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Environmental management systems — General guidelines on implementation

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National foreword

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The UK participation in its preparation was entrusted to Technical Committee SES/1/1, Environmental management systems.

A list of organizations represented on this committee can be obtained on request to its secretary.

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NORME EUROPÉENNE

EUROPÄISCHE NORM

EN ISO 14004

March 2016

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Supersedes EN ISO 14004:2010

English Version

Environmental management systems - General guidelines on implementation (ISO 14004:2016)

Systèmes de management environnemental - Lignes directrices générales pour la mise en application (ISO 14004:2016)

Umweltmanagementsysteme - Allgemeiner Leitfaden über Grundsätze, Systeme und unterstützende Methoden (ISO 14004:2016)

This European Standard was approved by CEN on 1 March 2016.

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Full document details: BS EN ISO 14004:2016

Contents

Page

European foreword **3**

Annex ZA (informative) **Relationship between this European Standard and the Essential Requirements of EU Directive 765/2008** **4**

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European foreword

This document (EN ISO 14004:2016) has been prepared by Technical Committee ISO/TC 207 "Environmental management".

This European Standard shall be given the status of a national standard, either by publication of an identical text or by endorsement, at the latest by September 2016, and conflicting national standards shall be withdrawn at the latest by September 2016.

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. CEN [and/or CENELEC] shall not be held responsible for identifying any or all such patent rights.

This document supersedes EN ISO 14004:2010.

This document has been prepared under a mandate given to CEN by the European Commission and the European Free Trade Association, and supports essential requirements of EU Directive(s).

For relationship with EU Directive(s), see informative Annex ZA, which is an integral part of this document.

According to the CEN-CENELEC Internal Regulations, the national standards organizations of the following countries are bound to implement this European Standard: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Former Yugoslav Republic of Macedonia, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom.

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Annex ZA
(informative)

Relationship between this European Standard and the Essential Requirements of EU Directive 765/2008

This European Standard has been prepared under a mandate given to CEN by the European Commission and the European Free Trade Association to provide one means of conforming to Essential Requirements of the New Approach Directive 765/2008.

Once this standard is cited in the Official Journal of the European Union under that Directive and has been implemented as a national standard in at least one Member State, compliance with the normative clauses of this standard confers, within the limits of the scope of this standard, a presumption of conformity with the relevant Essential Requirements of that Directive and associated EFTA regulations.

WARNING: Other requirements and other EU Directives may be applicable to the products falling within the scope of this standard.

Documents
Document Sharing Hub
Full document details: BS EN ISO 14004:2016

Contents

Page

Foreword ... **v**

Introduction ... **vi**

1 Scope ... **1**

2 Normative references ... **1**

3 Terms and definitions ... **1**
3.1 Terms related to organization and leadership ... 2
3.2 Terms related to planning ... 3
3.3 Terms related to support and operation ... 4
3.4 Terms related to performance evaluation and improvement ... 5

4 Context of the organization ... **6**
4.1 Understanding the organization and its context ... 6
4.2 Understanding the needs and expectations of interested parties ... 10
4.2.1 General ... 10
4.2.2 Determining relevant interested parties ... 10
4.2.3 Determining relevant needs and expectations of relevant interested parties ... 10
4.2.4 Determining compliance obligations ... 11
4.2.5 Use and application of the needs and expectations of interested parties ... 11
4.3 Determining the scope of the environmental management system ... 11
4.4 Environmental management system ... 12
4.4.1 General ... 12
4.4.2 Establishing, implementing, maintaining and continually improving an environmental management system ... 13

5 Leadership ... **14**
5.1 Leadership and commitment ... 14
5.2 Environmental policy ... 15
5.3 Organizational roles, responsibilities and authorities ... 18

6 Planning ... **19**
6.1 Actions to address risks and opportunities ... 19
6.1.1 General ... 19
6.1.2 Environmental aspects ... 23
6.1.3 Compliance obligations ... 27
6.1.4 Planning action ... 29
6.2 Environmental objectives and planning to achieve them ... 29
6.2.1 General ... 29
6.2.2 Establishing environmental objectives ... 30
6.2.3 Planning actions to achieve environmental objectives ... 30
6.2.4 Performance indicators ... 31

