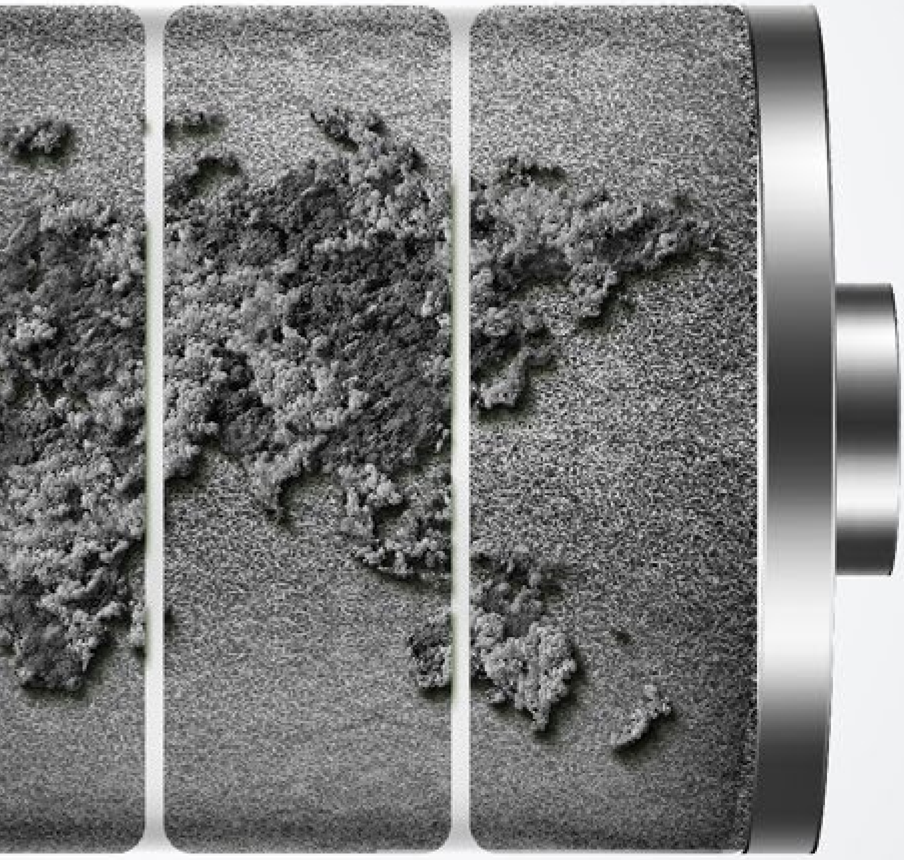
# With COP 28 on the horizon, the time to act in the Middle East is now...



COP 28 is at the door … and all eyes are on the biggest hydrocarbon producing region for a pathway forward to explore how to address the emissions crisis. The Middle East has committed to several net-zero related pledges. From Bahrain and the UAE to KSA and Oman, the region has realized that a change is coming for how these historically high petrochemical economies need to adapt and transition to a low carbon economy. But the change is not easy; there are many hurdles that need to be navigated, and many holes that need to be plugged, to allow the region and the world to plan for the next 20-30 years with a lower fossil fuel budget.

COP 27 taught us many things, the least of which is that committing to net-zero is easy, but the hard part is action and meaningful outcomes. A report was produced by the High Level Expert Group on the NetZero Emissions Commitments of Non-State Entities ("Expert Group") which was tasked by the United Nations Secretary General with addressing net-zero pledges and commitments from non state actors including corporations, financial institutions, as well as local and regional governments. The report outlines ten pledges for the transition, three of which I would like to highlight as crucial to the Middle East, as they require regulatory updates to drive the transition, and above all, transparency and accountability.

In the Middle East, this new regulatory landscape is essential to form the foundation of the low carbon transition plan. There is a need for private and public entities to collaborate in frameworks such as the Race To Zero and the One Planet Sovereign Wealth Fund Framework to ensure everyone's commitment towards the future we all seek. To ensure a positive output, regulators need a full range of fiscal, market, and regulatory mechanisms, including the use of carbon pricing and non pricing mechanisms and incentives, to drive action across the whole ESG landscape. Mechanisms similar to that which we have seen in Europe such as the EU Taxonomy are key to preventing greenwashing. They will help scale up sustainable investments and combat the greenwashing of sustainable financial products and the defining of investments that are qualified as sustainable.

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Moreover, the need to create, manage, and disclose transition plans for life after fossil fuels will bring credibility and the alignment among stakeholders. Entities need to create future plans and adjust corporate strategies not just for the next 3-5 years but for 15–20 years. These plans need to be supported by achievable and measurable decarbonization pathways and education across the value chain in order to result in real change. A key element within this, not just in the Middle East but on a global level, will be ensuring that these pathways are fair and achievable. Using credible frameworks such as the Science Based Targets Initiative will give an air of trustworthiness to the commitment of these entities which not only need to be held accountable by the board, but also by the public at large.

Finally, there's a pressing need to disclose progress in an open and transparent manner to ensure accountability. Full data sets and disclosures across the various elements of the ESG spectrum need to be made available and independently validated. The key word to use is that this is a "transition," and entities should not be afraid of reporting or disclosing aspects that they may have fallen short in or need to correct. Stakeholders understand and trust entities that acknowledge both their strengths and their weaknesses, as long as they are in parallel with the sincere commitment to correct the mistakes that might have led to them not achieving their goals in the first place.

By **Daniel Gribbin**, Director, Head of ESG Advisory, Deloitte Middle East

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