



MUFG TRANSIT

A 'COP of Truth': Reflections from COP30 on APAC

MUFG Sustainable Finance Department
Asian Investment Banking Division

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MUFG Bank, Ltd.

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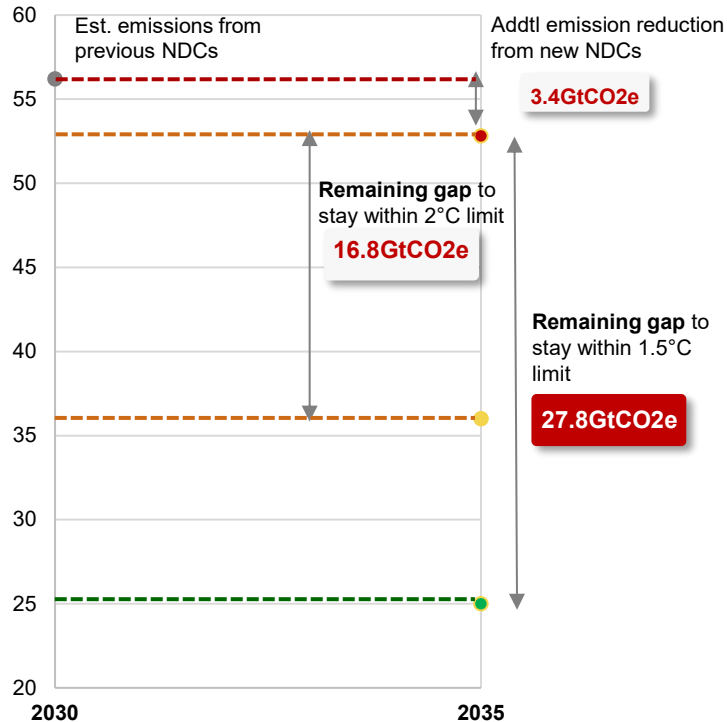
COP Factsheet | COP30 Belem: A decade from the Paris Agreement



	COP21 (2015)	COP28 (2023)	COP29 (2024)	COP30 (2025)
Highlight	Adoption of Paris Agreement	Energy transition COP	"Finance" COP	"Implementation" COP, COP of truth
Key outcomes	<ul style="list-style-type: none"> ✓ 196 nations adopted a landmark, legally binding international treaty* to tackle climate change ✓ First round of NDCs were submitted in 2016 	<ul style="list-style-type: none"> ✓ First Global Stocktake completed ✓ Global Pledge to move away from fossil fuels, triple renewables and double energy efficiency by 2030 ✓ Adoption and early operationalisation of Loss & Damage Fund with \$600m commitment 	<ul style="list-style-type: none"> ✓ New finance target (NCQG): \$300bn/year by 2035 ✓ Baku to Belem Roadmap: Mobilise \$1.3 tn/year by 2035 ✓ Article 6 operationalisation for carbon credits achieved 	<ul style="list-style-type: none"> • Global Mutirão decision: Triple adaptation finance into developing nations by 2035 • Launch of the Tropical Forest Forever Facility
Scale (in-person attendees)	36k	83k (historical largest turnout)	50k	56k (2 nd largest COP turnout + record Indigenous presence)
Scale (world leader attendees)	150	>100	80	<60 (absence of China, India and the US)

COP30 NDC 3.0 Checkpoint I New climate commitments but ambition gap remains

NDC 3.0 Emission Reduction Gap



Slight progress, but well below 1.5°C or 2°C targets

- Current NDC targets only deliver a 2.3-2.5°C scenario (vs 2.6-2.8°C last year)

Large emissions gap remains

- 55% reduction in global emissions in 2035 (vs 2019 levels) is required to meet 1.5°C pathway
- Current NDC targets only deliver a 15% reduction

Case Example

China: World's largest emitter has released its new NDC, proceeding with caution



- While China's historic move to shift from intensity-based to absolute emission target, **7-10% reduction by 2035 from a 2030 peak falls below the required 30% benchmark for a 2°C scenario**

Despite the submission of **120 updated** NDCs, climate ambitions are not on track to meet Paris Agreement levels



Checkpoint of NDC 3.0 submissions (as of end-COP 2025)



- 120 out of 196** countries submitted new NDC 3.0 targets for 2035



- ~74% of global emissions** are now covered by new NDC 3.0 targets

Source: UNFCCC, Climate Watch NDC Tracker (2025)

Key Highlights – Muted Outcomes: Wins and Losses at COP30

“A COP of truth is fighting back. It also means we must also be realistic.”

