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PaSTI Interview

Promoting private sector engagement

The Partnership to Strengthen Transparency for co-Innovation (PaSTI) invited specialists from various sectors and organizations to discuss MRV and GHG transparency at corporate level.

In order to scale up efforts through sharing international experiences regarding activities to strengthen transparency in the ASEAN region, The Ministry of the Environment, Japan jointly with its partners, held a side-event at Japan Pavilion in UNFCCC COP26. International experts in the field of climate change shared their views and experiences on the engagement of the private sector and potential ways to increase incentives to strengthen future efforts. To build upon the useful discussion, interview sessions with specialists were held to obtain their inputs for private sector engagement.

Mr. Niclas Svenningsen shared his perspectives, responding to key questions.



Mr. Niclas Svenningsen
Manager
Global Climate Action
UNFCCC

Climate action should be part of the company DNA, this is no longer a side project for companies

- *Questions: As Manager of UNFCCC's Global Climate Action what is your expectation on the roles played by the non-state actors in the fight against climate change and how should they approach climate actions?*

Soon after the Paris Agreement was approved, we recognized that actions only by governments are not enough and that actions must happen in all parts of society. One of the key messages to the private sector is that acting on climate change is a good business, and you shouldn't wait until governments tells you what to do. As a private sector company, there are three steps to take; measure, reduce, and compensate your climate footprint. You need to measure or estimate your climate footprint so that you know where your problems are, and then try to reduce it as much as possible. For remaining emissions that are difficult to reduce at this moment in time, you can compensate the climate footprint by investing in emissions reduction in other places, such as in your supply chains. Many companies also need to adapt to climate change, for example where they rely on the natural ecosystem. It was always their role to look after their own businesses, but they now need to recognize that climate

change is rapidly becoming a key issue for every business. Climate action should be part of the company DNA. This is no longer a side project for the companies. It's a matter of the companies' long-term and even short-term strategy.

Clear shift in awareness in the leadership of many companies

- *Question: What drives private companies to engage in climate action and how can climate action initiatives or programs support those private companies?*

UNFCCC is trying to encourage, engage and recognize the ones who are forerunners on climate action. There are 2 High level Champions from the current and incoming COP presidencies working to raise climate awareness in the private sector and building global networks.

There is clearly a shift in awareness in the leadership of many companies, especially the largest companies who are facing increasing concerns from their customers. They are identifying climate as a major concern for their long-term sustainability as a business, recognizing that that this translates to a direct risk to their financial sustainability. For those private companies, it is also very important how they are seen. So for them, it is important to be able to show their stakeholders that they are doing something on climate change by joining initiatives such as Climate Ambition Alliance: Race to Zero. Through initiatives and programs, we are trying to use the same standards to have

one common definition for what climate action means.

The private sector knows the real problems much better than governments

- *Question: How can governments engage the private sector for their support in the NDC implementation?*

The problem right now is that many of the NDCs are still quite rudimentary and it is not clear what the private sectors should do. NDCs are reviewed as part of the Global Stocktake, and by involving the private sector when revising and improving their NDCs, governments can better harness the potential of the private sector to contribute to the national fight against climate change. It is important that governments have dialogues with their private sectors and work together on the updates of their NDCs. Companies, being on the frontline of implementation, often have much better ideas about real problems and their potential solutions. At COP26, many important support functions of the Paris Agreement became operational and that can facilitate the parties' engagement with the private sector. It is important that policy makers and the private sector have a long-lasting relationship through dialogues. Providing quick support to the small and medium-sized enterprises (SMEs) for very basic calculation of carbon footprints with simple tools may be another way to facilitate the engagement of the private sector for the climate action. (Interviewed in March 2022)