



# COP27 EGYPT:

## RAINFOREST ACTION NETWORK POSITION PAPER

*For too long, those least responsible for our climate crisis pay the highest price — often with their lives.*

*This year's United Nations Climate Change Conference (COP27) being held on the African continent highlights the ever increasing disparity between those profiting from and those punished by destructive and polluting industries. Enforceable agreements for a loss and damage solution enacted by the greatest polluting countries must be a priority. A financial facility must be established to assist nations to recover from ever-increasing disasters and support their sustainable energy structures. These solutions must be created with environmental justice and a just transition to a regenerative economy as guiding principles.*

*Loss and damage is not an abstract concept to people fighting deforestation and fossil fuel expansion. Sacred sites are routinely destroyed and livelihoods are decimated for profits to be pipelined out of thriving communities and into corporate coffers. Corporations must stop their destruction and fund equitable pathways towards decarbonization as well as the protection and restoration of nature under the sovereignty of the people*

*most affected by climate chaos. They must honor international agreements and enable Indigenous peoples to control their lands while respecting their free, prior, and informed consent.*

*This type of systemic change happens with robust debate, necessary dissent, and civil advocacy. Activists fighting for human rights, a sustainable planet, and our collective future must be assured of their freedom to associate, assemble, and express these critical needs without arbitrary detention and punishment. There is no climate justice without open civic space.*

*The window for limiting warming to below 1.5 C is rapidly closing. The consequences of failing to meet that goal are catastrophic. It is time for urgent action. Polluters must pay for the costs of climate chaos. Financial systems that bankroll deforestation, fossil fuel expansion, and their associated human rights violations must be revolutionized by principles of climate justice. This position paper lays out what Rainforest Action Network expects from governments and corporations at COP27 to reorganize systems and financial flows to keep fossil fuels in the ground and keep forests standing.*

## **COP27** must meet the scale and urgency of the climate crisis

The world is facing a rapidly accelerating climate emergency with extreme floods, droughts, and wildfires taking a devastating toll on millions of people, especially vulnerable communities around the world. From deadly flooding in Pakistan to hurricanes in Puerto Rico, climate chaos is worsening inequality in the world's poorest countries and communities that have contributed least to the climate crisis.

*Rainforest Action Network joins a global network of allies demanding real results from the Sharm El-Sheik Conference of Parties (COP27) for the United Nations Framework Convention on Climate Change (UNFCCC) toward meeting the goals of the Paris Climate Agreement in order to limit global warming to 1.5°C and scale up support for vulnerable countries and communities disproportionately impacted by the climate crisis.*

PHOTO: Nikki Ritcher / We Animals Media

# COP27 must deliver on urgently needed climate action by:

- Ensuring that countries, especially the ones which have historically produced the largest Greenhouse Gas (GHG) emissions, have credible and ambitious plans to cut emissions aligned with their fair share of what is needed to limit warming to below 1.5°C.
- Ensuring urgent action to tackle the main causes of the climate emergency — emissions from fossil fuels and the destruction of forests. The continued reliance and expansion of all fossil fuels, including oil, gas and coal, and unsustainable land use and industrial agriculture production are worsening climate chaos. The fossil fuel industry is responsible for around three-quarters of all historical carbon dioxide emissions since the Industrial Revolution. In 2015 — the year the Paris Agreement was signed — the fossil fuel industry and its products accounted for over 90% of industrial emissions, and roughly 70% of all human emissions.<sup>1</sup> In 2021, the International Energy Agency confirmed that any new coal, oil or gas production is incompatible with the Paris Agreement’s 1.5°C target. Close to a quarter of global emissions comes from agriculture, forestry and land use.<sup>2</sup>
- Ensuring the protection and restoration of forests, peatlands and other natural ecosystems which are critical to the world’s ability to adapt to the significant climate change already underway. The protection of Intact Forest Landscapes, primary forests, and these ecosystems must come first and foremost in land-based climate mitigation and adaptation plans. Accelerated action is needed by big banks, brands, and governments to end deforestation, forest degradation and conversion of natural ecosystems and to reform forest-risk commodity supply chains to align with ‘No Deforestation, No Peatland and No Exploitation’ (NDPE) practices.
- Putting human rights at the center of efforts to safeguard our climate and biodiversity. This includes securing land rights and Sovereignty and Self-determination for Indigenous Peoples and traditional communities, respecting the human rights of local communities and workers, and zero tolerance for threats to land and environmental defenders. Indigenous Peoples’ rights must be prioritized — not only because it is the just course of action, but because it is the most effective approach to protecting nature and biodiversity and halting expansion of industrial logging, agriculture and extraction into Indigenous territories.
- Fixing the climate finance system so that developing countries and vulnerable communities - who are bearing the brunt of climate impacts despite contributing little to global emissions - have access to adequate and reliable finance. Developed countries must go beyond the US\$100 billion goal set under the Paris Agreement by scaling up financing for adaptation and just transition in developing countries. COP27 must result in meaningful arrangements to provide finance for addressing loss and damage to support vulnerable countries in coping with the extreme impacts of climate change. Loss and damage finance must be grant based and adhere to the polluter pays principle.