- UN Climate Change Executive Secretary Simon Stiell, during the closing plenaries of COP30



I: Adaptation

- ✓ Tripling of adaptation finance by 2035 and streamlining of 59 indicators towards Global Goal on Adaptation

II: Mitigation

Fossil fuels



- ✗ Mutirão text omits mention of global roadmap to phase-out fossil fuels

- ✓ Just transition mechanism to help countries manage shift from fossil-based economies

Clean energy



- ✓ A trillion-dollar charge into grids and storage, Belem 4x Sustainable Fuels, Roadmap to double energy efficiency

NDC 3.0 targets



- ✗ Despite revised climate ambitions of 120 countries, emissions gap remains off-track to meet Paris Agreement scenario

III: Forestry/carbon

Forestry



- ✓ Breakthrough launch of Tropical Forest Forever Facility, global mechanism for channelling long-term finance to countries preserving their tropical forest

- ✗ No roadmap in main text to halt and reverse deforestation

VI: Carbon markets



No major development on Article 6

Other Highlights

- **Baku to Belem Roadmap** reaffirmed COP30 commitment of **\$1.3tn/year by 2035**, but no agreement on details of this climate finance goal
- **Trade and climate cooperation** featured in official talks for the **first time**
- **“Global Implementation Accelerator”** to facilitate voluntary initiatives and cooperation for **NDCs and NAP implementation**
- **“Belém mission to 1.5”** to accelerate collective actions for **mitigation and adaptation**

I: Adaptation | Addressing adaptation finance gap, short of scale and urgency



1. Mutirão (Collective Action) Decision



X3 Adaptation Finance to
US\$120 Bn/ year by 2035

Up from US\$40 Bn/ year by 2025



Timely funding announcement following expiry of COP26 commitment to double adaptation finance for developing nations by 2025



Watering down in level of ambition. Timeline delayed 5 years from 2030; no clear funding mechanism e.g. grants or loans?

2. Global Goal on Adaptation



59 Non-prescriptive
indicators finalised

From an initial list of 100



Streamlined tracking of implementation for accountability and transparency



Next steps for technical work **unclear** due to last-minute changes; 2-year WIP window until 2027

3. Other deliverables

i) Loss and Damage (L&D) Fund



First operational step: **US\$250 Mn pilot phase post-COP27**; requests up to **US\$20 Mn open for 6 months** from 15 Dec 2025



Small commitment in light of **>US\$724.43 Bn** in annual loss and damage finance gap required

ii) Fostering Investible National Planning and Implementation (FINI)



US\$ 1 Tn of adaptation
project pipelines
targeted by 2028

With 20% set to come from private investors

Launched to make **National Adaptation Plans (NAPs)** investible



X3 adaptation finance by 2035 to support developing countries

Joint MDB statement for COP30

- Since 2019, MDBs have doubled support for adaptation investments - delivering **>US\$26 Bn** to low- and middle-income economies in 2024
- Announced 2 new frameworks for nature finance to assist the development of high-quality financial products and attract greater private capital for nature



II: Mitigation - Fossil Fuels | Divisive reality manifested in outcome text

1. Mutirão (Collective Action) Decision



- Agreement to **transition away** from fossil fuels in a **just, orderly and equitable manner**



- **No decision** on how to begin the transition and fossil fuels **not explicitly mentioned** in the summit's final text



- Amidst **delayed negotiations** and a **draft text** including fossil fuels, the divide resulted in **no specific roadmap agreed in the final text**

2. Other deliverables

i) Transitioning Away From Fossil Fuels Roadmap:



- Brazilian COP30 Presidency promised the inclusion of a **separate non-binding roadmap** to be delivered by COP31
- This serves as **voluntary platform** to mobilise action among markets supporting the initiative with **1st meeting** scheduled for Apr 2026

