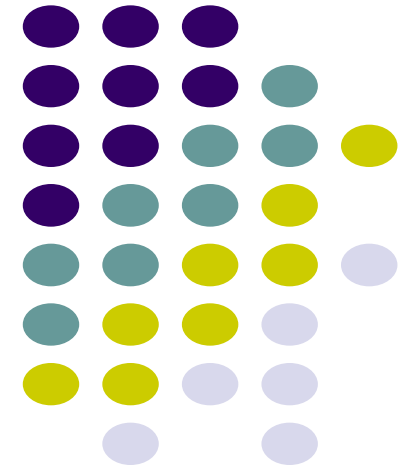


Manage ESG-related Risks for Performance Enhancement – How to utilize ISO Standards

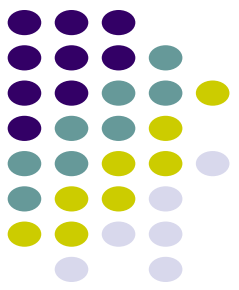
HKQAA 30th Anniversary Forum

Dr Nigel H Croft

- Convener of the ISO/IEC Task Force responsible for the revision of Annex L of the ISO/IEC Directives (Core for over 40 Management System Standards)
- Immediate past Chairman of ISO/TC176/SC2 (Responsible for ISO 9001:2015 and ISO 9004:2018)



How things have changed!!



The world's most valuable retailer...
... has no inventory

U B E R

The world's largest taxi company...
... owns no fleet



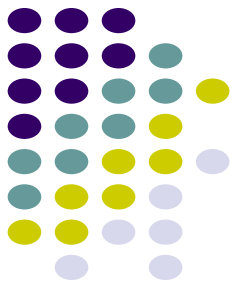
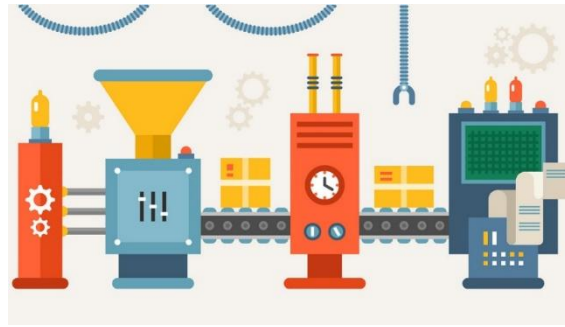
The world's most popular media owner...
... creates no content



The world's largest accommodation provider...
... owns no real estate

Source: <http://techcrunch.com/2015/03/03/in-the-age-of-disintermediation-the-battle-is-all-for-the-customer-interface/>

INDUSTRY 4.0



“The factory of the future will have only two employees - a man and a dog.”

“The man will be there to feed the dog.”

“The dog will be there to stop the man from touching the equipment.”

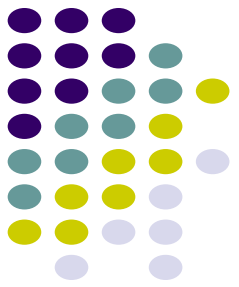
Warren Bennis

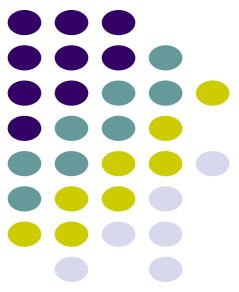


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“Impact of “Big Data”





Opportunity

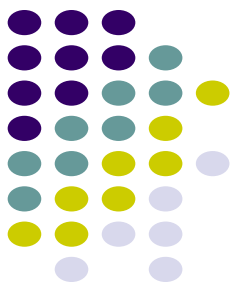
- “moment in time or a set of circumstances that make it possible to do something” (Wikipedia)

Examples:

- Big Data
- Artificial Intelligence
- IOT (Internet of Things)
- IOE (Internet of Everything)
- Social Media
- Smart cities
- Smart factories (Industry 4.0)
- Blockchain
- etc



But with Opportunities come Risks!!



- “the potential of losing something of value, weighed against the potential to gain something of value” (Wikipedia).