<sup>1</sup> CDP, Carbon Majors Report (2017)  
<https://www.cdp.net/en/reports/downloads/2327>

<sup>2</sup> IPCC, IPCC SR on Climate Change and Land (2019)  
[Special Report on Climate Change and Land — IPCC site](#)

PHOTOS: XR Capetown; Basile Mesré-Barjon



# FINANCE must align with 1.5°C pathways and support a just transition

To fulfill these commitments and drastically reduce GHG emissions to limit warming to below 1.5°C will require corporations and industries to rapidly decarbonize their business activities. Financial institutions have an important role to play in driving this transition. Public financing and private finance from banks and insurers to asset owners and asset managers have helped keep afloat, and worse still, have funded the expansion of fossil fuels and commodity-driven deforestation. Despite the emergence of a plethora of voluntary net zero pledges and initiatives like the Glasgow Financial Alliance for Net Zero (GFANZ), RAN's research shows that six years after the Paris Agreement, the world's biggest banks, insurance companies and investors continue to pour trillions of dollars into fossil fuels and forest destruction. Transitioning away from fossil fuels and halting the destruction of nature, towards inclusive and resilient economies, will require decisive action from governments, financial regulators, central banks and private financial institutions.

## Private financial institutions need to have credible and time-bound plans to zero out emissions by 2050

Financial institutions (FIs) must commit to aligning with the Paris Agreement's goal of limiting global warming to 1.5°C while respecting all human rights and the specific rights of Indigenous Peoples. Transforming these commitments into actionable plans that meet the full ambition of the Paris Agreement should entail the following:

- Aligning financing with 1.5°C, setting targets that align their strategies with no overshoot of 1.5°C scenarios, and prioritizing deep emissions reductions in the near term. GHG emissions must be more than halved from 2010 levels by 2030 and then reduced to effectively zero by 2050 to have even a 50% chance of limiting global warming to 1.5°C, according to "pathway 1" in the 2018 IPCC "Special Report on Global Warming of 1.5°C" (SR1.5).
- Adopting robust 2030 targets, as well as annual benchmarks to be met on the way to these 2030 targets. These targets should be based on actual, absolute emission reductions, and not on the use of offsets or false technological fixes such as Carbon Capture and Storage (CCS) or large scale biomass based energy.
- Establishing credible and transparent transition plans by the end of 2023. These plans should include commitments to reach the interim and long-term targets on the pathways described above. This should require the development of client criteria and corporate engagement policies and practices that have teeth — clearly delineated escalation strategies when their clients fail to meet climate expectations.
- Establishing policies to exclude financing for any project that involves exploration for new fossil fuel reserves, expands extraction of fossil fuels, or builds infrastructure that incentivizes new extraction or extends the lifetime of existing extractive or consuming projects.
- Establishing time bound policies to cease financing for companies that continue to expand fossil fuel extraction, combustion, and infrastructure inconsistent with 1.5°C pathways. As part of this process, they must require all fossil fuel clients to publish plans to zero out fossil fuel activity on a 1.5°C-aligned timeline and establish criteria and processes for withdrawing financing where clients fail to do so.
- Establishing transparent milestones to phase out all fossil fuel financing in line with 1.5°C pathways. This should include clear plans for reducing exposure to all projects and companies active in coal, oil and gas including unconventional such as tar sands oil, Arctic oil, offshore and ultra deep water oil and gas, fracked oil and gas, and midstream infrastructure such as LNG terminals.