Mutirão (collective action) decision: **Non-inclusion of a global roadmap to phase-out fossil fuels**



Lack of consensus

Supportive Nations

80+ countries (incl. EU, UK, Latin America) backed a roadmap to transition away from oil, gas, coal

Oil and gas Producing Nations

Fossil fuel-dependent economies (e.g., Russia, Saudi Arabia, UAE) lobbied against the said roadmap

Developing/ Emerging nations

Called upon **greater support from developed nations** to finance the transition

ii) Just Transition Mechanism:



- Moving from policy discussions into **implementation mode**
- The new initiative aims to **enhance international cooperation, technical assistance and capacity-building** to protect communities in the shift to clean energy.



South Korea: Coupling market-based controls with structural shift away from coal

- Announced new pledge to **phase-out all coal-fired power plants by 2040**
- The second market in Asia after Singapore to have joined the **"Powering Past Coal Alliance"** global coalition to phase-out fossil fuels



II: Mitigation - Clean Energy | Big wins in grids, energy efficiency & sust. fuels

1. Addressing the biggest bottleneck in clean energy transition



Utilities for Net Zero Alliance

Confirmed investment commitments of:



US\$148 Bn/yr

Up by over 25%



US\$1 Tn

Pipeline for grid & storage expansion

Announcement of other substantial multilateral commitments:



ASEAN Power Grid Financing Initiative: **>US\$12 Bn** from Asian Development Bank, World Bank Group and ASEAN



Power Transmission Acceleration Platform for LatAm & Caribbean backed by **€15m** from Germany via Inter-American Development Bank Group



£33bn fully funded **5-year investment programme** announced by UK utility SSE plc to modernise national electricity infrastructure

2. Belém Commitment for Sustainable Fuels (Belém 4x)

- Aimed at building **high-level political support** for global goal to **quadruple sustainable fuels by 2035** (vs 2024 levels)

E.g. biofuels, hydrogen and synthetic fuels

- Joined by 23 markets, including following APAC markets:



Sector-specific impact:

- Scale global demand and production in **hard to abate sectors**

E.g. aviation, shipping, steel and cement



3. Plan to Accelerate Doubling Energy Efficiency (PAS)

- Action-driven roadmap to scale energy efficient technologies via policy frameworks and investment pipelines
- Launched by Mission Efficiency, a global coalition of governments and partners to deliver cost-effective climate solutions

US\$1 Tn commitment on grid/storage pipelines

Scaling up of sustainable fuels and energy efficiency



III: Forest/Nature-based Solutions | Ushering a new era of forest restoration



1. Tropical Forests Forever Facility (TFFF)*



US\$6.6 Bn (5.3%)

Has been committed to the TFFF with endorsement from **53 markets**



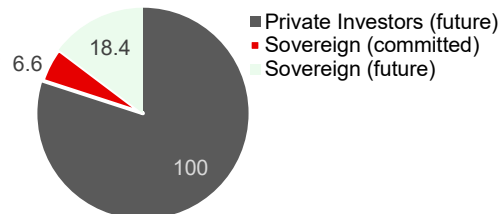
US\$125 Bn Target medium-term goal

- **\$100bn** from institutional investors
- **\$25bn** from sovereign commitments

Breakdown of TFFF Facility Commitments

COP30 sovereign commitments (\$6.6bn)

- Norway: \$3bn
- Brazil: \$1bn
- Germany: \$1bn
- Indonesia: \$1bn
- France: €500m



Delivering first tangible step towards supporting forest conversation worldwide. Potential to be a single biggest facility of international finance for **Indigenous peoples and local communities**



Fell short of \$25bn funding pledges expected. **Absence of funding from major economies** e.g. US and the UK, a key pioneer in designing the facility