“effect of uncertainty on objectives” (ISO 31000)

- Uncertainty is the state, even partial, of ***deficiency of information related to, understanding or knowledge of an event, its consequence, or likelihood***



Some of these risks relate to the sustainability and ethical impact of an investment in a company or business. Often referred to as “ESG Risks” - Environmental, Social and Governance

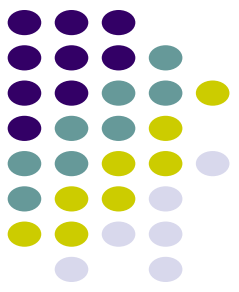
Typical ESG Risks.....



- Environmental management practices
- Health and safety in the workplace
- Respect for human rights
- Gender and other diversity issues
- Anti-bribery and corruption practices
- Compliance to relevant laws and regulations
- May also need to consider
 - risks in the supply chain
 - impacts of megatrends (e.g. climate change)
 - emerging regulations or voluntary guidelines (Fairtrade; FSC, MSC etc)
 - requirements of wider stakeholders for transparency (effect of Social Media).

DECEMBER 10
INTERNATIONAL HUMAN RIGHTS DAY

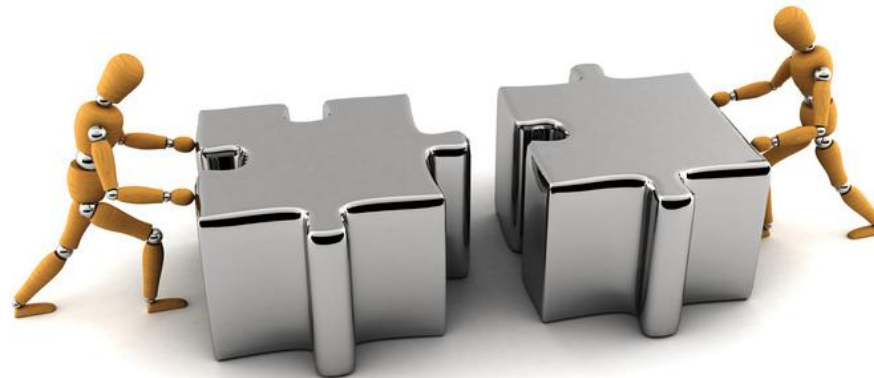


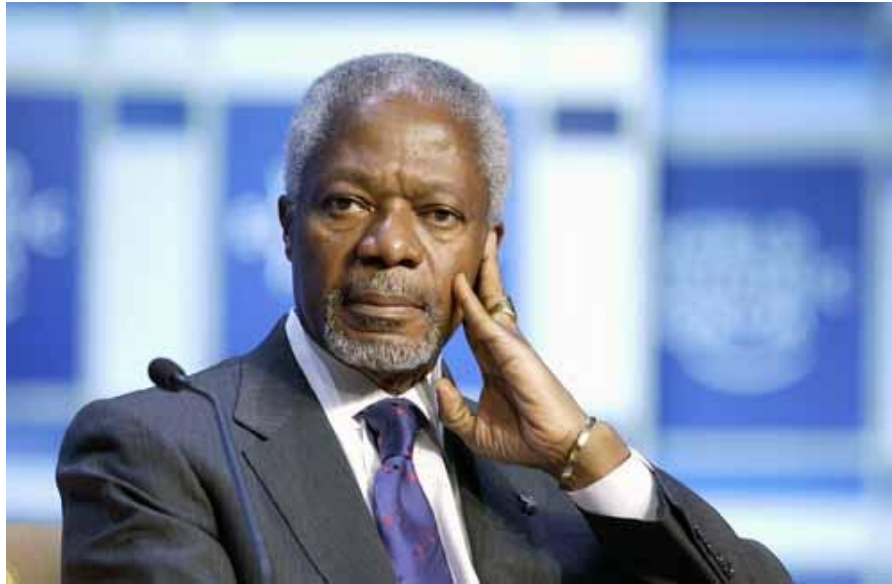
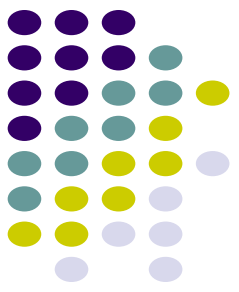


