

Lecture 22

Hello welcome to this session on Sustainability Standards. So, in the previous few sessions, we are trying to understand how the Indian companies, they are doing in terms of their corporate social responsibility, what is the difference between corporate social responsibility and corporate social sustainability; little bit about the philosophical aspect of the social sustainability.

And then, also we discussed about the even sustainable development goals and how typically this goal or the sustainable development goals, these are aligned to the corporate strategy or how this plan of action is being integrated into the corporate strategy.

So, in this session, we will discuss the Sustainability Standard. We have picked few sustainability standards, what is relevant from ISO and also, there are few other sustainability standards which are relevant in this case. So, to start with, what is sustainability standards?

So, sustainability standards or certification, this is the voluntary guideline that is used by producer, manufacturer, traders, retailer and the service provider and why do they use this? To demonstrate their commitment to good environmental, social, ethical and food safety practices. So, if you see that the standard, the bottom line for this standard is again triple bottom line and apart from this, also some additional importance like food safety practices and many more other agenda.

So, the trend of this sustainability standard started in late eighties and 1980 and 90s and one of the few initial standards or certifications are ecolabel and standards for organic foods and few other standards. So, sometime in late 1980s and 90s, the standards the trend of using a standard, the trend of taking a certification for the standard is started in that time period. So, now, why standards are developed?

So, standards are normally developed by the stakeholders and expert in the particular sector and what they do; what they give in terms of what they provide in terms of the standards?

They give a set of practices or criteria or let us say the best practices or the criteria which will help to which will help for the business performance by considering their commitment towards environmental, social, ethical, financial and the other agenda of the sustainability and it includes the sustainable standards, it includes a set of criteria and set of practices or set of criteria.

So, the typical example can be over here is that let us say that sustainably grown crop like if you remember in case of Levis jeans, we are discussing about that cotton cultivation, how it can be sustainably grown. Similarly, ethically harvested resources whatever the resources, we are using in the production process or the organization, they are using in the production process, how it is ethically harvested.

Fair wage for all; the organization should ensure the fair wage for all whatever their whatever their wages that how this can this has to be paid to all the employee. Similarly, the protection of marine biodiversity, these are a few of the examples where you will find that the sustainability standard comes with a set of practices or set of criteria. Typically, this sustainable standard, it accompanied by verification process.

And this referred as a certification. So, whatever the verification process accompanied by the sustainability standard, this is known as the certification. We will see at a later point of time that even if certification is not mandatory is still just by following the standards, the practices given in the standards, the framework given in the standard, if that is being used by the organization, that helps in that helps in achieving the efficiency or helps in achieving the business performance.

And why this verification process is part of it or why this certification is part of it? Because by doing this, by taking the certification or by taking this verification process, this has to be evaluated the compliance and the traceability. So, typically if the organization is using a standard, how do we verify that whether they are using the standards or not.

That is, if there is a certification that is ensure because there would be a compliance to this and also there would be a traceability to this; that in the traceability is not in one point of time, it is across the supply chain that whether they have used the standard properly or they have just taken it for the namesake.

To start with let us see the ah standard what is mostly used by the organization that is the environmental management standard that is ISO 14001. So, what is this ah standard? What is this ISO 14001? It sets out a criteria for a environmental management system and this can be certified too.

So, these give a criteria for the environmental management system of the organization and also, it you can get a or though organization can get a certification for this ISO 14001. They maps out a framework for the company or the organization to follow or can follow to set up an effective environmental management system.

They helps the organization to improve the environmental ah performance through most efficient use of resources, reduction of waste, gaining competitive advantage and finally, since they use the standard, also it helps them to gain the trust of their stakeholders that they are following a fair business process, ah their business performance is the environmental impact associated with a business performance is not high.

So, this ISO 14001 is developed by the ISO technical committee and also, the various subcommittee and it provides the requirement with the guidance for use that relates to environmental system.

So, if you look at the ISO ah ISO standard, so one way they give the framework and also they give a guidance that how to use that standard. So, typically, they hold the training, they hold the capacity building programme that when they are adopting a standard, how do they use the framework or how do they operationalize the framework.