2. Other deliverables

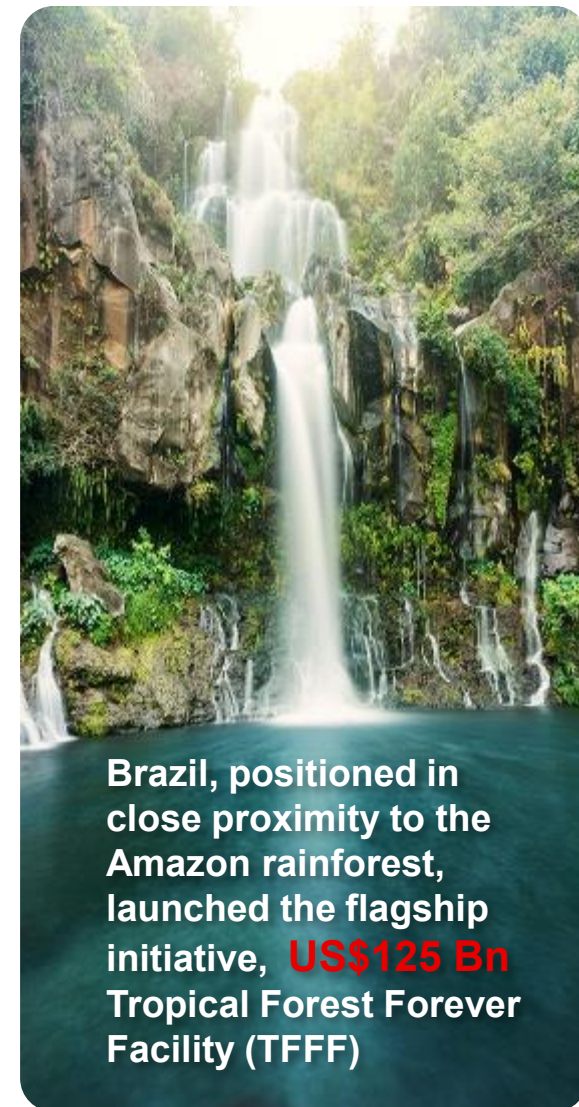
i) Deforestation roadmap

- Though missing expectations in the main text, Brazilian COP30 Presidency promised the inclusion of a separate non-binding roadmap to **halt and reverse deforestation**

ii) Launch of Scaling JREDD+ Coalition



- Objective: Pull more public and private capital into large-scale forest programs, targeting **\$3-6bn/year** by 2030
- Coalition is backed by governments, Indigenous Peoples, investors, and civil society



Brazil, positioned in close proximity to the Amazon rainforest, launched the flagship initiative, **US\$125 Bn Tropical Forest Forever Facility (TFFF)**

*TFFF pays out a predictable, long-term financial reward of \$4/hectare annually for countries which keep forest standing, provided deforestation rates are kept <0.5%

IV: Carbon Markets | No major new guidance for global carbon market trading

1. Article 6.4: Transitioning away from CDM to PACM

Clean Development Mechanism (CDM)
Kyoto Protocol, 1997

Paris Agreement Crediting Mechanism (PACM)

*UN-backed global market for carbon credit trading.
Key guidance around A6.4 rulebook was finalised
in COP29*

- An agreement to extend the dateline for official transfer of CDM projects to PACM by 6 months to **Jun 2026** was reached

US\$26.8 Mn

- Transfer from CDM Trust Fund to A6.4 serves to plug in the gap of funding shortage of Supervisory Body for the A6.4 Mechanism (SBM) to support PACM development



Clarity on closure of legacy carbon credit trading system, CDM, paves the way for official transfer to PACM



Decisions on deeper issues around **transparency and stakeholder engagement** such as SBM term-limits, permanence and nature-based project eligibility were postponed to 2026

2. Article 6.2: Increased scrutiny

- 1st round of Technical Expert Reviews conducted to **revisit inconsistencies** around existing guidance of bilateral carbon trading
- No new substantive guidance was released

