

COP30 concludes with no mention of fossil fuel phase out in final deal

The 30th Climate Change Conference of the Parties (COP30) summit officially concluded on 21 November 2025, with the final agreement, called the 'global Mutirão', meaning global collective effort, delivered on 22 November 2025.

Establishing a roadmap to phase out the use of fossil fuels was the main focal point of this year's summit. Divisions arose as regions including the UK and EU pushed for this outcome, while petrostates led by Saudi Arabia and Russia fought against this. While the mention of fossil fuels was omitted from the final agreement, Brazil has committed to work on roadmaps for fossil fuels and deforestation over the next year, with a 'coalition of the willing' pushing progress forward. The final deal calls on countries to 'voluntarily' accelerate their action to reduce their use of fossil fuels.

In this briefing, Rebecca Helme discusses key outcomes from COP30, the implications for investors, and actions that can be taken in relation to key climate risks and opportunities.

In brief:

- ▶ COP30 took place in Belém, Brazil in November 2025
- ▶ Final agreement concluded with no mention of the phase out of fossil fuel
- ▶ The need for adaptation was prevalent throughout the conference
- ▶ New deal agreed to triple climate finance provided to developing countries by 2035
- ▶ Lack of official US delegate presence at the summit, with China also avoiding taking a strong position during the discussions
- ▶ Further discussions on EU carbon import tax to be held next year
- ▶ Turkey set to host COP31 with Australia overseeing negotiations, following intense competition to host next year's event

Background to the conference

The UN Conference of the Parties meet every year to accelerate action towards the goals of the 2015 Paris Agreement, which created a binding commitment to limit global warming.

COP30 had a marked absence of senior delegations from the US, reflecting US President Donald Trump's scepticism over climate change and the announcement of withdrawal from the Paris Agreement earlier in the year. Mixed opinions amongst US officials are evident as Gavin Newsom, Governor of California and the most senior US politician in attendance, described Trump's climate change dismissal as an 'abomination'. Despite this backdrop, COP30 recorded over 56,000 registered delegates and representation from nearly 200 countries.

The achievement of a 1.5°C limit on global temperatures remains a point of contention, as 2024 marked the first year on record where the increase in global average temperatures reached over 1.5°C for the entire year in comparison to the pre-industrial average. In 2025, global carbon emissions are expected to reach another record high, signalling that concentration will likely shift towards achieving the goal of well below 2°C (Bloomberg, Global Carbon Budget).

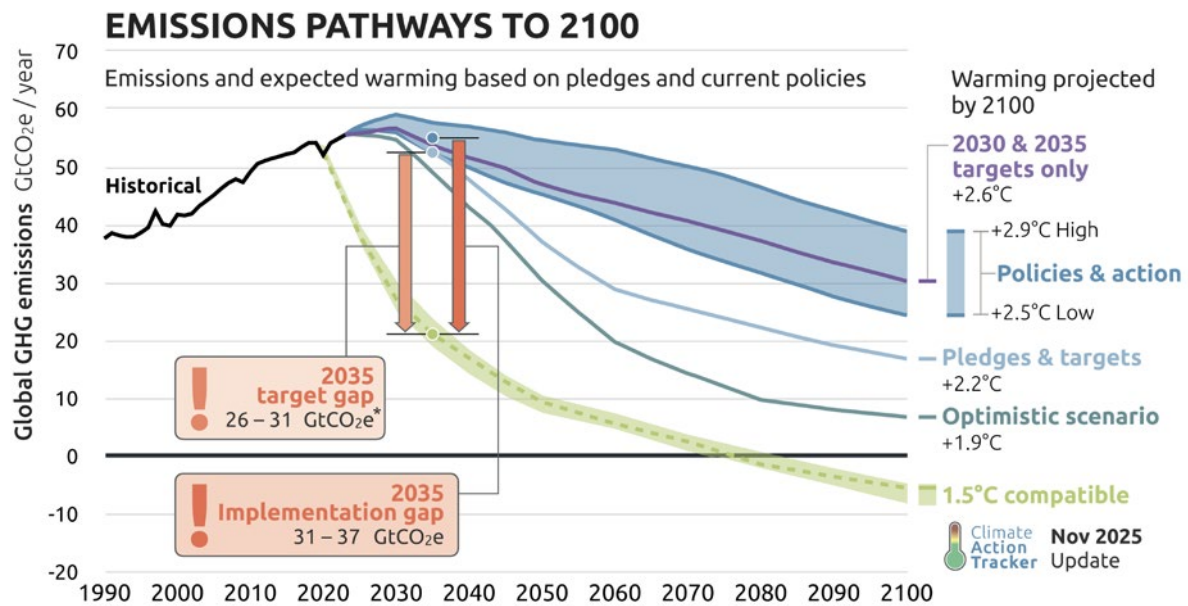


Chart taken from: Climate Action Tracker November 2025 update

Summary of key outcomes and commitments from COP30

No detail on phase out of fossil fuels

The conference concluded with the final agreement missing a definitive roadmap to the phasing out of fossil fuel use. There had been no serious commitment to this goal in COP28 or COP29, and while it has long been considered a key area to successfully meet the Paris Agreement, there was no further conclusion at COP30. Over 80 countries demonstrated support for the inclusion of a roadmap in the final deal, and during negotiations, 29 nations threatened to block the agreement should this not be included.