So, there are other standards in ISO 14001 family which focuses on audits, communication, labelling, lifecycle analysis, as well as the environmental challenges and climate change. So, if you remember in their LCA, when we have discussing about the lifecycle analysis, how each of the activity or each of the component is related to one of the standard of this ISO 14001 family.

So, the one and here one of the information is that up to now this total certification in ISO 14001 is 300,000 and this is spread across 171 countries around the world. Now this ISO 14001 and also, ISO 9001 which is associated with the quality management practices, these are all generic. It is applicable to organization of all types all size; whether it is private, not for profit, public, governmental, regulatory.

So, it is applicable to all organization types, this is of all types in all size. So, this is known as generic standard and the requirement what is needed for this ISO 14001 is that all environmental issues relevant to an organizational operation that in come under the framework like your air pollution, water and sewage issue, waste management, then mitigation, adaptation, resource use and efficiency.

So, this can be very specific to each of the domain, where there is a environmental impact associated with the product life cycle. So, when it comes to certification, it is not requirement; it is not a requirement even if the company or the organization, they are not taking the certification, they can still use the ISO 14001 certification, ah ISO 14001 framework.

But there is a provision of the third-party certification in ISO 14001 and this this certification is mainly is a way to signal the buyers, customers, suppliers and other stakeholder that the organization had implemented the standard properly.

So, if you remember this point, also we are discussing in the previous slide that the certification ensure that compliance and also the traceability. So, here even if certification is not a requirement to use the ISO 14001, typically the organization those who are successfully using the standard for some period of time, they prefer to go for a certification because this work as a signal tools for the other stakeholder that the standard is standard is being used properly.

Now, let us see what is Environmental Management System. So, environmental management system helps organization to identify, manage, monitor, control and their environmental issue in a holistic manner. So, it is a continual cycle of planning, implementing, reviewing, improving the process and action that are organization undertake to meet the business and the environmental goal.

So, EMS is that system which takes care of all activities related to meeting the business and the environmental goals. So, it may be the planning, it may be the action, it may be the implementation, it may be the reviewing, everything what comes under the system to meet the business and the environmental goals that is typically known as the environmental management system.

So, most of the EMS are built on this PDCA model. What is this PDCA model? P is for Plan; here, the identify the environmental aspect and establish goal. Then, Do, that is train and establish the operational control, implement the plan; Check, review and monitor and Act, that is take corrective action to make changes to the EMS as necessary. So, this EMS, they are built on a model that is known as a PDCA model.

Now, what is the requirement for a ISO 14001? Typically, why the standard is being accepted? So, first one is to establish an environmental policy, then also determining the environmental aspect, their impact on product activity and services, planning for environmental objective, measurable targets, implementation and operation programs to meet the objectives and targets, checking and corrective actions and management review.

So, if you look at this is this broadly whatever we are discussing in the previous ah previous slide that is PDCA, this activity can be can come under your plan, the activity can come under your do, the activity can come under act on the this can be part of the entire PDCA that is check and act.

Now, what are the benefits of ISO 14001? So, this is these are what benefit ISO 14001 which is taken from this iso dot org; but here, ah before getting into the benefit of ISO 14001, let me tell you there is a series of research literature which talks about or which establish the fact that this voluntary measure because ISO 14001 is voluntary in many countries and typically, this is this comes under the voluntary compliance or voluntary standard.

So, the research literature, they establish the fact that. So, one is that what is the effectiveness of the formal regulation, formal compliance the other is that so when what is the effectiveness of this informal compliance. So, if you will say see across the globe in the different cross country perspective and also in case of Indian perspective, this ISO 14001 leads to corporate environmental performance to a better one. So, there is the increase in the corporate environmental performance, if there is the adoption of ISO 14001 by the organization or by the company.

So, before getting into this each of these benefits as a whole, there is the empirical literature or there is the empirical investigation through the research literature that there is the benefit of ISO 14001 which leads to ah increase or improve the corporate environmental performance and that gives a clear signal that those industry or those company, those who have not used this ISO 14001, possibly they can use it and get the benefit associated with this ISO 14001.

