as non-party stakeholders to the Paris Agreement a responsibility to take action. Alarmingly, most of these companies are back-pedalling on their renewable energy commitments, resisting pathways that lead to reduced fossil fuel production and consumption. Last year, a record number of 2,456 fossil lobbyists got access to COP28 – seven times the number of official indigenous representatives and more than the number of delegates of the ten most climate vulnerable nations combined.[5]

The influence of large polluting companies is slowing down real progress, favouring short-term shareholder returns instead of taking responsibility. Regulation by governments is crucial to make companies and the financial sector accountable for reducing (the financing of) emissions with at least half by 2030 – compared to 2019 -in their entire value chain, meaning in scope 1, 2, and 3. The UNFCCC/COP realm should start giving strong signals on corporate responsibilities as non-party stakeholders since decisions of their executives determine the path we take as humanity: a liveable future, or uncontrolled warming. In this short paper we will present our priorities for COP29.

Keeping a chance of staying below 1.5°C by underscoring the responsibilities of companies

Last year, COP28 gave a clear message that the end of the fossil fuel era is near. The outcome of the Global Stocktake (GST) mentioned "the need to transition away from fossil fuels in energy systems", triple renewable energy capacity and double energy efficiency by 2030. While this is

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[1] Climate Action Tracker (2023). Temperatures. https://climateactiontracker.org/global/temperatures/.

[2] Climate goal of the Netherlands is -55% compared to 1990. See: Planbureau voor de Leefomgeving (2024). *Klimaat- en Energieverkenning*. https://www.pbl.nl/publicaties/klimaat-en-energieverkenning-2024.

[3] Intergovernmental Panel on Climate Change (2023). *AR6 Synthesis Report: Climate Change 2023*. https://www.ipcc.ch/report/sixth-assessment-report-cycle/.

[4] Climate action must be coupled with climate justice and gender justice. Communities in the Global South – those least responsible for the climate crisis – are disproportionately affected. Women and girls in all their diversity, IPLCs, children, youth, workers, and other vulnerable groups lack the resources to adapt and recover, threatening their livelihoods and economies. For more information on the nexus between gender and climate, see here: https://milieudefensie.nl/actueel/gendergelijkheid-in-klimaatbeleid

[5] Kick Big Polluters Out (2024). RELEASE: Groups from worldwide movements representing millions of people have a message to world governments: "Defund Genocide, Kick Big Polluters Out!". https://kickbigpollutersout.org/articles/release-groups-worldwide-movements-representing-millions-people-have-message-world.

a good step, more is needed.[6] Early 2025, countries need to submit their new climate plans, also known as Nationally Determined Contributions (NDCs), implementing the outcomes of the GST. According to UNFCCC, existing climate plans are hopelessly behind and will currently lead – if fully implemented - to a combined reduction in 2030 of 2.6% compared to 2019 by 2030. Obviously, far from what is needed to remain a chance of limiting global warming to 1.5ºC in line with the Paris Agreement.[7] To correct the current trajectory, the EU and other (historical) large polluting parties need to unlock negotiations on mitigation by stepping up on their commitments for climate finance. In line with the principle of common but differentiated responsibilities and respective capabilities (CBDR-RC), the Netherlands (and the EU) should take the lead in raising ambitions and take drastic steps to convert pledges into concrete climate action within the new NDC and national climate plans. While mitigation targets are key elements of NDCs, they should also capture plans and legislation that must drive mitigation ambitions towards a just transition. Hence, the Netherlands should advocate for inclusion of references to new binding climate obligations for companies (Corporate Sustainability Due Diligence Directive) and existing guidelines for responsible business conduct that explicitly refer to climate obligations for companies.

The Netherlands and EU should lead by example and raise mitigation ambitions by underscoring climate obligations for companies in the new round of NDCs:

- The Dutch National Climate and Energy Plan (NCEP) and the European NDC should raise ambitions, based on fair share principle and best available science, as soon as possible to remain a credible party within UNFCCC climate negotiations. Raising ambitions entails at least; enhance climate targets for 2030, 2035, align with net-zero in 2040, commit to end the approval of new fossil fuel exploration and production projects and include a concrete, time-bound and just phase-out plan for fossil fuel subsidies. The European NDC and national climate plans of member states should also include concrete steps to reduce energy demand and consumption and commitments to the development of sufficiency policies.
- To underscore the importance of binding climate obligations for companies the EU and its member states should include strong references in their NDC and national climate plans to new mandatory European climate obligations for companies (CSDDD) and sustainability (reporting) standards (CSRD/ESRS). For effective enforcement of these regulations, plans should outline steps towards sufficient capacity and expertise of the supervisory body. Where binding climate obligations are absent, parties should at least include references to existing international guidelines and includes plans for developing regional/national and international regulation in relation to climate obligations for companies.

[6] See also (in Dutch): Milieudefensie (2023). 3 Conclusies na de klimaattop van Dubai. https://milieudefensie.nl/actueel/3-conclusies-na-de-klimaattop-van-dubai.

[7] UNFCCC (2024). New UN Climate Change Report Shows National Climate Plans 'Fall Miles Short of What's Needed'. https://unfccc.int/news/new-un-climate-change-report-shows-national-climate-plans-fall-miles-short-of-what-s-needed.

