

# Harnessing the Power of Transparency

How Corporate Climate Disclosures Drive Genuine Engagement

*This paper explores how embracing true transparency in climate disclosures can lead to meaningful engagement and positive change. By openly sharing their stories of both the challenges and progress, corporations can build trust and drive impactful actions towards net zero.*

## Introduction

Guidance and standards provide great structure on outcomes but rarely explain the process of transparency when it comes to corporate climate disclosures, transition plans or strategies. Full disclosure means presenting everything, not just the good stuff.

Many corporate disclosures start with their 'Paris Aligned Science Based Climate Targets' and actions but rarely their journey towards Paris Aligned Transparency.

The Paris Agreement transparency arrangements are wrapped into a number of articles. They define the need for transparency on accountability, engagement, processes, data and expertise with a reporting process.

But what should transparency look like in a corporate disclosure?

Transparency is telling the story of how the facts and figures are brought together. It is the context behind the targets, actions, numbers in a corporate disclosure. By telling the background story it provides stakeholders with insights and even agency to exploring similar approaches to delivering their actions.

Here are seven considerations from our experiences of working with Governments in applying the Paris Agreement that would enhance climate disclosures, transition plans and strategies.

## 1 Scale

Be clear about the scale of your actions against the scale of your impact.

Transparency starts with how you have defined the extent to which your actions reduce your impacts. It helps provide the context to your process of continual improvement.

## 2 Accountability

Finish this sentence:

*"As CEO, if we do not hit our targets, I will....."*

Accountability ensures that leaders are personally committed to achieving net zero goals.

It is implicit that a CEO will lose their job if they don't hit their financial targets. It is not implicit what will happen if they don't hit their environment targets...make it explicit.

How to set leadership commitments is written in ISO's IWA 42 Net Zero Guidelines.

## 3 The Process

What systems and procedures are in place for measuring, reporting, and verifying your impacts? How are these embedded across your organisation?

Transparency requires a clear and consistent process.

## 4 Certainty

"We will" always trumps "we aim to".

If you "aim to," explain why you cannot commit to. Be transparent about your barriers internally and externally. It will allow someone to help you.

Being certain gives clear direction of what you will and won't be doing, leaving no room for doubt.

## 5 The Journey

Explain how long you have been working on your transition.

The maturity of your process will give stakeholders the opportunity to understand, empathise and support you accordingly.

## 6 The path is not straight

The journey to net zero is not a straight line on a graph.

Short term business growth in a fossil fuel based economy will counter act short term decarbonisation actions. There will be a short term disconnect which means annual results will be variable not linear.

Transparency involves acknowledging the challenges and complexities of the transition within your geography and economy setting.

## 7 Engagement

Engagement is not an end goal or an action. It's a process that includes listening and empathy to support actions and delivery.

Be transparent about what you mean by engagement and what that looks like.

Are you listening or are you telling?

## Overcoming the Barriers to Net Zero

To avoid accusations of greenwashing, true transparency in climate disclosures means more than just sharing actions and successes. It involves openly discussing the scale and severity of environmental challenges you face and how you are really set up to deal with them. It will provide agency to stakeholders to support rather than criticise.

It can be done. Look at Patagonia who is often cited as a leading 'sustainable' company. Their chair Charles Conn is clear Patagonia do not think they are sustainable[1], and their mind set is to own the problem they face, their answer... systems change to respond to it.

There are not many other corporate disclosures start with large bold font "everything we make has an impact on the planet"[2]....scroll down and you'll see this in numbers too.

By framing the complexity of the systems they operate in companies can enable their harshest critics into understanding where the good actions are coming from.

[1] <https://sustainablebrands.com/read/conn-brands-thrive-must-be-imperfect> [2] <https://www.patagonia.com/our-footprint/>