Now, this ah now coming to the point what have been listed over here that it demonstrates the compliance with the current, future ah statutory and regulatory requirement. Then, it increased the leadership involvement and the engagement of employee. It improves the company reputation confidence of the stakeholder.

Then, also it achieved the static business aims by incorporating environmental issues into business management. Then, it gives the competitive and the financial advantage through improved efficiency at reduced cost and finally, it encouraged the better environmental performance of supplier by integrating them into the organism business system.

Now, let us get into the other ISO standard, ISO 26000. So, this we discussed when we are discussing the social sustainability because this is related to the standard associated with social sustainability. So,

what is ISO 26000? It is international standard. It gives the guidance and the recommendation about how any organization can improve its social responsibility.

So, here this standard is specifically helps helps out the organization or gives the guidance to the organization that how they can improve the social responsibility and contribute to the sustainable environmental, social and economic development.

This is not certifiable. There is no certificate associated with ISO 26000, at least not developed till now and as it does not contain any requirements and typically, this is obvious to those, who seeks to improve their operating process and impact through their socially responsible behaviour.

So, it is more about the guidance, it is more about the recommendation, it is more about the framework which helps the organization to achieve the or improve their social responsibility. So, again, we will see that how this ISO 26000, it is also linked to our sustainable development goals, the standard which is linked to the different sustainable development goals.

Then, ah let us see how this standards and how this is linked to the sustainable development goals. Now, what is sustainable development goals? This is typically given by UN which the goals what we need to achieve by 2030 and in order to achieve this goal, there is a plan of action for each SDG.

So, there are 17 SDGs and there is plan of action for each of this SDGs and this calls that when the plan of action for achieving each of this SDG, this requires the contribution for all elements in the society including government, business, industry and individuals. So, there are almost 22000 international standard and related document that represent globally recognised guidelines and framework based on the internal collaboration.

And here, you will find for each of the goal of the sustainable development, for each goal in the sustainable development goals, the ISO they have identified the standard that makes significant contribution to that development goals and for each goal, it is not only one standard, you will find that there are numerous ISO standard that corresponding to each of this SDG.

It means to achieve the or to help out in achieving the goal for each of these SDGs, there are many standard which are aligned or that they are giving the guidance or they are giving the framework.

So, here, it is being summarise nicely that how each of the standard, how many how each of these SDGs, how this is aligned or how this is taking the help or the associate standard for each of this SDG. So, if you look at your first goal that is no poverty, there are 340 standards which will help in achieving this SDGs. Similarly, if you go to your goal 9, there are 12424 standards associated with this goal.

And similarly, if you look at the numbers at the top of each of this goal, this gives the idea that how many standards are there which can help in achieving this goal or which can give the guidance of the framework for achieving this goal. Let us see few of the standards a few of the sustainable development goals and how it is aligned or how what are the associated standard or what are the relevant standards for them; few of them.

Let us see that Goal 2 is our zero Hunger. So, SDG goal 2 is zero Hunger. Now, ah there are 1600 standards for the food production sector and what the role of the standards? The role of the standard in this food production sector is designed to create confidence in food products, improves the agricultural methods, promote sustainable and ethical purchasing, other areas including nutritional safety nutritional and safety testing, quality packaging and traceability.

Similarly, what may be the other standard which will specific standard which may be useful for goal 2? That is ISO 22000 family of ah 22000 family of standards on food safety management helps that is to organization to identify control the food safety hazards. ISO 26000 for social responsibility; ISO 20400 encourage socially both is ISO 26000 and ISO 20400, they encourage the socially responsible behaviour and ethical working condition for agricultural worker and promote the ethical purchasing policy throughout the entire food supply chain, food production chain.

Then, ISO 34101 is a series of standard on sustainable and traceable cocoa beans and also, specific specifies the requirement of management system in the bean farming. So, if you look at for the goal 2, the relevant standard or few of the relevant standard over here is that this if the companies of the whoever the stakeholders, if they are following the standards that will help them to achieve the goal to that is zero hunger.

Now, let us goal go to Goal 12, which is quite relevant for the sustainability ah agenda or the for the sustainable development that is responsible consumption and production. Now, what is sustainable consumption and production?

