

Centre for Environmental Management

Unpacking the nature and extent of clause 4 (Understanding the organisation and its context) of the DIS version of the third revision of the ISO 14001 environmental management system standard (Part 5 of a 6-part series)

Note

Please note that the information provided in this article is accurate until the end of the Tokyo meeting of TC 207 WG 5 (February 2015) working towards generating a FDIS version of the standard. With work scheduled in London in April 2015, changes could still be made to the text agreed upon in Tokyo and reported in this article.

Introduction

Working Group 5 of the Technical Committee 207 succeeded in February 2015 in Tokyo in reaching consensus in on the final text for the problematic clauses 4 and 6. The unfinished work is scheduled to be completed In London in April, 2015 when an FDIS version of the standard is expected to be issued. The new, third revision of the standard is scheduled to be published in September, 2015.

As explained in the four preceding articles, end-users of the environmental management system standard can expect a third revision of the standard that is significantly different from the second or the 2004 revisions.

The object of this article is to explore the nature and extent of the requirements of clause 4, an entirely new standard of the third revision of ISO 14001.

Many of the elements of clause 4 of the third revision of ISO 14001 are introduced by the High Level Structure (HLS) requirements for all management system standards that specify a common framework, with some common text and common definitions for all management system standards (ISO Guide 83 High Level Structure, identical core text and common terms and core definitions for use in management system standards, ISO JTCG N316 December 2011).

One of the purposes of clause 4 of the third revision of ISO 14001 is explained by the provisions of Theme 4 of the future Challenges (FC) Study Group (ISO/TC 207/SC 1/WG5 N7) dated the 23rd of January, 2012, which contains recommendations for a revised ISO 14001. These provisions recommend:

- Addressing the strategic considerations for environmental management ; and
- The strategic strengthening of the relationship between environmental management and the core business of the organisation.

Clause 4 of the revised standard provides requirements for the high-level overview of environmental management and organisational strategic management. This clause has four sub-clauses:

- Understanding the organisation and its context (4.1);
- Understanding the needs and expectations of interested parties (4.2);
- Determining the scope of the EMS (4.3); and
- The environmental management system (4.4).

The context of the organisation (4)

Clause 4, the '*Context of the Organisation*,' requires: a) a high-level and conceptual understanding of the context of the organisation, b) an understanding of the needs and expectations of interested parties and c) the determination of the scope of the EMS.

The next sections explore new concepts reflected in and the general intent of the sub-clauses of clause 4.

Understanding the organisation and its context (4.1)

This clause calls for the **determination** of internal and external **issues**:

- That are relevant to the **purpose of the organisation**;
- That affect the ability of the organisation to **achieve the intended outcomes** of the EMS;
- That are related to those **environmental conditions**
 - that can affect the organisation and
 - that can be affected by the organisation.

The HLS introduces most of the thinking inherent in this new clause to ISO 14001.

Some key concepts need to be understood before the nature and intent of this clause can be explored and unpacked (See Table 1).

Table 1: Key

Concept	Explanation in ISO terms
Determine	To establish or find out
Purpose of the organisation	'An organisation's purpose is expressed through statements such as an organisation's vision, mission, policies and improvement objectives' (ISO 90001: Draft 2014).
Intended outcomes of the EMS	The term 'intended outcome' means what the organization intends to achieve by implementing its EMS, which includes at a minimum the: <ul style="list-style-type: none">• enhancement of environmental performance,• conformance to compliance obligations,

	<ul style="list-style-type: none"> • fulfilment of environmental objectives, and • protection of the environment (ISO 14001: 2015 DIS).
<p>Issues</p>	<p>Issues are those internal or external characteristics that can either positively or negatively affect the way the organization manages its environmental responsibilities and the ability of the organisation to achieve the intended outcomes of the EMS.</p> <p>External issues can amongst others include: local, regional and global environmental conditions, the views or positions of interested parties, or external cultural, social, political, legal, regulatory, financial, technological and economic factors.</p> <p>Internal issues can amongst others include the level of management commitment and support, the competitive context and the availability of resources, including knowledge, organisational processes and systems, and the nature of the organisation’s activities, products and services, its strategic direction and corporate culture.</p>
<p>Environmental conditions</p>	<p>An environmental condition is defined in ISO 14001: 2015 DIS as the ‘state or characteristic of the environment as determined at a certain point.’</p> <p>Environmental conditions can include: the climatic, air quality, water quality and availability and land use characteristics of a site, existing levels of contamination, pollution and environmental degradation, natural resource availability and biodiversity, that can either affect the organisation, or be affected by the organisation.</p>
<p>Compliance obligation</p>	<p>‘The phrase “compliance obligations” replaces the phrase “legal requirements and other requirements to which the organization subscribes” used in prior editions of this International Standard. The change is considered simpler to understand, and does not change the intent of the previous edition of this International</p>

Clause 4.1 calls for a high-level and conceptual understanding of the organisation and its context. This understanding can be gleaned from a high-level or strategic determination and analysis of the internal and external issues that are:

- relevant to the purpose of the organisation and
- that can affect the ability of the organisation to achieve the intended outcomes of the management system.

The qualifier 'relevant to the purpose of the organisation' is primarily a quality management concept, but in terms of the EMS it means that any issues that are not relevant to the purpose of the organisations can be readily discarded.