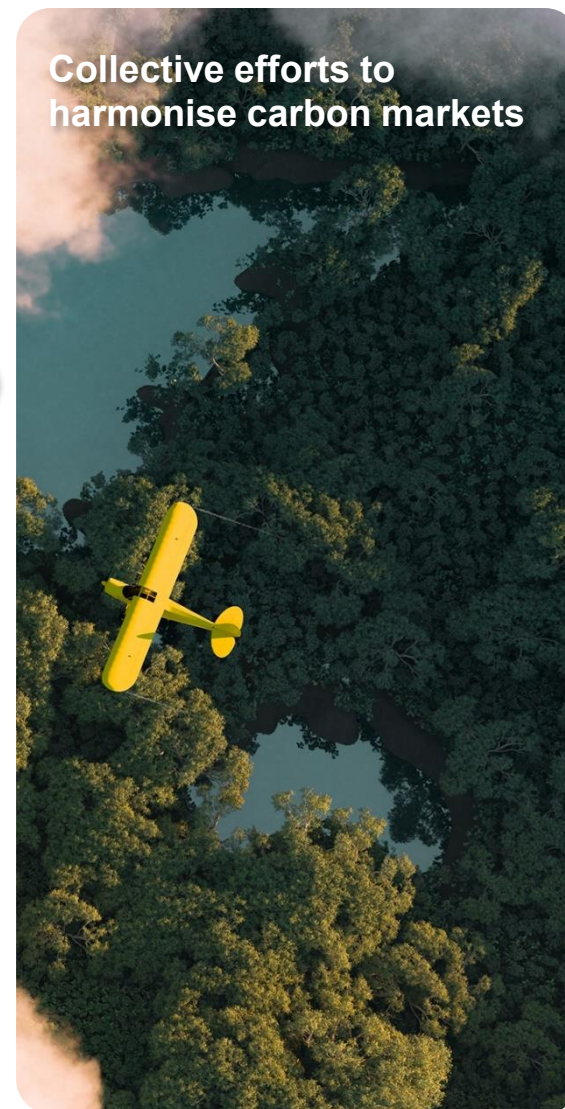
3. Harmonisation of Carbon Markets

1. Open Coalition on Compliance Carbon Markets

- Objective: Multilateral coalition to **standardise and integrate** compliance carbon market schemes for better transparency
- Markets: Launched by Brazil, China and the EU. Backed by 15 other markets

2. The Coalition To Grow Carbon Markets

- Objective: **Collective government-backed framework** to expand the demand for high-integrity carbon credits through a set of shared principles and Plan of Action
- Markets: Co-chaired by Singapore, Kenya and the UK



COP30: Key Takeaways for APAC – 1/3

① Climate Adaptation: A call for urgent attention

While COP30 passed a goal to **triple adaptation finance for developing markets**,

- (1) Funding mechanism of capital deployment is not specified
- (2) 2035 timeline does not meet the urgency

APAC, one of the world's most climate-vulnerable regions, faces mounting physical risks. The escalating damage from natural disasters underscores an urgent need to mobilise funding for climate adaptation efforts across APAC:

\$80bn

Average damage in economic losses in APAC (2020-2024)

29.4%

Increase in annual average number of fatalities in APAC to 22,000 between 2020-2024 compared to the previous 5-year period

Source: ESCAP Asia Pacific Disaster Report (2025)

Top 3 natural disasters by largest economic loss in APAC (1H2025):

Disaster	Economic loss
Myanmar, Thailand, Vietnam earthquake	\$11.9bn
China, Nepal earthquake	\$1.25bn
Australia, Ex-cyclone Alfred	\$1.18bn

Source: AON 1H25 Global Catastrophe Review (2025)

ENVIRONMENT SOUTHEAST ASIA
Asia Pacific countries confront mounting costs of climate inaction
News • Year in review 2025
Published: 19 September 2025

'Climate whiplash': Asia's worst extreme weather events of 2025

From submerged heritage towns to burning forests, 2025 laid bare how

APAC regulators putting bigger focus on climate risks, says UN

Extreme Weather: Data Center Blackout Risks | Destructive Hurricanes | Deadlier Rainfall | AI Forecasts | Damaging Megadroughts

Green
Weather &
Science

Severe Storms Kill Nearly 1,000 in Southeast Asia, Sri Lanka

NAPs, a tool part of the global effort to standardise Climate Adaptation Financing

***National Adaptation Plans (NAPs)** established by the United Nations Framework Convention on Climate Change (UNFCCC) are long-term roadmaps for a country to identify priority adaptation needs/sectors into actionable plans to unlock funding and guide capital deployment to these focus areas.

