



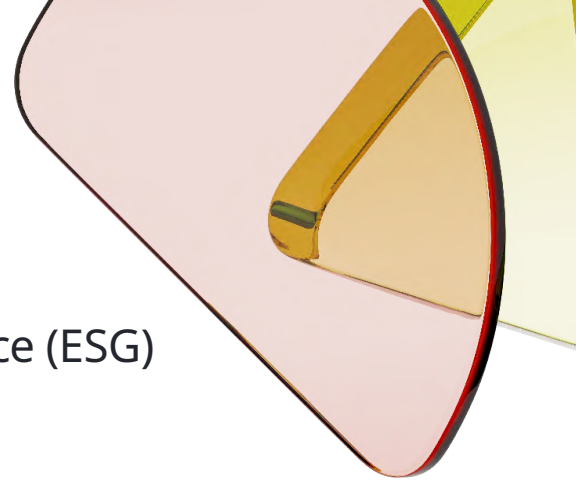
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FAQs on Environmental, Social and Governance (ESG) and international standards for sustainability

An extract from webinars on Driving carbon neutrality with international standards for products and services and navigating ESG reporting.



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1 When do we use ISO 14064, ISO 14067 and ISO 14068?

The easiest way to look at this is:
ISO 14064 – for quantifying and reporting greenhouse gas (GHG) emissions for **organization**.

ISO 14067 - for quantifying and reporting greenhouse gas (GHG) emissions for **products**.

ISO 14068-1 – for achieving and demonstrating **carbon neutrality**.

2 What is the difference between Net Zero and Carbon Neutrality?

Carbon neutrality status is achieved when the organization, for each of their reporting year:

- have a carbon neutrality management plan,
- has implemented some GHG emissions reduction and/or removal enhancements according to the plan, and
- offsets its residual GHG emissions.

Net zero status is achieved when all technically feasible opportunities for GHG reduction and removal enhancements have been implemented. The result of net zero is typically measured at the end point of the plan.

3 How do we integrate ESG into ISO 9001?

ISO 9001 does not directly address all aspects of ESG, it provides a framework for integrating sustainability considerations into your existing management processes.

4 What ESG compliance is trying to comply with - regulatory, quality management or financial?

ESG compliance is not limited to just one category – it touches upon all three baseline.

5 How does human rights in supply chain link to environmental sustainability?

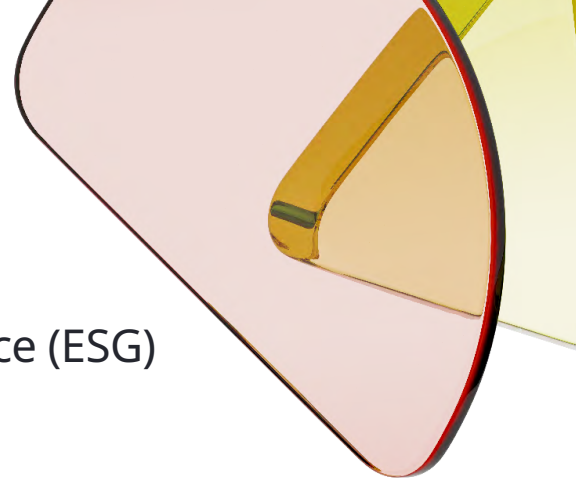
There are many examples such as unethical labour practices in some industries (e.g., illegal logging, mining) can lead to environmental degradation. Forced labour or inadequate safety standards might prioritize production over sustainable resource management.

6 What is the most challenging area when deploying ESG best practices for supply chain, and how to overcome this challenge?

One of the most challenging areas when deploying ESG best practices for supply chain is in educating employees of all levels of the organization and supply chain - including building skills and knowledges on ESG. It is crucial to deploy good and regular communications to engage with business leaders and employees including building capability via training across the organization and supply chain.

7 Why is ISO 14067 important for businesses?

ISO 14067 is essential for businesses because it enables them to precisely measure and understand the carbon impact of their products. By following this standard, businesses can pinpoint opportunities to reduce their carbon footprint, significantly enhance their environmental performance, and provide credible information to customers and stakeholders. This gives them a decisive competitive edge in a market that increasingly prioritizes sustainability.



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8 What challenges might businesses face when implementing ISO 14067, and how can they overcome them?

Businesses might encounter challenges, but they are surmountable:

- **Data collection:** Collecting accurate and comprehensive data can be challenging.
- **Resource allocation:** Implementing the standard demands time and financial investment.
- **Continuous improvement:** Maintaining low carbon footprints is an ongoing effort.

9 How does ISO 14067 support carbon neutrality?

ISO 14067 is the backbone of achieving carbon neutrality. It offers a robust framework for calculating the carbon footprint of a product. This in-depth understanding of product-level GHG emissions empowers organizations to implement effective reduction strategies and offset any remaining emissions, thus achieving true carbon neutrality for their products.

10 Data collection for GHG is not easy due to many challenges such as the current processes of the company and supply chain, how do we fix the gaps?