- Adopting robust and time bound plans for achieving ambitious year-on-year reductions in finance for all coal companies. This calls for an immediate end to all support for coal expansion and a commitment to phasing out thermal coal so that their exposure to and finance for these companies are reduced to zero by 2030 at the very latest in the OECD countries and by 2040 in non-OECD countries in order to align with the IEA 2021 Net Zero scenario.
- Establishing policies prohibiting financing for any project that involves the conversion or degradation of natural forests or other natural ecosystems, with particular emphasis on peatlands, or any company that fails to comply with a cross-commodity No Deforestation, No Peatland, No Exploitation (NDPE) policy at a corporate group level.
- No Deforestation or conversion or degradation of natural ecosystems or peatlands requires: the protection of forests and natural ecosystems including High Conservation Value areas (HCV areas), High Carbon Stock forests (HCS forests), primary forests and Intact Forest Landscapes from deforestation, conversion, and degradation as per commodity sector specific cut-off dates, or pre-existing commitments with a cut-off date that was earlier than the sector specific cutoff dates. Remediation of environmental harm is required for all violations after the cut-off dates.
- No Exploitation requires: Respect for internationally recognized human rights throughout operations, supply chains and investments; Operations only take place if affected Indigenous Peoples and local communities give their Free, Prior and Informed Consent (FPIC) to activities on their lands; Zero tolerance for intimidation, violence, criminalization of affected community members/rights holders, Human Rights Defenders, land, and environment defenders; Establishment and demonstrated use of an effective grievance mechanism aligned with the UN Guiding Principles on Business and Human Rights to resolve grievances; Remediation of social harm to Indigenous Peoples, local communities, and workers.
- Establishing policies and systems to ensure fulfillment of international human rights norms and treaties, including the right to FPIC as defined by the UN Declaration on the Rights of Indigenous Peoples, and end the violence towards Indigenous and frontline communities across all sectors.
- Halting the use of offsets in net-zero commitments. The use of land offsets and carbon capture and sequestration to meet net zero targets in the energy sectors must not be permitted. It is critical that emissions are reduced where they are produced, rather than offset.
- Establishing policies that require clients to drastically reduce methane emissions by 2030, from all sectors, including the fossil fuels and livestock sectors.
- Measuring and disclosing overall GHG footprint. Methodologies for measuring and disclosing the FI's carbon footprint must be transparent and verifiable and encompass all direct and indirect emissions caused by its lending, underwriting, investment, insurance and other services. These methodologies must include activities that impact land use emissions, in particular the degradation and conversion of forests and peatlands.
- Adopting grievance mechanisms and grievance lists in line with obligations outlined in international human rights law, including responsibilities to provide remedy to affected communities and ecosystems.
- Requiring consent for client-named disclosure - and broader transparency - as a condition of client and deal onboarding. So long as financial institutions fail to disclose who or what they are financing, communities will have no way of alerting financiers to problems on the ground and claiming their rights under its policies.



# Financial regulators and supervisors, and Central Banks, need to lead by example to tackle the systemic risk posed by the twin crises of climate change and loss of nature

- Central Banks and financial regulators must adopt new nominal anchors for their mandates - no more than 1.5°C degrees global temperature increase and full biodiversity recovery by 2050. They must also extend their policymaking time horizons to 10-30 years to ensure systemic risk is prioritized over short-term financial flows.
- Publish their own clear and detailed transition plan, with clear and quantifiable climate and biodiversity goals for 2025, 2030 and 2050 covering all central banking, regulation and oversight activities. They must require all regulated financial institutions to publish yearly, detailed transition plans covering all credit, underwriting and investment activities.
- Financial institutions exposed to economic activities that are considered 'always environmentally harmful' must face measures to mitigate risk, including higher capital requirements and tighter liquidity requirements.
- Regulators must build corporate disclosure frameworks to ensure companies report on both their impacts on and risks from climate change and nature loss (double materiality) - and related human rights impacts, and ensure this reporting is accurate. Climate disclosure is a critical first step for enabling a transition away from fossil fuels and the destruction of nature towards sustainable and inclusive development.

## Governments are ultimately responsible for providing the enabling frameworks and regulation to hold all corporations - including financial institutions - accountable for their role in environmental and human rights harm.

Governments must commit to developing and implementing laws and enforcement frameworks that ensure that all corporations - including financial institutions - face meaningful consequences for their role in environmental and human rights abuses at home and abroad. This should include criminal and civil liabilities and penalties, and legal responsibility to provide full remedy to communities, workers and ecosystems harmed by their operations or supply and investment chains.



PHOTOS: Alban Grosdidier / 350.ORG; Erik McGregor / SIPA USA