NAP objectives laid out by the UNDP:

- Outline how countries will adapt to climate change in medium- and long-term
- Enable governments to access climate finance, mobilize international support and coordinate efforts across different institutions
- Aligning NAPs with NDCs is crucial to building climate resilience and meeting global climate goals

COP30: Key Takeaways for APAC – 2/3

② Carbon market momentum: From framework to implementation

- **Country-level leadership in carbon markets:** Despite no global decision on the UN-led Article 6 implementation, nations are driving strong commitments at COP30, delivering bilateral progress



- **Singapore** leads with innovative efforts, deepening its effort to pilot high-integrity transition credits and looking ahead to secure international carbon credits



- **Japan** reinforces climate mitigation, pledging deeper capital commitments and broader partner participation to achieve 200 MtCO₂e reductions by 2040, with India advocating JCM expansion

- Some noise is observed around the **industry-led carbon market** for aviation at COP30 in light of the growing demand and limited supply of CORSIA eligible credits



- **Malaysia and Japan** issued a Joint Statement with an aviation body, urging to strengthen CORSIA's legitimacy at a G2G level to secure host country Letter of Authorisations (LoAs) beyond current single market Guyana

③ ASEAN steps up to drive the regional energy security and cooperation efforts

- ASEAN's movement to prioritise a just energy transition and regional energy security and decarbonisation agenda is felt in 2025 and continues to showcase at COP30
- As the Philippines assumes the ASEAN Chairmanship from Malaysia in 2026, the bloc is expected to continue mobilising and unlocking funding flows to accelerate its regional initiatives

ASEAN Pavilion debuts at COP30



- **ASEAN Power Grid** received **\$12.5bn** financing from ADB and World Bank to accelerate cross-border energy integration
- One-year progress of **ASEAN Common Carbon Framework** to harmonise national carbon credit standards, targeting a \$3tn opportunity in ASEAN by 2050

"This Pavilion and the Joint Statement together showcase ASEAN's "One Voice" in climate diplomacy. We are clear, coordinated, and forward-looking."

- Datok Nor Yahati Binti Awang, Deputy Secretary General of Environmental Sustainability of NRES representing Malaysia as current ASEAN Chair at COP30

COP30: Key Takeaways for APAC - 3/3

4 Carbon costs go global: Stepping up to price in emissions and decarbonise is the way forward

- For the first time, climate-related trade measures were highlighted in COP30 final text
- While NDCs do not mandate embedded emissions reporting, cross-border tax requirements are pricing them in to control 'carbon leakage'

"Roughly a quarter of global greenhouse gas emissions are linked to internationally traded products and materials."

- Dr Arunabha Ghosh, CEO of the Council on Energy, Environment and Water, COP30 Envoy

APAC is faced with a tight timeline to prepare for:

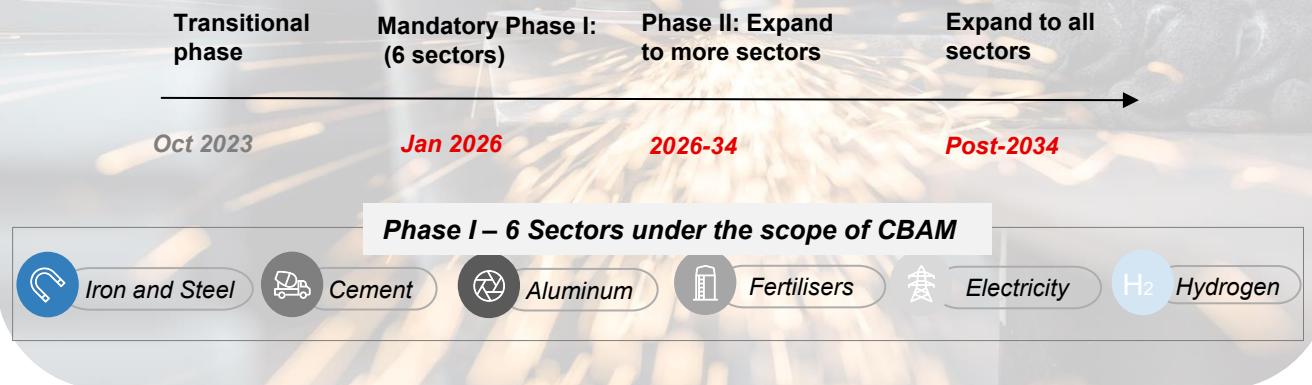
(1) Mainstream carbon emission measuring and reporting