International Organization for Standardization

ISO Mission

- ISO develops high quality voluntary International Standards which facilitate international exchange of goods and services, ***support sustainable and equitable economic growth, promote innovation and protect health, safety and the environment***

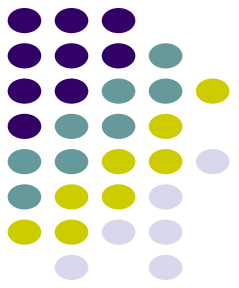




Nobel Peace Prize Winner, 2001

- **“ISO standards are crucial to sustainable development as they are key source of technological know how”**
*Kofi Annan,
ISO General Assembly, sept. 2004*

UN 2030 Sustainable Development Goals



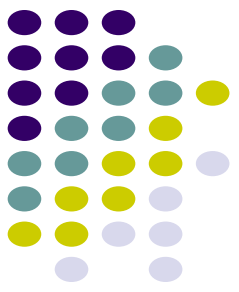
In Nov 2015, World Leaders committed to 17 Global Goals to achieve 3 extraordinary things in the next 15 years.

**End extreme poverty.
Fight inequality & injustice.
Fix climate change.**

The Global Goals for sustainable development could get these things done. In all countries. For all people.

<https://sustainabledevelopment.un.org/?menu=1300>

Mapping tool for SDGs and ISO Standards at
<https://www.iso.org/sdgs.html>



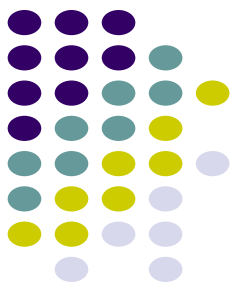
The role of Standards in the context of Sustainable Development Goals



Joint UNIDO, IEC, ISO and ITU (World Standards Cooperation) brochure highlights

- Goals of Standards
- Development of standards
- How standards can support achieving the 2030 development agenda
- How international standards can support the implementation of specific SDGs

https://www.unido.org/fileadmin/user_media_upgrade/What_we_do/Topics/Quality_and_compliance/SDG_Standards_2.pdf

