Lesson Learned from Transparency Works in Japan

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Outline

• Japanese government Initiative on climate change actions for ASEAN
• PaSTI’s perspectives
• Current activities under PaSTI
• Experiences in Japan
Climate change action agenda and existing initiative

✓ 3 pillars of activities on climate change in the “ASEAN -Japan Environmental Cooperation Initiative”

- **Environmental Infrastructure**
  - **Waste and Recycling**: To support decision making regarding an waste-to-energy facility and an e-waste management facility

- **Sustainable Cities**
  - To achieve environmentally sustainable cities in the ASEAN region, including the support of SDGs initiatives taken by cities.

- **Wastewater Treatment**
  - To promote decentralized domestic wastewater treatment

- **Cooperation for the SDGs**
  - **Marine Pollution**: To combat illegal dumping from ships and tankers

- **Chemicals**: To promote the environmentally sound management of waste mercury medical devices

- **Proposed Area**
  - **Climate Change**
    - Transparency
    - Adaptation
    - Mitigation

- **Biodiversity**
  - To promote the implementation of the Global Taxonomy Initiative
  - To share biodiversity information management for the Heritage Parks.
  - To build a network to conserve migratory waterbirds and wetlands as their habitat.

Source: MOEJ, 2018
Japanese government Initiative for climate change actions

ASEAN-Japan Climate Change Action Agenda

Transparency
Partnership to Strengthen Transparency for Co-Innovation (PaSTI)

Adaptation
Asia-Pacific Climate Change Adaptation Platform (AP-PLAT)

Mitigation
Joint Crediting Mechanism (JCM)

✓ To strengthen the regional cooperation on climate change
✓ To enhance Co-Innovation by using Japanese advanced low/zero carbon and resilient technologies with ASEAN.
PaSTI’s perspectives

Concept

- Incentive mechanisms
- Building internal capacity
- Regular monitoring and reporting

- Standardized guideline
- MRV system
- Common reporting format
- Regional activities

- Business strategy
- Institutional investors
- Marketing strategy (Consumer’s point of view)

- Nationally Determined Contribution
- National development strategy
PaSTI’s perspectives

Proposed actions in PaSTI

➢ To support the development and use of critical **tools** including guidelines and methodologies

➢ To reinforce the initiative of **compatible MRV systems** and enhance cooperative climate actions
Current activities under PaSTI

PaSTI in Indonesia

“Sure” with PaSTI

- In September 2018, MOEJ and the National Development Planning Ministry, Indonesia (BAPPenas) have signed the Letter of Intent.
- This bilateral cooperation reinforces our vision to be sure of ourselves toward the achievement of goals under the Paris Agreement.

Component of Workplan (Sep 2018-Mar 2020)

- Understanding of the Transparency Framework with a view to private sector
- Implementation scheme
- Capacity building in the Ministry and relevant stakeholders
- Evaluation and Integrate annual development plan

Indonesia and Japan bilateral agreement

Left: Dr. Ir. Arifin Rudiyanto, Deputy Minister of BAPPenas
Right: Mr. Yasuo Takahashi, Vice-Minister of MOEJ
PaSTI in Indonesia

PaSTI’s perspectives in Indonesia

- Given PaSTI is required for active engagement of both government and the private sector, promoting mainstreaming climate change action in Indonesia is highly advantageous and it strengthens PaSTI.

- Indonesia has started with transparency activities in both public and private aspects.

- We believe it is a right time to accelerate and strengthen transparency system as a nationwide action while growing economy in next decades.
Current activities under PaSTI

Multilateral activities

ASEAN member states
Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Viet Nam

**AWGCC**
ASEAN Working Group on Climate Change

Regional Initiative on
**CI-ACA**
“Collaborative Instruments for Ambitious Climate Action”

**Phase 1: Capacity Building**
**Phase 2: Needs Assessment / Study MRV**

Development and implementation of facility / company level MRV systems for GHG emissions in ASEAN member states

- Cooperation and consultations with national focal points and relevant stakeholders
- Study on status of the private sector engagement in each country and technical training in Japan
- Designing pilot project

Activities are building by insights from ASEAN member states
Incentive mechanism - Science Based Target (SBT)

It is global imitative that company sets a emission target to keep global temperature increase below 2 degrees C compared to pre-industrial temperature, in accordance with description in the IPCC AR5.