(2) Greening supply chains and production processes **OR**

Face a cost of compliance. Cleaner producers to gain a competitive advantage while high-emission producers face substantial cost pressures

EU Carbon Border Adjustment Mechanism: A visible example

- Even without global consensus, amid objections from major exporters to the EU such as China and India, mandatory phase of the EU CBAM begins in 2026.
- Future expansion of CBAM in Phase II (2026-2034) beyond 6 initial sectors is expected to drive a wider decarbonisation push in APAC



Spotlight MUFG | TRACTION: Scale early CFPP retirement via Transition Credits

Transition Credits Coalition (TRACTION)

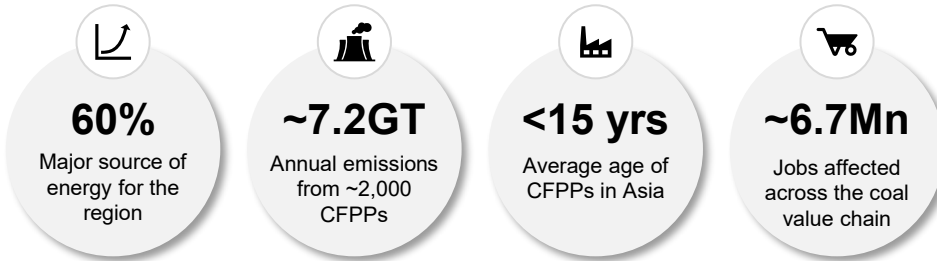


Monetary Authority of Singapore



Since 2023, **MUFG** has been a member of **Transition Credits Coalition (TRACTION)**, a multi-stakeholder initiative convened by the MAS at COP28 that brings together **over 30 partners** to study challenges and propose solutions to scale early retirement of **coal-fired power plants (CFPPs)** in Asia through transition credits.

Coal transition: Key decarbonisation lever for Asia's net zero



A whole-of-system approach is required

~30

Members and Knowledge Partners

Including **MUFG**

- Carbon credit services
- Energy financing
- Project development
- Risk management
- Etc.

Momentum Building



Continued collaboration with standards bodies such as ICVCM, methodology developers, carbon services agencies, etc.

Two pilots underway in the Philippines

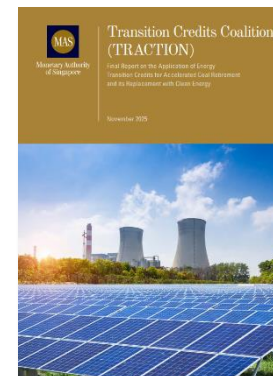


1 **ACEN**
ACEN South Luzon Thermal Energy Corporation (SLTEC)
246MW coal plant

2 **ADB** ASIAN DEVELOPMENT BANK
ADB Mindanao
200MW coal plant

Final TRACTION Report

The **final report** released at **COP30** serves as a **playbook to scale the implementation** of transition credits.



The final report:

- ✓ **Outlines practical solutions**
- ✓ **Identifies key areas** for further action

To help the industry **operationalise** and **scale** the use of energy transition credits.

Spotlight MUFG | Commitment to close the adaptation finance gap

GAIA Climate Loan Fund (GAIA)

GAIA marks a **new approach to climate finance** by providing **long-term loans** to **sovereign, subsovereign, quasi-sovereign and state-owned entities**, including municipalities, development banks and state-owned utilities, across 19 emerging and developing countries.

Founded by



Managed by



GAIA contributes to the following **UN-SDGs**



- Up to **70%** of capital will be dedicated to **climate adaptation** e.g. sustainable agriculture, water management, ecosystem resilience and climate smart infrastructure
- Remaining **30%** dedicated to supporting mitigation e.g. renewable energy and low-carbon transport

Key Milestones

3 Nov 2025



GAIA achieves **USD 600 million first close** to finance **climate adaptation and mitigation projects** across emerging markets.

2027



Targeted fund size of **USD 1.48 billion** with **final close** anticipated in 2027.