It promote the use of few of the intervention or a few of the highlights that promote the use of renewable resources, ah renewable source of energy, encourage responsible purchasing decision and some of the way this ISO standard contributes in working towards this goal. Now, what are a few of these standards? Like in the previous slide also we are discussing ISO 20400 which provides the guidance to the organization for incorporating sustainability into their procurement function.

Similarly, ISO 14020 that is environmental labelling, they give the guiding principle for the development and use of environmental label and self-declaration preparing for the third-party certification. So, if you remember when we are discussing ecolabel, eco labelling, there are three types of ecolabel. So, here they also this ISO 14020, the hence been preparing the organization for the third-party certification and also help to validate the environmental claims and encourage consumer to make the better choice.

Then, few more ah relevant for goal 12 is ISO 15392 that is sustainability in construction that is building construction, they identify and establishes the general principle of sustainability in building and other construction work throughout their whole lifecycle from inception to end of life and ISO 20245 that is sustainable lifestyle choices deals with the cross border trade of second hand goods, establish the minimum screening criteria for good traded between the country and helps to drive this alternative consumption pattern by reducing waste and the environmental impact.

Similarly, we have Goal 13 that is climate action and what is ah this goal 13? Goal 13, ah the relevant standard here is that ISO 14000 family of standard for EMS and they details the practical tools for the organization as we discuss and to manage the impact their activity on the environment and this we have already discussed that what it deals with ISO 14001 and each of them contribute to the climate change responses or to mitigate the effect associated with the climate change.

Now, few more series of this 14000 family, that is ISO 14064 for quantification, monitoring, validation and verification of greenhouse gas emission; 67 for quantifying and reporting the carbon footprint of the product; 80 give a framework to develop the consistent and comparable improve methodology in the fight against climate change and ISO Guide 84 which is currently being developed is in the still in the development ah phase, it gives the guideline for addressing climate change in standards and aimed at those involved in the standard devolvment.

Now, apart from this, also there are few more sustainability standards which is not part of ISO and these are all voluntary in nature. So, one is Fairtrade, it is developed in late 1980 by Dutch development agency. So, you will find for many of the ah products, there is a logo associated with the Fairtrade.

So, next time when you buy specific product, just see that also the company in their ah sustainability report, in their ah website, you will find that they gives they give a tag for this Fairtrade and also, there is a labelling for the Fairtrade. So, next time, you will find if you are buying a product just check that whether there is a Fairtrade; you may not get for all the products, but there are some of the product you find that Fairtrade.

So, this developed in late 1980s by a Dutch development agency with the collaboration from the Mexican farmers and the focus of this standard is to access and improving position of the small

producer that is environmental objective and apart from excess and improving the position of the small produce, taking them to the market, getting a good price for their product. Also, apart from this, there is an additional focus that is the environmental objective

So, this Fairtrade label, what it talks about or what it gives? If there is a Fairtrade label, this is a guarantee of the minimum price what the producer they will get and also, it is a social premium that goes to the co-operative and not to the producer directly. Similarly, the other sustainability standard what you must have heard of is rainforest alliance and this rainforest alliance, this standard created from a social movement in 1980s and what they are committed to? They are committed to conserving the rainforest and their, biodiversity.

Now, what are the key elements? The key elements of rain for rainforest alliance is to development of a sustainable farm management system to assist the wildlife conservation and to improve the worker's welfare by establishing and securing the sustainable livelihood.

So, rainforest alliance is mostly about conserving the rainforest, developing a sustainable farm management system for the wildlife conservation and also, increasing the worker's welfare by establishing and securing the sustainable livelihood. So, there are few more sustainability standard, voluntary standard which we will discuss in the next session.

So, to summarise the entire session, what we have discussed over here is that to understand what are the different ISO standard which is applicable for sustainability and environment; how the sustainable development goal for how for each of the sustainable goal, there are different standards, ah the related standard or the relevant standard associated which will help put for the taking the plan of action to achieve the sustainable development goal and few more voluntary standard.

So, we will continue our discussion about the voluntary standard, ah mostly the voluntary sustainability standard in the next session and also, we will see that is there a business case for adopting this sustainability standard.

Thank you.