Although it may not be easy, it is doable. Do start with standardization and streamlining your current processes. Once you understand the gaps, you address them one by one.

11 For carbon footprint offsetting, would it easily fall into greenwashing when it comes to purchasing of carbon credit directly to offset emission?

If the organization is reducing carbon continuously, offsetting with high quality credits, and endorsed by third-party assurance, the claim is strong.

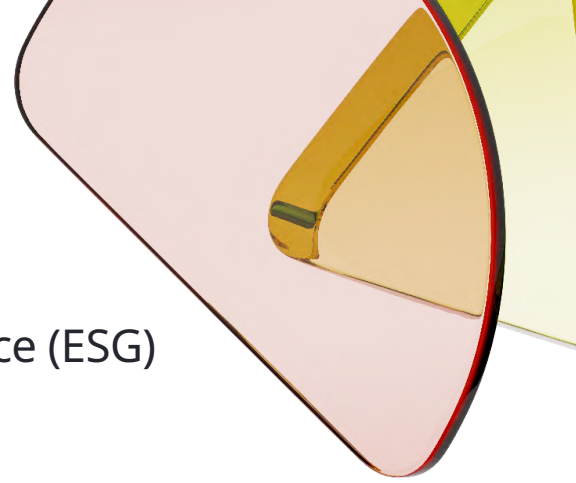
12 What are the steps for a business to implement ISO 14067?

Implementing ISO 14067 involves a series of clear, actionable steps:

- a. **Training and awareness:** Educate your staff comprehensively about the standard and its critical importance.
- b. **Scope definition:** Precisely define the boundaries and objectives for your carbon footprint assessment.
- c. **Data collection:** Meticulously gather data on GHG emissions throughout the product's life cycle.
- d. **Analysis:** Conduct a thorough life cycle assessment to calculate the carbon footprint.
- e. **Reduction strategies:** Identify and implement targeted measures to reduce emissions.
- f. **Verification and reporting:** Ensure results are verified, preferably by a third party, and report findings transparently.

13 Carbon neutrality as a term has received quite a bit of scrutiny, especially in the EU where many consumers deem it to be greenwashing. If organizations were to apply for the Carbon Neutrality Kitemark, would it expose them to accusations of greenwashing?

It is true that the term "carbon neutrality" has faced criticism for potentially being used as greenwashing. Critics argue that organizations might make unsubstantiated claims or rely heavily on offsets to achieve neutrality without sufficient internal reductions. That is why BSI's Carbon Neutrality Kitemark, if implemented with robust standards and proper oversight helps as a valuable tool to secure consumers' and investors' confidence in the said product or service. This is where the importance of transparency, independent verification, and clear communication of offsetting practices plays crucial role to mitigate such allegations.



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14 Regarding ESG reporting, what is the difference between double materiality vs single materiality?

Single materiality is a reporting approach that accounts for how sustainable factors affect the financial value of an organization. This perspective is primarily investor-focused, as it evaluates how ESG risks and opportunities might influence the financial health of the company.

Double materiality is the concept of reporting both the impacts of an organization on society and the environment, and the impacts of sustainability issues on the financial well-being of the organization. This approach recognizes that companies not only need to manage ESG risks for their financial benefit but also have a responsibility to consider their broader impact on the world.

15 To achieve “carbon neutrality”, is it compulsory for an organization to cover all scopes (Scope 1, 2 and 3)?

Achieving carbon neutrality requires a comprehensive approach that considers all scopes (1,2, and 3) of emissions, by conducting a thorough GHG inventory, implementing reduction strategies, and offsetting unavoidable emissions.

16 What is unabated emission?

Unabated emissions refer to the release of greenhouse gases into the atmosphere without any measures taken to capture or reduce them. These emissions come from various industrial processes, power generation, transportation, and other activities where no measures are taken to limit or mitigate the amount of greenhouse gases being emitted.

17 Does an organization need to have all the relevant international standards to proof that it is matured in sustainability? What is the minimum standard required?

It is not necessary to be certified against all the international standards. To kick-start the sustainability journey, it would be crucial to have a baseline, therefore it is important to calculate and verify carbon emission first. With that in mind, it would be good to start with ISO 14064-1:2018 that covers guidelines for the design, development, management, and verification of an organization’s GHG inventory.

18 For the Carbon neutral reporting, it is a timestamp year for the declaration? What if the following year, the emission increased, can the company still declare as neutral, or would there be a need to re-audit?

When a company declares carbon neutrality, the declaration typically references emissions for a specific timestamp year. This means the company achieved carbon neutrality for their emissions during that particular year. If emission increases in following year following a carbon neutral declaration, the company cannot automatically declare carbon neutrality. Reaudit will be required.

19 How long on average does an organization move from Scope 1 to 2 to 3 in the sustainability journey?

There is no one-size-fits-all answer to how long it takes an organization to progress through the sustainability journey phases (from reactive to integrated). The timeframe can vary significantly depending on resources, commitment, current foundation you already have and most importantly, having the data of your baseline.

Find out more

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