The Carbon Journey

Report on the BSI Roundtable Session on 1 July 2022 in Amsterdam
“It has been amazing to drive the discussion with our invited organizations. More so, although the race to Net zero is a challenging imperative and it appears that there is a willingness to get guidance and learn to meet targets, it has been inspiring to see where the conversation has progressed to today. Thanks to our speakers and participants for their valuable insights and contribution.”

Federica Pagnuzzato
BSI Sustainability Director Continental Europe

Our Exclusive Carbon Roundtable held in July 2022 shared with our invited companies challenges, benefits and best practices along a “Carbon Journey”.

Attendees appreciated the combination of expert-led content and the opportunity to engage with other companies, the group discussions enriched the presentations with different experiences and perspectives. With this report we are proud to share the main outcomes and takeaways from these inspiring discussions.

We will follow this roundtable with additional sustainability focused initiatives and events. Get in touch with your local BSI representative or follow Federica Pagnuzzato if you would like to be involved.
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Net Zero

Net zero is reached when the greenhouse gases going into the atmosphere are balanced by their removal out of the atmosphere. This is important because it is the state at which global warming stops.

For a long time, reaching net zero has too often been considered ‘impossible to achieve’, ‘at odds with business’ or a ‘nice to have’ – a good piece of PR or kudos for organizations and businesses. But in the last years this has changed: **Net zero now is a non-negotiable, essential factor for the ongoing resilience of any business.** Making the transition is critical to the immediate and long-term sustainability and success of organizations of all sizes.

License to operate includes responsibility and efforts to tackle climate change and its effects on the most vulnerable people and therefore the urgency to reach Net zero.

In the EU, regulation is a strong driver for sustainability and it is putting an increasing amount of pressure on companies to comply with these regulations. Between 2015 and 2021, the number of climate-related regulations increased by 254%. We see examples such as the EU’s Circular Economy Action Plan 2020 and the EU Corporate Sustainability Reporting Directive (CSRD). The proposal for a new Ecodesign for Sustainable Products Regulation in particular will set requirements to significantly improve not only energy efficiency, but also circularity and an overall reduction of the environmental and climate footprint of products. Aiming to have all value chain product data recorded in a digital product passport.

The biggest challenge for organizations is not the target of net zero, but the journey to improve. Net zero is a challenging imperative and should be part of the more holistic sustainability agenda, with a climate strategy helping to become resilient both to risks and opportunities of the climate change and drive sustainable growth.

Achieving carbon neutrality and, ultimately, net zero can be a daunting and complex challenge. So, how can organizations meaningfully achieve net zero without losing the wider picture?

To discuss this, we introduced a roadmap which we call “The Carbon Journey”. 

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**Diagram:**

- Establish your foundations commitments
  - Set realistic goals & targets
- Engagement, Training
  - Leadership buy-in
  - Governance
- Assess
  - Set your strategy
- Manage, Reduce, Monitor
- Offset
- Declare claim/report
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How to meaningfully achieve Net Zero without losing the wider picture
We discussed a **5-step-process** to achieve net zero business:

**Step 1: Set your ambitions and goals.**
Decide what you want to commit to. Set realistic targets and ambitions.
- Understand the drivers, risks and opportunities, barriers and quick wins. Communicate your ambitions and goals. Allocate financial resources and people. Ensure you have internal competence.
- The extent of emissions you include, your timeline and availability of resources are crucial.

**Step 2: Ensure a sound process for GHG emissions quantification and accounting.**
Define your baseline and define the strategy to reduce your emissions.
- Use recognized international standards such as Greenhouse Gas Protocol, ISO 14064
- Define boundary and scope (1, 2, 3): what emissions to include?
- Define base year; the year GHG emissions will be baselined against

**Step 3: Reduce your carbon emissions, set your strategy and targets.**
As with any strategy development, your approach depends on your goal or ambition, the resources you have available and your organizational culture.
- Find opportunities for emission reductions. Develop an emission reduction plan, with specific targets. Targets must be aligned with the wider corporate objectives (and based on your baseline).
- Work on internal emissions reduction, for example by improving your Environmental and Energy management, Waste management, switch to environmentally friendly alternatives for consumption and production.
- Determine the reduced footprint
- Monitor progress to a target

**Step 4: Balance your remaining emissions and go carbon neutral.**
To balance any emissions that remain after your internal reductions and efforts to green your energy supply, you will need to offset them.
- Carbon offsetting: offset residual emissions.
- Use recognized international standards such as the ISO 14064 series and PAS 2060. Source carbon projects that align with your business and its values.

**Step 5: Report and communicate** these steps taken and result achieved, and make credible claims.
- Report internally & externally
- Data quality: ensure reliable data
- Build credibility, trust with customers and other stakeholders by overcoming their uncertainty and skepticism through third-party verification.
- Ensure and communicate the targets and your achievements are checked.
The carbon journey processes are reiterative and circular, not linear. Reducing carbon emissions is no longer a choice, it is a must to define your existence on the market.

Finding the right strategy and then translating this into effective goals and actions is challenging. Chances are big that the steps you take on your carbon journey have been too big or too small. Therefore, you will have to continue returning to previous steps to reach your goals and you’ll have to increase the frequency of your actions too. If you have a strategy, you choose a direction, but it is a continuous assessment and repositioning of targets and actions.

Reviewing and monitoring outcomes to recalibrate deviations from strategic objectives should become a regular exercise.

Targets can be adjusted so that the pursuit of a carbon neutral business will become a dynamic and continuous process of innovation.
Roundtable Takeaways

**Commitment but lack of understanding about how building it into organization**

Leadership buy-in, engaging teams in the organizations.

