

The LRQA logo is displayed in white text within a black square that has a thin teal border. The letters 'L', 'R', and 'Q' are in a standard sans-serif font, while the 'A' is stylized with a teal diagonal line through its center.

LRQA

The path to net zero

What does net zero mean, what are the business benefits of taking action and how do we get there? Welcome to the first in LRQA's three-part series on sustainability in action.

Part 1 – understanding the fundamentals



The recent Intergovernmental Panel on Climate Change (IPCC) Report (AR6)¹ could not have been clearer. Human activity has warmed our planet and to manage global warming, we must limit cumulative carbon dioxide (CO₂) emissions to at least net zero, while cutting other greenhouse gas (GHG) emissions.

To keep global warming to 1.5°C as targeted by the Paris Agreement and to reduce the destructive impacts of climate change, global GHG emissions need to reach net zero by 2050. Without action, weather and climate extremes will become more frequent and intense in every region across the globe.

In simple terms, net zero means balancing the greenhouse gases we emit with the emission we remove from the atmosphere, over a period of time. Governments and organisations around the world are now setting net zero targets, but it's important to understand some of the differences in how they are being set and what this means for net zero.

The first point is that net zero requires all GHGs to be addressed, not just CO₂. Any target that addresses only CO₂ is not addressing the entirety of the problem and can only be considered 'carbon-zero'.

The second variable is the timeframe. 2050 is the deadline defined within the Paris agreement. Targets to achieve net zero after this date will therefore be deficient in their contribution to limiting global warming to 1.5°C, but can still be considered 'carbon neutral', for which no specified deadline exists.

Thirdly, we need to consider the scope of emissions being targeted. The concept of scope 1, 2 and 3 was introduced in the GHG Protocol and is carefully defined to ensure that multiple companies don't account for the same emissions in the same scope.

Scope 1 is direct emissions from sources that are owned or controlled by the company, such as stationary combustion in its boilers, process emissions or mobile emissions from fleet vehicles. Scope 2 accounts for the indirect emissions from the electricity used by the organisation. Scope 3 covers all other indirect emissions which occur as a result of the company's activities, but originate from sources outside its ownership or control. This may include goods purchased, waste generated or emissions from products during their use.

¹ Climate Change 2021. The Physical Science Basis. Working Group I Contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change ² Paris Agreement. United Nations 2015.

³ The Greenhouse Gas Protocol. A Corporate Accounting and Reporting Standard. Revised Edition

The path to net zero – four key considerations



Targeting scope 1 and 2 emissions is, of course, easier but the vast majority of any organisation's emissions are often within the scope 3 supply chain. These emissions have to be targeted if net zero is the goal, with an honest assessment of the boundaries of the organisation to ensure GHG emissions are complete, and that material sources are not excluded.

Finally, because reducing emissions to absolute zero avoidance (or 'gross zero') is simply not practicable or cost effective, particularly in certain sectors, net zero enables emissions that can't be eliminated to be offset. Where this is the case, the robustness of any offset requires equally careful thought.

Unfortunately, not all offsets are equal, with a number of factors needing careful consideration if the process is to be robust - each of these should be confirmed through independent, third-party verification.

- Ensure offsets are additional to what would have happened anyway
- Offsets must result in permanent carbon removal
- Offsets must not result in carbon-leakage - where emissions will simply be moved elsewhere
- Double-counting should be avoided, through an independent and credible registry

There are many sources of offsets and PAS 2060⁴ provides a recognised list that are accepted as meeting these criteria. These are based across many geographies, have different environmental and social benefits, and are from diverse project types, enabling an organisation to choose offsets that best align with their principles, markets and ethos.

Clearly then, even when setting out your targets, the challenge of net zero is complex and requires thought, resource and planning – the potential business benefits, however, are clear to see.

Governments have, and will continue to, set policy to decarbonise our economies through regulation and taxation, ultimately making environmental issues a financial concern for organisations across all sectors. Reviewing and reducing emissions is a means of reducing system wastage – of energy, raw materials and time – making businesses more efficient and cost effective. Analysing the risks and opportunities presented by climate change can open up new sustainable

opportunities, creating competitive advantage and enhancing brand value. And we have seen all too clearly how fragile global supply chains and systems can be. Driving collaboration within the supply chain and considering more local connections can not only reduce emissions but cut costs and enhance supply chain security.

With the climate an imperative and a raft of compelling business reasons to act, it's critical that companies are able to cut through complexity and take that important first step. In our second and third instalments in this series we will explore the best approach to set you on your net zero path and the standards and guidance that can support that journey to a future-proofed and more sustainable business.

⁴PAS 2060:2014. Specification for the Demonstration of Carbon Neutrality.

How can LRQA help your organisation?

LRQA's verification services help put you in control - driving positive change and greater transparency across every aspect of your sustainability agenda.

Our sector specialists apply extensive carbon management expertise to both demonstrate compliance and accurately verify your carbon emissions – helping to reduce the footprint of your organisation and its wider supply chain.

Delivered against the world's leading standards and schemes, or through a bespoke programme built around your unique requirements, LRQA's verification services will support your journey to a more sustainable future.

**For more information visit
www.lrqa.com/uk**



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About LRQA:

By bringing together unrivalled expertise in certification, customized assurance, cybersecurity, inspection and training, we've become a leading global assurance provider.

We're proud of our heritage, but it's who we are today that really matters, because that's what shapes how we partner with our clients tomorrow. By combining strong values, decades of experience in risk management and mitigation and a keen focus on the future, we're here to support our clients as they build safer, more secure, more sustainable businesses.

From independent auditing, certification and training; to technical advisory services; to real-time assurance technology; to data-driven supply chain transformation, our innovative end-to-end solutions help our clients negotiate a rapidly changing risk landscape – making sure they're shaping their own future, rather than letting it shape them.

Get in touch

Visit www.lrq.com/my for more information



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