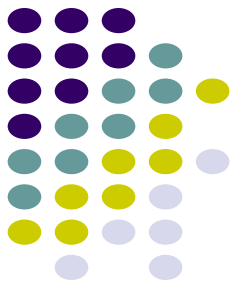


Some relevant existing ISO Standards

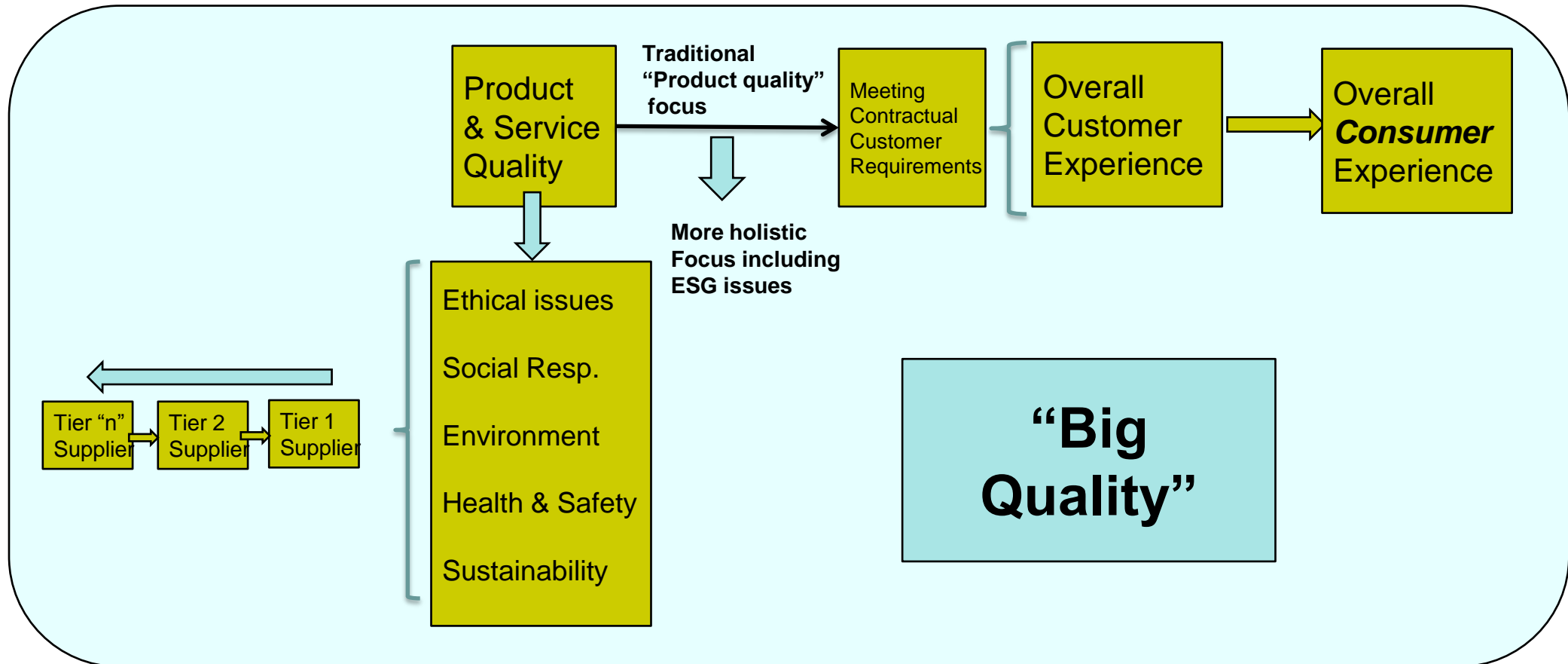
- ISO 26000 (Guidance on Social Responsibility)
- ISO/IWA 26 (“Using ISO 26000 in Management Systems”)
- ISO 20400 (Guidance on Sustainable Procurement)
- ISO 14001 (Environmental Management)
- ISO 46001 (Water efficiency Management)
- ISO 50001 (Energy Management)
- ISO 45001 (Health & Safety Management)
- ISO 37001 (Anti-bribery Management)
- ISO 14030-x (Green Debt Instruments)
- ISO 19600 (Guidelines on Compliance Management - to be replaced by new ISO 37301 Requirements Standard in 2020)

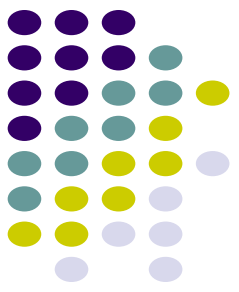


Managing ESG risks require a “Big Quality” approach!



From small “Product quality focus” to “End-to-end supply chain focus”



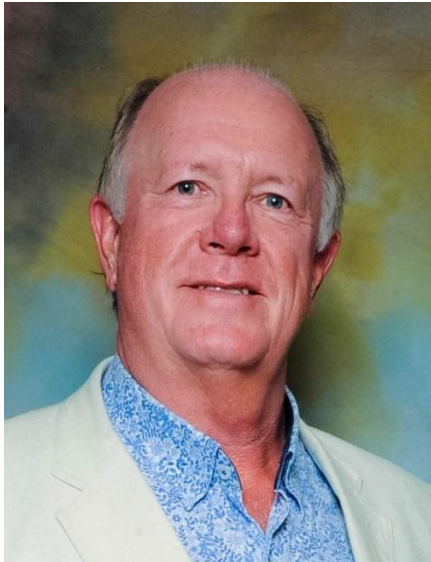


Conclusions

- ISO has a whole range of standards to support ethical business and sustainability initiatives:
 - Quality
 - Environment
 - Health & Safety
 - Energy
 - Corporate responsibility
 - Sustainable purchasing
 - Green financing
 - (and, “hot off the press” – new work is being initiated for an “Artificial Intelligence Management System Standard”)
- Use the standards wisely, and they can help to promote HK’s ESG initiatives



THANK YOU!



nhc@tcaglobal.org