**SBT (2 °C target set by companies)**
Company sets a goal toward 2025 to 2030 in line with 49-72% reduction target by 2050.

- 49% reduction compared with 2010 (essential ※) = 1.7% reduction per year average
- 72% reduction compared with 2010 (recommended) = 3.1% reduction per year average

Source: MOEJ, 2018
Incentive mechanism - Science Based Target (SBT)

- 57 Companies acquired certification in 2017. The number of committed companies is a net increase of 106 companies
- Rapidly increasing in certification/commitment are observed since 2016.

MOEJ provided subsidy to selected companies in order to promote the private sector in SBT

Source: MOEJ, 2018
Incentive mechanism - Science Based Target (SBT)

<table>
<thead>
<tr>
<th>Category</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>Sumitomo Forestry Co. Ltd, Sekisui House, LTD, Daiwa House Industry Co., Ltd., TODA Corporation, LIXIL Group Corporation</td>
</tr>
<tr>
<td>Food</td>
<td>Kirin Holdings Co Ltd, Suntory Beverage &amp; Food Limited, Suntory Holdings Limited, Asahi Group Holdings</td>
</tr>
<tr>
<td>Chemistry</td>
<td>SEIKISUI CHEMICAL CO., LTD, Unicharm Corporation</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>Daiichi Sankyo Co., Ltd.</td>
</tr>
<tr>
<td>Mechanical</td>
<td>Komatsu Ltd., Nabtesco Corporation</td>
</tr>
<tr>
<td>Other products</td>
<td>ASICS Corporation, Nomura Research Institute, Ltd.</td>
</tr>
<tr>
<td>Printing</td>
<td>Dai Nippon Printing Co., Ltd.</td>
</tr>
<tr>
<td>Marine industry</td>
<td>Kawasaki Kisen Kaisha, Ltd., Nippon Yusen</td>
</tr>
<tr>
<td>Retail</td>
<td>MARUI GROUP CO., LTD.</td>
</tr>
<tr>
<td>Service</td>
<td>Dentsu Inc.</td>
</tr>
</tbody>
</table>

Companies with underline were supported by the MOEJ in 2017

Source: MOEJ, 2018
### Incentive mechanism - Science Based Target (SBT)

Companies with underline were supported by the MOEJ in 2017

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<td>Construction</td>
<td>Shimizu Corporation, Taisei Corporation, Daito Trust Construction Co., Ltd.</td>
</tr>
<tr>
<td>Food</td>
<td>Ajinomoto Co., Inc., FUJI OIL HOLDINGS INC.</td>
</tr>
<tr>
<td>Chemistry</td>
<td>KAO Corporation, SUMITOMO CHEMICAL Co., Ltd., Zeon Corporation</td>
</tr>
<tr>
<td>Rubber products</td>
<td>Yokohama Rubber Company, Limited</td>
</tr>
<tr>
<td>Glass and stone products</td>
<td>Nippon Sheet Glass Co (NSG Group)</td>
</tr>
<tr>
<td>Mechanical equipment</td>
<td>YKK AP Inc.</td>
</tr>
<tr>
<td>Metal products</td>
<td>Daikin Industries, Ltd., Hitachi, Ltd.</td>
</tr>
<tr>
<td>Machinery</td>
<td>OMRON Corporation, Seiko Epson Corporation, NEC Corporation, Hitachi Construction Machinery Co. LTD, Mitsubishi Electric Corporation, Yamaha Corporation</td>
</tr>
<tr>
<td>Electric equipment</td>
<td>Toyota Motor Corporation, Nissan Motor Co., Honda Motor Company, YAMAHA MOTOR CO., LTD., UK-NSI Co,</td>
</tr>
<tr>
<td>Information and communication</td>
<td>NTT Docomo Inc., KDDI Corporation,</td>
</tr>
<tr>
<td>Retail</td>
<td>AEON Co., Ltd</td>
</tr>
<tr>
<td>Service industry</td>
<td>Benesse Corporation Co., Ltd.</td>
</tr>
</tbody>
</table>