The issues that can affect the ability of the organisation to achieve the intended outcomes of the EMS are issues that can either enhance or impede the achievement of these intended outcomes. This is quite important, as Clause 6.1.1 requires the determination of risks and opportunities that are posed by these issues. The issues capable of enhancing the ability of the organisation to achieve the intended outcomes of the EMS are leveraged as enabling opportunities, while those capable of impeding the achievement of intended outcomes are managed as risks. The organisation often does not have any control over these risks,. The mitigation of and adaptation to the effects of these external conditions are often the only response strategies available to organisations. Also note that the term 'effect' is used in this standard to refer to the potential changes caused by these issues, while the changes caused by the organisation's activities, products and services to the environment are referred to as 'impacts'.

These issues can originate from inside the organisation as well as from outside the organisation. The issues that originate from within the organisation can range from matters such as leadership commitment, the organisational culture and the availability of resources such as skills, infrastructure, information, etc.

Those issues that originate from without the organisation can be caused by environmental conditions as well as the regulatory, political, infra-structural, service delivery, social and cultural dimensions within which the organisation operates.

External environmental conditions that can affect the organisation include impeding factors such as climate change (on a global scale), the availability of natural resources, weather conditions, flooding, fires, and seismic events (on a local scale), and enhancing characteristics such as location relative to natural resources and markets. Being situated outside the impact zones of natural disasters or existing in a a stable and democratic socio-political system with a skilled and reliable work force can offer opportunities that can be leveraged by organisations (see Fig 1).

Figure 1 Internal and External Issues

	Organisational characteristic	Environmental condition
Internal Issues	Leadership support Resource availability Key skills Technologies, etc	On site: pollution, water quality, contaminated land, waste disposal
External Issues	Sector standards Corporate standards Legal requirements	Climate change Weather Floods Seismic events

The issues contemplated under clause 4 also include the effects on environmental conditions that are caused by the organisation. These effects are actually synonymous with the environmental impacts caused by an organisation’s activities as contemplated in clause 6.1.2. If the identification of the environmental aspects and impacts are required in terms of clause 6.1.2, the question is what then is required in terms of clause 4.1? The determination of the effect of the organisation on environmental conditions differs from the identification of environmental aspects and impacts insofar that the former is performed at a high, strategic or conceptual level, while the latter is a more detailed and operational-level analysis.

The output of clause 4.1 includes a conceptual and high-level overview of:

- External issues that are relevant to the purpose of the organisation and that affect its ability to achieve the intended outcomes of the EMS;
- Internal issues that are relevant to the purpose of the organisation and that affect its ability to achieve the intended outcomes of the EMS;

- Environmental conditions that are affected by the organisation; and
- Environmental conditions that can affect the organisation.

Understanding the needs and expectations of interested parties (4.2)

This sub-clause requires that interested parties relevant to the EMS are determined. This is a step up from the 2004 version of the standard, in which the determination of interested parties was not explicitly required. The general interpretation of the 2015 requirement is that evidence of this determination is required.

Once the interested parties have been identified, the organisation is required to determine their needs and expectations. Once all the needs and expectations of interested parties have been determined, the organisation needs to make a decision about which of these needs and expectations it will adopt and manage. Once adopted, these needs and expectations become compliance obligations requiring management by the organisation. Responding to and addressing these adopted compliance obligations are obligatory.

Determining the scope of the EMS (4.3)

This clause requires that organisations determine the boundaries and application of the EMS in order to determine its scope.

To determine the scope of the EMS, the standard requires that the following be considered:

- The internal and external issues determined in terms of clause 4.1;
- The compliance obligations determined in terms of clause 4.2;
- The organisational units, their functions and their physical boundaries;
- The organisational activities, products and services; and
- The organisation's authority and capability to control or influence environmental factors.

The 2015 standard continues to require that once the scope has been defined all the activities, products and services within the defined scope need to be included in the EMS. The EMS scope also needs to be maintained and made available to interested parties. Making the scope available to interested parties is a passive duty as the requirement is not

to actively distribute the documented scope of the EMS. The requirement to make the EMS scope available to interested parties is an attempt to counter concerns that organisations misrepresent the actual scope of their EMSs.

Determining the scope of the EMS (4.4)

This sub-clause, like its predecessor, makes provision for the entire life cycle of an EMS, ranging from its establishment to its continual improvement. The third revision adds the processes and interactions between the elements of the EMS. The EMS shall be established and managed to ensure that the intended outcomes of the EMS are achieved and environmental performance is enhanced.

The focus of the third revision of the EMS on the enhancement of environmental performance should be noted, as the first two revision of the standard required the improvement of the management system, which means that the enhancement of environmental performance is an outcome of the improvement of the management system.

This sub-clause also suggests that the output of clause 4 is knowledge. This generated knowledge is to inform other processes of the EMS.

So what – what next?

A key question that most users of the ISO 14001: 2015 standard will ask is: So what? What is this all about?

The high level analysis of the organisational context generates conceptual information or knowledge about the relationships between the organisation, the environment and the environmental management system. The standard does not require that this information or knowledge be documented (with the exception of the scope of the management system). The standard does, however, require that this knowledge be considered when other requirements of the ISO 14001: 2015 standard are addressed. The requirements demanding a consideration of the outputs from clause 4.1 include:

- Clause 4.3, determining the scope of the EMS;
- Clause 5.2, environmental policy;
- Clause 6.1, actions to address risk and opportunities. The issues need to be unpacked and documented as risks and opportunities that require management in terms of the following clauses:

- Clause 6.1.4, planning to take action;
- Clause 6.2.1, environmental objectives;
- Clause 9.2.2 Internal audit programme; and
- Clause 9.3, management review.

Conclusion

The objective of clause 4 is to generate high-level, conceptual information that requires consideration when the organisation establishes, implements, maintains and continually improves its EMS.

