

# SA can meet ESG demands, but how?

South Africa is a complex landscape for environmental, social and governance (ESG) requirements. Water scarcity, energy shortages and carbon emissions heighten environmental concerns while the country's social challenges, including labour strikes, income inequality and racial disparities, are well documented.



Image source: Khaosai Wongnatthakan – [123RF.com](https://www.123RF.com)

From an administrative perspective, political instability and corruption continue to overshadow the nation's efforts for renewal in the wake of state capture.

Nevertheless, South African companies strive to navigate these multifaceted ESG issues.

## Importance of standardisation

What many have come to realise is that effective ESG requires clearly defined objectives that are met through strategic planning and implementation and can withstand South Africa's myriad challenges.

Standards set out by the International Organisation for Standardisation (ISO), which comprises standards bodies from more than 160 countries, are aiding local businesses significantly in this process.

Simone Samuel, senior ISO consultant and project manager at World Wide Industrial and Systems Engineers (WWISE), explains that the standardisation of ISO 14001:2015, for example, plays a pivotal role in addressing ESG challenges by providing a systematic framework for environmental management within organisations.

“This internationally recognised standard sets out clear guidelines for establishing and implementing effective environmental management systems, helping businesses to better understand, manage, and reduce their environmental impacts.

“It also promotes sustainability, responsible resource management and regulatory compliance. Furthermore, by emphasising continuous improvement and stakeholder engagement, it aids in fostering a culture of transparency and accountability.”

## Improved efficiency

Samuel’s colleague Karina Govender points out that this standard also plays a crucial role in saving companies precious time as it streamlines and simplifies the process of complying with ESG requirements.

Improved operational efficiency in terms of ESG reporting, audits and compliance will also save on money and resources, she says.



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Hariprasad Viswanathan 25 Apr 2023



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“It encourages organisations to adopt sustainable practices, reduce waste and energy consumption and address resource inefficiencies,” Govender says.

“This leads to cost savings through improved resource management and streamlined processes. Additionally, ISO 14001 enhances regulatory compliance, reducing the risk of fines and legal actions, not to mention that it bolsters a company's reputation. The result is more eco-conscious customers and partners come on board to boost sales and profitability.”

## Role of management

According to Samuel, the onus is on top management to establish the system as this commitment ensures the allocation of resources and support.

Organisations must also conduct a comprehensive environmental review to identify aspects and impacts of their operations.

“Once identified, clear objectives and targets for environmental performance must be set, focusing on reducing negative impacts and improving sustainability. Employee training and engagement are essential to ensure that everyone understands and contributes to the system's success.”

She adds that there needs to be continuous monitoring and measurement of environmental performance, along with regular audits. Effective communication with stakeholders, including customers and regulators, is vital for transparency and building trust.

## Implementation process

The cost of implementing ISO 14001:2015 can vary significantly depending on the size and complexity of a business and its existing environmental management practices. However, it can be considered an investment that will yield many benefits and returns.

This process can take from several months to a few of years, and successful certification usually depends on careful planning and continuous improvement efforts.

The effectiveness of an implemented ISO 14001:2015 system is measured in several ways, Govender says.

“Businesses begin by conducting regular internal audits to assess conformance with environmental management standards. Key performance indicators (KPIs) or objectives are established to track metrics such as reduced energy consumption, waste reduction and improved recycling rates.

“Additionally, management reviews and stakeholder feedback provide valuable insights. External third-party audits and certification help validate the system's effectiveness and ensure conformity. Continuous improvement is a fundamental element, with corrective and preventive actions taken when necessary.”

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