Senior decision-makers recognize the importance of reaching net zero but in general there is a lack of understanding about how to build it into an organization and how to meaningfully do it. There is a general seek for guidance.

**Cost is a significant barrier** for many organizations.

Leadership buy-in is crucial together with actions engaging the organization at the whole.

Like sustainability in the broader sense, carbon reduction is something that involves the whole organization, from EHS teams to product management and procurement and from the workplace to the board. For an effective governance is fundamental a systematic management approach which includes the definition or key areas and goals, management systems, training, audit, performance metrics, targets, etc.

It also includes governance structures, accountability and reporting lines. Collaborative structures increase expertise across departments, consistent approach and positive outcomes.

Having a joined up and harmonized approach to ensure a consistent deployment of the strategy and a continuous reporting of results and metrics is crucial to meet the goals and recalibrate the strategy itself. But this is challenging and not common practice in many organizations.

"Our journey towards carbon neutrality is definitely a shared effort. Our management team is highly committed and involved in the reduction of our GHG emissions. We have an internal specialized sustainability team of ten people constantly interacting with other business functions: sustainability is embedded in all our activities, an achievement that has been built over the past decade." - Sara Corrado, Senior Sustainability Specialist, Nemha

**Measure: get a clear idea and prioritize.**

Carbon footprint versus Life Cycle Assessment (LCA)

To adopt a relevant climate strategy, it is necessary to know how to prioritize the most important issues without forgetting to act on the levers that represent the greatest potential for reducing emissions.

Carbon footprint analysis and Life Cycle Assessment (LCA) are two complementary levers for carbon impact measurement.

LCA appears as a complementary tool to obtain a more detailed analysis of the environmental impacts of its products and activities.

LCA provides a more in-depth view although it requires a longer study and more work and competence to interpret the results.

It is quite possible to reduce the carbon footprint of a product while increasing its environmental impact in an area other than greenhouse gases.

"We constantly monitor the impact of the companies of the group. Every year, we collect data and perform an LCA. This helps us to identify hotspots and improvement actions to continuously reduce our GHG emissions". - Anouk Heeren International Trainee Broadview, Nehmo
Roundtable Takeaways

Environmental issues and data not fully integrated in companies’ risk management and KPIs dashboards

Having sustainability, environmental issue as part of the company’s governance and risk management is crucial such as a carbon strategy fully aligned, linked to the overall business strategy and business model. KPIs for carbon emissions tend to be set at facility, production level and logistic, mainly related to issues such energy, waste and landfill, water. A decade ago, there is a complete KPI dashboard containing several KPIs. The finance department reports all data directly to the board, but that does not apply for environmental performance data. And monitoring is it not fully integrated in the compliance process/department. In terms of internal auditing, education on the topic and engagement should be playing a bigger role.

The role of data and data quality: Ensure credible claims but also meaningful and informed decisions.

Reporting externally is crucial to overcome uncertainty and scepticism of stakeholders and data quality to ensure credible claims. Make sure that the verification of your data, whether you collected it internally or externally, is repeatable and reproducible. Third party verification helps to ensure you are on track and increase build and trust.

But equally important, general data collection and analysis play an increasing key and strategic role in helping companies achieve their targets, lower emissions and cto conform to industry and regulatory standards.

Supply chain, the difficulty of measuring “Scope 3 emissions” those generated indirectly up and downstream in the value chain is the challenge. Transparency is the real issue here, as companies lack insight. This makes clear collaboration with the value chain and peers is crucial. Technology can be of great help in collecting data, tracking and disclosing environmental attributes of services and products. Also regulations requirements are moving in this direction.

“We are quantifying and validating our carbon footprint by involving leading organisations in the industry such as BSI. This is helping us to benchmark the current status and set improvement targets. Our aim is to engage the stakeholders in our value chain to reduce the carbon footprint and its impact in order to enhance the sustainability of our business and of our stakeholders” - Ghulam Hayder, Head of Business Excellence, Certis Belchim BV

Carbon neutrality and Off-setting. Setting an internal price on carbon

Cutting emissions is a tough challenge, while the process for offsetting can be complex and confusing.

Carbon offsetting is only credible when used as part of a clear, time-bound strategy to reduce emissions. This also avoid the impression of greenwashing and creating value both internally and for society. Organizations often claim that they are carbon neutral, but such claims are not always based on recognized standards or Third party verified, so not always trusted.

Focusing on the actions that can support a truly effective business strategy for both limiting carbon risks and seizing carbon opportunities is crucial. Companies should quantify a financial commitment to address their remaining emissions in the value chain, for example by setting an internal carbon price and publicising the assumptions used. The methods used to determine the size of the financial commitment and the ways that the cost of carbon can be integrated into business practices and investment decision may vary. This means that for a business understanding the own drivers is a crucial starting point. (more info in the “Blueprint for Corporate Action on Climate and Nature, WWF”)

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“CARE Nederland and FairClimateFund always put the wellbeing of the poorest and most vulnerable people to the effects of climate change first” - Richard Kooge, CARE Nederland, Robert Okhuysen, FairClimateFund
Standards play a vital role in all aspects of society and are perfectly suited to helping industry achieve its net zero goals. Through the use of standards, your company’s progress towards net zero can become a routine measurement of success, demonstrating to your customers that yours is a socially conscious enterprise that is serious about sustainability. And this may give your business a real competitive edge.

We have 84,000 clients operating in 193 countries and 90 offices in 31 countries, meaning we can consistently support clients in their international operations and global supply chains.

Visit our Net Zero webpage for more information.