“Major milestone in MUFG’s ambition to help bridge the climate finance gap through an innovative public-private platform.”



Christopher Marks, Head of Growth Markets, Innovative Finance & Portfolio Solutions, EMEA, MUFG



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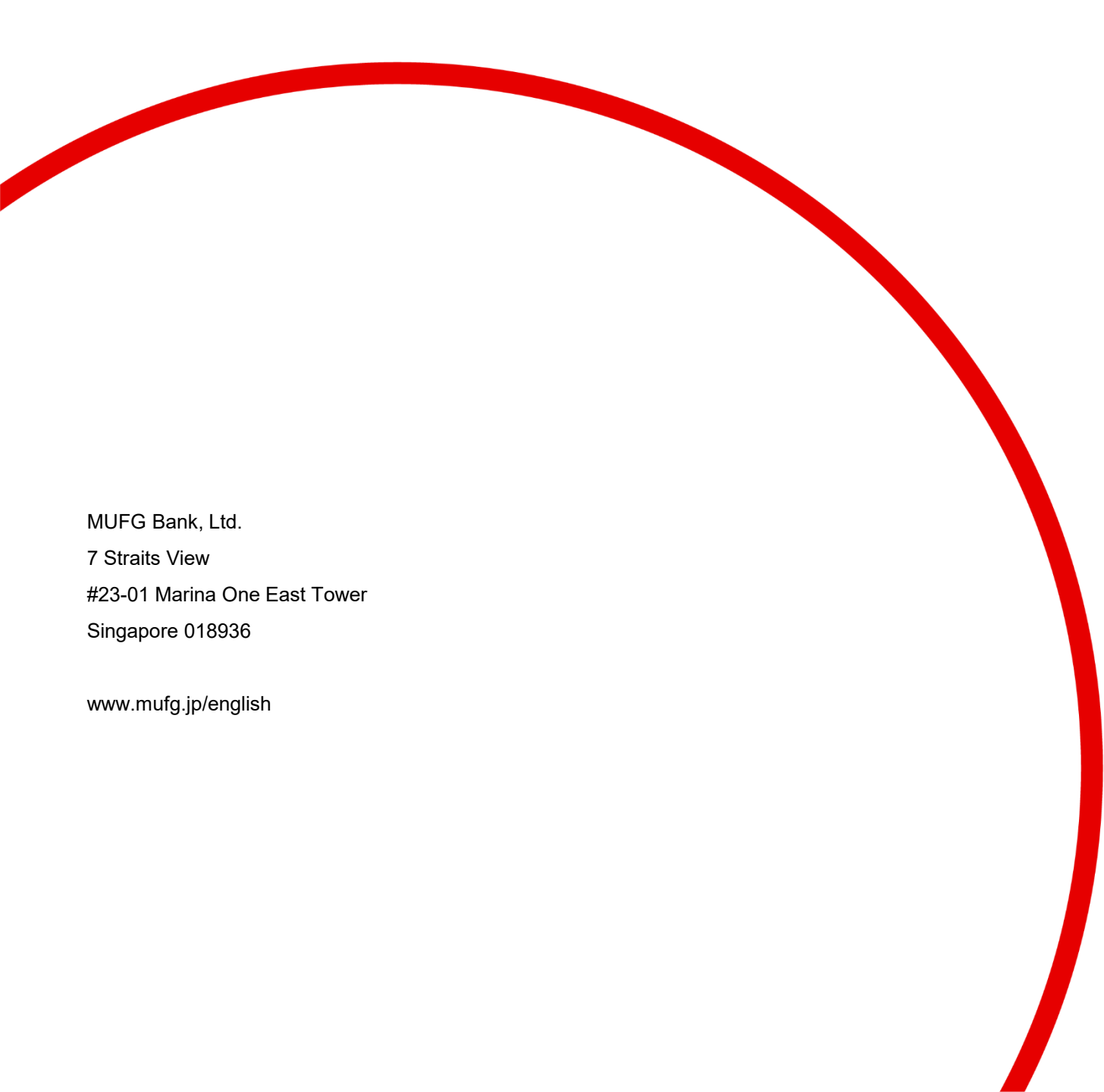
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