

# Global Climate Talks: Connecting the Dots to Architecture

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The COP26 (Conference of the Parties) climate talks took place in Glasgow over the first two weeks of November. These meetings between heads of state around the world may seem far removed from your daily business concerns, but in reality, the actions taken and resulting agreements may have far-reaching consequences for your business model, including the implications for liability and near-term transition risks.

## **What is COP26?**

Simply put, this year's COP is the 26<sup>th</sup> meeting of the signatories to the UN Framework Convention on Climate Change (UNFCCC) Treaty. Signed in 1992, the UNFCCC Treaty was the first time that governments around the world agreed to tackle global warming collaboratively. The signatories decided to hash out the details on exactly how to meet the challenge in subsequent annual meetings, known as the "Conference of the Parties." The very first meeting happened three years later in 1995 in Berlin, known as "COP1."

Since COP1, progress towards ending global warming has ebbed and flowed over the years as one might imagine in an environment where the stakeholders are quite literally all of humanity (represented by heads of state and industry representatives) and where commitments to reducing emissions are voluntary and subject to shifting political winds. Calling this paradigm for solving humanity's greatest crisis "complex" does not do justice to the situation. Reaching agreements on

such a grand scale among so many players with differing agendas and resources is enormously difficult and the main reason our planet is now in crisis mode. Recall that after COP3 when heads of state first agreed to set *binding* targets for greenhouse gas emissions, the US, as the leading greenhouse gas emitter worldwide, decided to pull out altogether.

It wasn't until COP21, which yielded the Paris Agreement in 2015, that meaningful collective action seemed to once again gain traction. What made the Paris Agreement significant was the fact that countries had finally agreed to keep global warming to below 2°C (and preferably no more than 1.5°C) above preindustrial levels. Equally meaningful was the request by the COP to the Intergovernmental Panel on Climate Change (IpCC), the UN body responsible for assessing scientific research on climate change, to study what a world would look like at 1.5° versus 2.0° warming—something the world didn't quite understand at that time. The results were eye opening.

In 2018, the IpCC report came back with its results and painted a stark picture between the two scenarios of 2° versus 1.5° warming. For example, we learned that at 2° warming, arctic ice and coral reefs might disappear, and permafrost in the Arctic could melt, which would release dangerous levels of methane gas that would actually *accelerate* the pace of warming even further. The conclusion was clear: the whole world needed to cap global warming to 1.5° to avoid what some have called climate chaos and tipping points that will lead to cascading and systemic impacts to food production, unlivable heat in certain parts of the world, disease, and more intense and frequent severe weather. Based on the current pace of emissions, the world is on track to hit 1.5° warming in the next couple of years. The 2021 IpCC report told us that we are on track for 2.7° by the end of this century.

### **What happened at COP26?**

One of the most important missions of COP26 was to re-assess where the world stands on global

warming, specifically assessing new climate science within the context of nationally determined contributions (NDCs) by countries to reduce emissions and whether those pledges/commitments needed more ambitious adjustment. In the months leading up to this important meeting, certain countries increased their ambitions and other countries, which had not previously submitted an NDC, did so. The pressure that this global meeting had on countries to reassess before attending the meeting yielded some progress. Depending on the source, when COP26 began, NDCs put the world on track for 2.7° warming; far exceeding 1.5°. The alarm bells sounded loud and clear, with world leaders calling the situation “code red for humanity” and putting the world on track for “unimaginable” impacts and a “climate catastrophe.” Post-COP26, the world is on track for 2.4° warming; progress indeed, but not enough to keep us within the needed threshold of 1.5° warming within this century.

COP26 ended on November 13, with a global agreement documented in the Glasgow Climate Pact (the “Pact”). While there were many takeaways from the Pact, here are three worth noting:

- The COP agreed to adjust the protocol of revisiting NDCs every five years, which would have been 2025, and instead requests that parties “strengthen” their commitments to align with the 1.5° by the end of 2022.
- There was a paradigm-shifting signal to fossil fuel subsidies and coal industries that the end is near. Never before have U.N. climate agreements explicitly called out the need to end the world’s reliance on fossil fuels and coal. While some argue that the language in the agreement was not strong enough, this formal recognition is a noteworthy change in policy from the 200 countries represented in the Pact. Indeed, some expressed surprise that the provision was able to survive the final draft. Part of this provision notably mentioned the need to support a “just transition” to help the workforce within these industries find different employment opportunities.

- The signatories acknowledged the need for both developing and developed countries to integrate adaptation plans into all levels of national and subnational planning. Such acknowledgement recognizes that climate change is already here and that increasingly severe weather will have destructive impacts (severe flooding, sea level rise, droughts, fire weather, and tropical cyclones) through mid-century without immediate planning and implementation.

## **Why is this important to me?**

### *Resiliency of Your Operations*

As a business, severe weather impacts on operations will be difficult to avoid and will depend on your physical location, the strength and resiliency of your jurisdiction's infrastructure, and whether plans have been made to manage disruptions such as power outages, flooding, and other physical damages. Scenario planning that assumes and addresses disruptions to supply chains, interruptions of communication with employees and customers or clients, and temporary loss of access to facilities is a key risk management strategy.

### *Liability Risks*

To date, courts have taken a broad view of "foreseeability" as it relates to severe weather events and climate change. Failing to adapt to more intense and more frequent tropical cyclones, fire weather, rising sea levels, and flooding may be scrutinized more closely especially given the release of projections based on advanced climate science. Judges and juries may find it difficult to accept that climate change is gradual when everyone knows from either personal experience or the news cycles that our climate is not the same as it was 20 years ago. Learn more about the liability implications relating to climate for design professionals in our Victor webinar, "[Taking the Lead to Address Climate Change](#)."

## Transition Risks

Beyond expected weather events, firms should consider transition risks, which simply means the risks of change in public policies and regulatory frameworks and how those changes will impact markets and the demand/supply for low or no carbon products and services. With COP26 over, governments will begin implementing measures to help them move the needle on their commitments and pledges. For example, the US has committed to three big global warming mitigation actions:

- Cutting emissions by 50% by 2030
- A 100% carbon-free power sector by 2035
- A net-zero economy by 2050

Getting from Point A to B to achieve these targets will involve seismic shifts in the economy so businesses should be alert to the changes ahead as well as the opportunities.

## Final Words

COP26 was all about ringing an overdue alarm on climate change and elevating response status to crisis level. Was it successful? From this writer's point of view, the answer is undoubtedly "yes." Alarms were loud and clear. The question remains whether actions match words and signatory countries will follow-through on their commitments to address the crisis.

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