Source: MOEJ, 2018
Incentive mechanism - CDP

**Questionnaire**
- C0. Introduction
- C1. Governance
- C2. Risks and opportunities
- C3. Business strategy
- C4. Targets and performance
- C5. Emissions methodology
- C6. Emission data
- C7. Emissions breakdown
- C8. Energy
- C9. Additional metrics
- C10. Verification
- C11. Carbon pricing
- C12. Engagement
- C13. Other land management
- C14. Signoff

Q. Are you participating in SBT?

Score is uploaded on the CDP website

**CDP scoring system**

<table>
<thead>
<tr>
<th>Name</th>
<th>Response</th>
<th>Year</th>
<th>Status</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ashinovo Co. Inc.</td>
<td>Climate Change 2017</td>
<td>2017</td>
<td>Submitted</td>
<td>A+</td>
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<tr>
<td>Al paras Holdings Corp</td>
<td>Climate Change 2017</td>
<td>2017</td>
<td>No Response</td>
<td>A-</td>
</tr>
<tr>
<td>Alps Electric Co. Ltd</td>
<td>Climate Change 2017</td>
<td>2017</td>
<td>Submitted</td>
<td>B+</td>
</tr>
<tr>
<td>Amada Holdings, Ltd.</td>
<td>Climate Change 2017</td>
<td>2017</td>
<td>Submitted</td>
<td>B-</td>
</tr>
<tr>
<td>ANA Holdings Inc.</td>
<td>Climate Change 2017</td>
<td>2017</td>
<td>Submitted</td>
<td>C-</td>
</tr>
</tbody>
</table>
How can we mobilize the private sector to climate action?

- Interview to the Private sector (13 companies (9 in Japan, 4 in Indonesia)
- Global companies concern on carbon disclosure / environmental issue
  - Scoring by CDP and use of SBT
  - Some institutional investor request companies to disclose information
- Linkage between business strategy and climate change action
  - Business strategies are along with SDGs and Paris Agreement, i.e. 2030, 2050 long term target
- Many of companies are still limited in cross-border actions
  - Many difficulties to implement cross-border activities; national circumstances, compliance, available data set, different regulations
  - Good observation: sharing information among companies
Incentive mechanism-
Mandatory Greenhouse Gas Accounting and Reporting System

Pursuant to the Act on promotion of Global Warming Countermeasures (1998), Mandatory Greenhouse Gas Accounting and Reporting System (2006) requires entities that emit considerably large amounts of greenhouse gases ("specified emitters") to calculate their greenhouse gas emissions and report the results to the government, which compiles the reported data and announces the results.
KEIDANREN (Japan Business Federation) is a comprehensive economic organization with a membership comprised of 1,376 representative companies of Japan, 109 nationwide industrial associations and 47 regional economic organizations (as of May 31, 2018).

**Mission:** Support corporate activities which contribute to the self-sustaining development of the Japanese economy and improvement in the quality of life for the Japanese people.

Policy proposal in Environment (partial)

<table>
<thead>
<tr>
<th>Year</th>
<th>Action</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>April 1991</td>
<td>Keidanren Global Environment Charter</td>
<td></td>
</tr>
<tr>
<td>June 1997</td>
<td>Keidanren Voluntary Action Plan on the Environment</td>
<td>• Voluntary basis,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Wide range of sectors,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Setting target,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reporting system</td>
</tr>
<tr>
<td>Dec 2009</td>
<td>Commitment of low carbon society</td>
<td>• Setting reduction targets for domestic business operations by 2020</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Strengthening cooperation with other interested groups</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Contribution at global level</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Development of innovative technologies</td>
</tr>
<tr>
<td>April 2015</td>
<td>Commitment of low carbon society, Phase II</td>
<td></td>
</tr>
</tbody>
</table>

Source: http://www.keidanren.or.jp/en/
PaSTI website and leaflet

Latest information will find at......

- PaSTI website is opened!!

- PaSTI leaflet in Dec 2018
Thank you for your attention

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PaSTI webpage: