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PaSTI Interview

Promoting the private sector engagement

The Partnership to Strengthen Transparency for co-Innovation (PaSTI) invited specialists from the various sectors and organizations to seminars 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 of increase incentives to strengthen future efforts. To build upon the useful discussion, interview sessions with the specialists were held to obtain their inputs for the private sector engagement.

Mr. Amir Sokolowski shared his perspectives, responding key questions.



Mr. Amir Sokolowski

Global Director,
Climate Change
CDP

We provide the companies with an actual possibility to take a step forward.

- *Questions: Under what kinds of views does CDP work and how do you contact to the investors in order to gives benefits to private companies to do CDP actions?*

CDP is the world's environmental disclosure platform that is aligned with TCFD and this year will incorporate ISSB climate-related disclosure standard f. Aiming to encourage behavior change in the market, we motivate the private sector to voluntarily act on climate change by utilizing financial leverage. The results of CDP's questionnaire, which is completely transparent in terms of scores and ways of achievement, is used by investors who make a claim that a companies impact on the environment is important to every activity. The influence of these investors is a driver of companies' disclosure. Throughout our 24 years of activity, the questionnaire is constantly updated. CDP scores the responses based on best practices to incentivize year on year improvement from companies. CDP , it provides actual possibilities for companies to take a step forward.

The basic theory behind the questionnaire is that in a democratic society, markets compete with each other effectively through information. Investors request environmental data with long-term thinking, and scoring helps to bring companies to the table.

With over 23,000 companies disclosing through CDP one can say if you don't report to CDP, there are some flags about that company. That has allowed us to take a step change and to take it's a bit more of a leadership role, by not only providing the financial incentive but also a reputational incentive. And there is a widely believed 80-20 rule which is that 80% of any groups behave as society tells them while the rest is insensitive. We aim at that 80% to make them disclose.

This year's target would be the minimum next year

- *Question: SMEs in ASEAN region have difficulties to conduct transparency activities due to limited capacity. What do you think about that?*

Our strategy on SMEs focuses more on the ASEAN region. There are some ways to deal with SMEs. Firstly, the SME Hub is established to raise the norm of the standard in the market, trying to actively encourage SMEs to engage in information disclosure and support not falling behind. The questionnaire is minimized to get them involved in the game casually. Secondary, it is the supply chain programme. The central signatory agency provides the disclose information to their suppliers (usually SMEs) to show examples of disclosure and encourage SMEs with disclosure. Lastly, we support multitude of capacity building too. This can be conducted referring to CDP's standards and/or a standard to be developed. CDP provides various support to SMEs to make this year's targets be the minimum of the next year's in this way.

Our belief is that the national level MRV will harmonize global activities

- *Question: How could be the collaboration between the voluntary activity and national mandatory reporting?*

The ultimate goal of CDP is to help and encourage regulation. In fact, CDP works on standards as a board of experts in some countries. We believe in the interaction between the national regulatory and voluntary activities. We see regulation as a hammer because it is huge, heavy and unstoppable, at the same time, we see it as the basic absolute minimum norm. Therefore, we always develop a step ahead to push parties to see what is possible for the next step.

In order to achieve the Paris Target of 1.5 degrees Celsius, corporations and countries have to harmonize their activities together. To get the great picture, we need to incentivize companies or entities to streamline their actions into the processes of the enhanced transparency framework and explaining what their actions actually means in the language of the NDCs. Our ultimate goal is to create a reporting mechanism that everyone reports in exactly the same way, which is to have a national MRV framework. We consider it is the only way to do this outside of the voluntary way. We will say what will be good for the users and determine what metrics there are, and what the minimum disclosure has to be. Our belief is that the national level MRV will essentially harmonize global activities. And we can propose elements for an effective reporting system. (Interviewed in May 2022/ Updated 2024)