However, it was observed that Brazil faced pressure from a handful of global petrostates, led by Saudi Arabia and Russia, to omit this commitment. In its absence, Brazil proposed to work on two initiatives to develop roadmaps for fossil fuels and deforestation over the next year, but these roadmaps will be agreed outside the UN process and have no legal standing.

New climate finance deal

An initiative was agreed to triple climate finance provided to developing nations by 2035, as needs for adaptation measures continue to grow. The UN estimates that by 2035 developing countries will need between \$310bn and \$365bn per year (Carbon Brief) for adaptation finance, a figure that could become much higher when adjusted for inflation over the next decade. For comparison, between 2021 and 2022, only around 5% of total climate finance went to adaptation.

The final text calls for at least \$1.3tn per year by 2035, through the tripling of adaptation finance and use of the Loss and Damage Fund, agreed at COP28.

Trade negotiations

Despite COP30 not being a forum for trade discussions, the issue has been a primary concern following the implementation of US tariffs on many countries during the year. Contrary to the US stance, the EU wishes to implement more stringent measures on climate change with changes to its Carbon Border Adjustment Mechanism, including levies on competitive high-emitting imports. India, China and Russia used the talks to display their concerns with this policy, leading to the inclusion of plans for further negotiations in the final agreement.

Delayed submissions of Nationally Determined Contributions (NDCs)

In the months leading up to COP30, many key economies completed delayed submissions for NDC 3.0, which outline their commitments towards the Paris Agreement to 2035. Published NDCs for 2035 assure aggregate carbon emission reductions of 12% from 2019 base levels, however these remain far below the over 50% estimated requirement to be in line with the 1.5°C limit (UNFCCC, IPCC).

Just transition mechanism approval

Several proposals to outline how a just transition could be achieved were submitted throughout COP30, from both developing and developed nations. The Just transition mechanism was formally approved at COP30, which aims to enhance international cooperation.

A Gender Action Plan, first adopted in 2017, was updated and agreed at COP30 which aims to improve the representation of women at the talks and ensure that gender equality remains at the heart of the UN climate process.

Turkey to host COP31

Over the past year, Turkey has been in dispute with Australia over the hosting of the COP31 summit, involving letters and requests from both parties. A conclusion was finally reached at COP30, in which the next summit would be held in Turkey, with Australia playing a role as 'President of Negotiations'.

Other developments

- Brazil announced 10 new Indigenous territories within the country, including one area in the Amazon rainforest. This has estimated potential to reduce up to 20% of additional deforestation and 26% of carbon emissions by 2030 (BBC).
- The Tropical Forest Forever Fund ('TFFF') was launched, a long-term financing mechanism aiming to generate returns that can be used to fund performance-based annual payments to participating nations. TFFF aims to provide at least 20% of the payments to Indigenous Peoples and Local Communities.
- 33 countries are now signatories to a global pledge to triple nuclear power capacity by 2030, after Senegal and Rwanda became signatories during COP30.

Key actions and what this means for investors

Physical risks

Climate change represents a significant systemic risk which affects all sectors and companies. Physical risks from climate change are playing out in the real world, having direct costs to businesses and their investors, including recent examples such as the Los Angeles wildfires and heatwaves across India. Now, more than ever, it's essential that investors are ensuring these risks are being priced into their investments.



Key action for Trustees: Ensure physical and transition climate risks are being taken into account by investment managers. Consider assessing forward-looking climate metrics and capturing the extent to which managers engage on climate change issues to improve outcomes at a company level.

Adaptation

The prospect of achieving the 1.5°C target is fading, with sentiment shifting towards keeping temperatures well below 2°C. This results in adaptation becoming a larger part of the solution. With adaptation finance expecting to triple by 2035, there may be potential opportunities for investments in resilient infrastructure, and companies with strong adaptation plans.



Key action for Trustees: Consider the merits of a switch into Sustainable or Impact funds. The XPS Sustainable Designation and Impact Designation can help you identify funds with potential opportunities whilst supporting your financial objectives.

Get nature on the agenda

Nature solutions are essential in the fight to address climate change. During COP30, a report was published (UNECE) promoting nature-based solutions and sustainable infrastructure that protect, restore and sustainably manage ecosystems.



Key action for Trustees: Ensure you have sufficient awareness of nature-related risks and opportunities. Consider receiving training on how biodiversity and other nature-related risks can influence your investment strategy.

Find out more

For further information, please get in touch with **Alex Quant** or **Rebecca Helme** or speak to your usual XPS Group contact.



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