- The influence of fossil fuel lobbyist and other polluting industries needs to be restricted to ensure the legitimacy of the negotiation processes and be able to take meaningful climate action. In 2023, the Netherlands declared to support efforts to strengthen accountability within the UNFCCC, including the establishment of a conflict-of-interest policy. We call on the Netherlands, the EU to maintain this stance and ask all governmental delegations to work actively to support the UNFCCC secretariat in creating an Accountability Framework to protect the climate talks from undue influence of polluting interests.

Ending fossil fuel subsidies and making polluters pay for a just transition

A strong collective goal on climate finance (NCQG) is crucial to advance a just transition and stay within reach of the 1.5ºC of the Paris Agreement. A considerable amount of climate finance is required to provide the needed support to countries from the Global South to be able to implement the outcomes of COP28 and 'transition away from fossil fuels'. It is clear that there is not a lack of public finance, it is just poorly distributed.[8] In the Netherlands alone total fossil fuel subsidies range from €39.7 billion to €46.4 billion annually and €8.8 billion of these fossil fuel subsidies goes to only 10 large energy and industrial companies every year. And that while these companies make hardly any investments in decarbonising their operations and value chain.[9] Instead the oil and gas industry makes record profits and continues to enrich its major shareholders.[10,11] Phasing out fossil subsidies cuts both ways: reducing CO_2 emissions while at the same time increasing state revenues to use for the energy transition and social and fair climate policy – also internationally.

The Netherlands, EU and other large (historical) polluting countries should step up on climate finance and promote new innovative sources by, amongst others, following through on its long standing promises to end fossil fuel subsidies and stop pampering polluting companies:

- As initiator of the International Coalition on Fossil Fuel Incentives and Subsidies (COP28), the Netherlands should use its influence to get countries on board in necessary reforms and push actively for the expansion of the international coalition. All the members should support the development of binding language, including time-frames, to equitably end fossil fuel subsidies and make companies pay as part of the roadmap that is due at COP30.

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[8] Oil Change International (2024). *We can pay for it. Measures for rich countries to raise public funds for the new climate finance goal and other domestic and international public interest priorities*. https://www.oilchange.org/wp-content/uploads/2024/09/Fact-Sheet-We-can-pay-for-it-1.pdf.

[9] Jan Willem van Gelder en Mara Werkman (2023). *Fossiele subsidies voor grote klimaatvervuilers - Inventarisatie voor Milieudefensie*. https://milieudefensie.nl/actueel/fossiele-subsidies-voor-tien-klimaatvervuilers-md-231206.pdf.

[10] International Institute for Sustainable Development (2022). *Burning Billions: Record public money for fossil fuels impeding climate action*. https://www.iisd.org/publications/report/burning-billions-record-fossil-fuels-support-2022.

[11] Maina van der Zwan and Elisa Asscheman (2024). *Hun winst, ons verlies. Hoe vervuilende bedrijven grootaandeelhouders verrijken ten koste van mens en klimaat*. https://milieudefensie.nl/actueel/rapport-hunwinstonsverlies.

- This must be matched with parallel efforts to make polluters pay through equitably designed domestic fossil fuel levies. The fossil fuel industry and other high emitting sectors should contribute towards the costs of adaptation, mitigation and addressing loss and damage. These levies must be pursued as part of wider planning to phase out fossil fuels.
- Just phase-out plans mean tackling existing inequalities by, amongst others, allocating international grants-based, non-debt inducing climate finance to support a just transition of countries, communities and workers in the Global South. Climate finance should be science-based, accessible, additional, based on the needs and priorities of local communities, and have (gender)equality at its core.[12] The Netherlands is more credible in advocating for expansion of the coalition if they continue to commit themselves to a time-bound, just national phase out plan of fossil fuel subsidies, as this is one of the goals of the international coalition.

Climate finance for a just energy transition

The lack of climate finance and the debt crisis are key obstacles for countries in the Global South to be able to make the transition towards a renewable energy system. Just 3% of international public finance for clean energy provided between 2020 and 2022 went to low-income countries, and 18% to lower-middle-income countries. Only 6% of the climate finance for renewables was provided in grants.[13] Without sufficient public climate finance for clean energy projects going directly to the global south, there is a danger that large corporate controlled renewables are expanding rapidly instead of public/community owned initiatives which are more likely to protect environment and people. The energy transition must not perpetuate excessive renewable energy growth within our current corporate driven system forcing the Global South to serve as sacrifice zones. Instead , energy access, reduction of energy poverty and community and public ownership in these countries must be prioritised when expanding renewable energy.

To enable a people-centric and equitable just transition for all we recommend:

- The new climate finance goal should have a sub-goal on mitigation finance that includes fair grant-based, non-debt inducing and highly concessional funding specifically for a just energy transition. The Just Transition Working Programme (JTWP) must therefore inform or at least be explicitly linked to the new collective goal on climate finance to be decided at COP29.
- To accelerate the transition towards a climate-just world, it is necessary to embed feminist principles and benefits to workers and communities in the transformation of our energy system, so that everyone profits. The Netherlands and other EU member states, should promote, both nationally and internationally, key principles such as

[12] For more on the new climate finance goal and the demands we support as a member of the International Climate Coalition see: https://milieudefensie.nl/actueel/adviezen-nederland-op-klimaattop.