7 Support ... **32**
7.1 Resources ... 32
7.2 Competence ... 32
7.3 Awareness ... 34
7.4 Communication ... 35
7.4.1 General ... 35
7.4.2 Internal communication ... 36
7.4.3 External communication ... 36
7.5 Documented information ... 37
7.5.1 General ... 37
7.5.2 Creating and updating ... 38
7.5.3 Control of documented information ... 38

8 Operation ... **39**
8.1 Operational planning and control ... 39

AVA Documents
Document Sharing Hub

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Full document details: BS EN ISO 14004:2016

8.1.1 General guidance: Operational control ... 39
8.1.2 Identifying needs for operational controls ... 40
8.1.3 Establishing operational controls ... 41
8.2 Emergency preparedness and response ... 41

9 Performance evaluation ... 42
9.1 Monitoring, measurement, analysis and evaluation ... 42
9.1.1 General ... 42
9.1.2 Evaluation of compliance ... 44
9.2 Internal audit ... 45
9.3 Management review ... 46

10 Improvement ... 47
10.1 General ... 47
10.2 Nonconformity and corrective action ... 47
10.3 Continual improvement ... 48
10.3.1 Opportunities for improvement ... 48
10.3.2 Implementation of continual improvement ... 49

Annex A (informative) **Examples of activities, products and services and their associated environmental aspects and environmental impacts, risks and opportunities, and actions ... 50**

Annex B (informative) **Phased approach to implementing an environmental management system (based on ISO 14005) ... 57**

Bibliography ... 59

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Document Sharing Hub
Full document details: BS EN ISO 14004:2016

Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation on the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT) see the following URL: www.iso.org/iso/foreword.html.

The committee responsible for this document is Technical Committee ISO/TC 207, *Environmental management*, Subcommittee SC 1, *Environmental management systems*.

This third edition cancels and replaces the second edition (ISO 14004:2004), which has been technically revised.

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Introduction

Achieving a balance between the environment, society and the economy is considered essential to meet the needs of the present without compromising the ability of future generations to meet their needs. Sustainable development is a goal achieved by balancing the three pillars of sustainability: the environment, society and the economy.

Organizations, whether public or private, large or small, in developed or in emerging economies, have an impact on the environment and can be affected by the environment in return. There is a growing understanding that human development and well-being are contingent on preserving and conserving our natural resources, upon which all human activity and productivity depend. Achieving sound environmental performance requires organizational commitment to a systematic approach and to continual improvement of an environmental management system.

Societal expectations are driving the need for improved management of the resources necessary to support human development, through greater efficiency, transparency and accountability for all organizations. There are growing pressures on the environment, from climate change, over-consumption of resources and the challenges created by degradation of ecosystems and the loss of biodiversity.

The aim of this International Standard is to provide organizations with guidance for a common framework, in order to establish, implement, maintain and continually improve a system to support better environmental management. This environmental management framework should contribute to the long-term success of the organization and to the overall goal of sustainable development. The framework of a robust, credible and reliable environmental management system is shown in Figure 1. It includes:

— understanding the context in which the organization operates;

— determining and understanding the relevant needs and expectations of interested parties, as they relate to the environmental management system of the organization;

— establishing and implementing an environmental policy and environmental objectives;

— top management taking a leading role in improving environmental performance;

— identifying aspects of the organization's activities, products and services that can result in significant environmental impacts;

— identifying the environmental conditions, including events, that can affect the organization;

— considering the organization's risks and opportunities that need to be addressed in relation to its:

  — environmental aspects;

  — compliance obligations;

  — other issues (see 4.1) and requirements (see 4.2);

— increasing awareness of the organization's interaction with the environment;

— establishing operational controls, as appropriate, to manage the organization's significant environmental aspects and compliance obligations, and risks and opportunities that need to be addressed;

— evaluating environmental performance and taking actions, as necessary, for its improvement.