[13] Oil Change International (2024). *The road to COP29. Shifting and unlocking trillions for a juist energy transition.* https://www.oilchange.org/wp-content/uploads/2024/09/Road-to-COP29-Shifting-and-unlocking-trillions-for-a-just-energy-transition-1.pdf.

energy sufficiency for all, energy sovereignty, energy democracy, energy as a common good, 100% renewable energy for all, community-owned, and low-impact renewable energy as key principles in the JTWP. Inclusive social dialogue and meaningful peoples' participation must be institutionalised in all just transition programmes and measures.

- To enable a just transition for all, the Netherlands and EU should actively reduce its dependence on raw materials by prioritising a reduction in energy consumption at national level, in particular by large industries. Where mining for the energy transition is needed, it must be guided by clear objectives for companies that consider the status and significance of local resources to communities and ecosystems. This includes adhering to Do-No-Harm principles, respecting labour rights, and ensuring Free, Prior, and Informed Consent. The Netherlands and EU should demand that compliance with corporate due diligence legislation and international frameworks on business and human rights and responsible business conduct is also embedded within the JTWP with strong links to the NDC.

No dangerous distractions: International voluntary carbon markets and article 6

Negotiations on international carbon markets and the implementation of article 6 of the Paris Agreement have been going on for years. Since 2021, negotiations have taken place on detailed rules for implementation of the international voluntary carbon market system.[14] This year, there is a strong push from a.o. the Netherlands, to finalise the negotiations on article 6 with a focus on "developing robust quality criteria to operationalise the global voluntary carbon market and realise permanent emission reductions or carbon removals".[15] The notion that carbon credits can help address the current climate crisis is however unfounded. Carbon credits and offsetting projects are overwhelmingly proven to not work and are a dangerous distraction from actual investments needed by companies to reduce emissions directly.[16] Besides the growing evidence on their ineffectiveness, carbon credits and offsetting projects are structurally linked to human rights and indigenous rights violations, land-grabbing and ecosystem destruction, in particular in the Global South.[17]

All negotiating parties should stop facilitating the roll out of a system that allows large companies to profit of the climate crisis and continue 'business as usual' by being allowed to pay to pollute at the expense of planet and people in the Global South:

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[14] Friends of the Earth International (2023). *Opposing carbon markets. A guide to carbon markets and how to fight them*. https://www.foei.org/wp-content/uploads/2023/11/Carbon-markets-guide_FoEI_ENG.pdf.

[15] Minister van Klimaat en Groene Groei (2024). *Nederlandse inzet COP29 voor Milieuraad 14 oktober*. Kamerstuk 31793, nr. 272. https://zoek.officielebekendmakingen.nl/kst-31793-272.html.

[16] The International Energy Agency (IEA) and the OECD guidelines (2023) explicitly warn against the risk that the use of carbon credits can deflect from investments in direct emissions reductions. For more background see for instance: IEA (2021). *Net Zero by 2050. A Roadmap for the Global Energy Sector* https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroby2050-ARoadmapfortheGlobalEnergySector_CORR.pdf; OECD (2023). *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct*. https://mneguidelines.oecd.org/mneguidelines/.

[17] Milieudefensie (2024). *Why certification of deforestation-risk products is a false solution*. https://en.milieudefensie.nl/news/false-solutions-factsheets.

- Carbon credits are a dangerous distraction from reaching deep emission reductions and should not be allowed to be used as measures to neutralise or offset emissions. The Netherlands and EU should prevent further deregulation and focus on enforcing existing climate regulations for corporations and the financial sector, and promote new regulations at international level, in order to reduce emissions rapidly.
- Carbon markets, carbon credits and offsetting projects are not sufficient climate finance solutions, they cannot and will not deliver the climate finance so direly needed by countries in the Global South. The GST outcome last year has broadened the definition of what can be included as climate finance which potentially opens the door to include abatement technologies such as carbon capture and so-called transition fuels like gas to be claimed as climate finance. The Netherlands and the EU must resist the advance of carbon markets as a solution to climate finance.
- The Netherlands and EU should promote initiatives under article 6.8 (non-market based approaches) instead. Non-market based approaches encourage international cooperation without trading carbon credits, placing Indigenous Peoples and Local Communities (IPLCs) at the center of climate solutions. This article gives space to rights-based approaches, ecosystem protection and sustainable consumption, and could therefore significantly contribute to climate justice.[18] Direct public funding to IPLCs is a key non-market based approach, as this approach helps IPLCs secure land tenure, protect natural resources, and contribute to both climate mitigation and adaptation. Direct financing mechanisms empower IPLCs to continue their sustainable forest management practices, which have proven more effective than market-driven approaches like carbon offsetting.

[18] Milieudefensie (2024). *Why certification of deforestation-risk products is a false solution*. https://en.milieudefensie.nl/news/false-solutions-factsheets.