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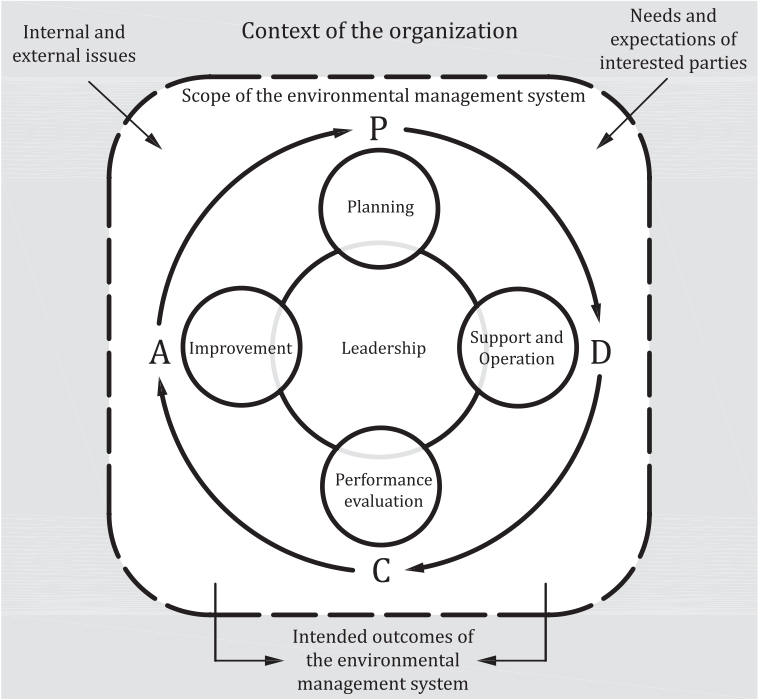

Figure 1 — Environmental management system model for this International Standard

The outcomes of a systematic approach to environmental management can provide top management with quantitative and qualitative data that enables informed business decisions that build long-term success and create options for contributing to sustainable development. The success of the environmental management system depends on commitment from all levels and functions of the organization, led by top management. The opportunities include:

— protecting the environment, including the prevention or reduction of adverse environmental impacts;

— controlling or influencing the way products and services are designed, manufactured, distributed, used and disposed;

— using a life cycle perspective to prevent environmental impacts from being unintentionally shifted elsewhere within the cycle;

— achieving financial and operational benefits that can result from implementing environmentally sound alternatives which strengthen the organization's market position;

— communicating environmental information to relevant interested parties.

In addition to enhanced environmental performance, the potential benefits associated with an effective environmental management system include:

— assuring customers of the organization's commitment to demonstrable environmental management;

— maintaining good public and community relations;

— satisfying investor criteria and improving access to capital;

— enhancing image and market share;

— improving cost control;

— preventing incidents that result in liability;

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— conserving input materials and energy;

— designing more environmental friendly products;

— facilitating the attainment of permits and authorizations and meeting their requirements;

— promoting environmental awareness among external providers and all persons doing work under the organization's control;

— improving relations between industry and government.

It is possible for an organization to operate an integrated management system that can align with requirements from quality, occupational health and safety and environmental management systems, for example. This approach provides opportunities to reduce duplication and builds in efficiencies.

Examples and approaches are presented throughout this International Standard for illustrative purposes. They are not intended to represent the only possibilities, nor are they necessarily suitable for every organization. In designing and implementing, or improving an environmental management system, organizations should select approaches that are appropriate to their own circumstances. Practical Help Boxes are intended to provide additional information to support the guidance contained within this International Standard.

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Environmental management systems — General guidelines on implementation

1 Scope

This International Standard provides guidance for an organization on the establishment, implementation, maintenance and improvement of a robust, credible and reliable environmental management system. The guidance provided is intended for an organization seeking to manage its environmental responsibilities in a systematic manner that contributes to the environmental pillar of sustainability.

This International Standard helps an organization achieve the intended outcomes of its environmental management system, which provides value for the environment, the organization itself and interested parties. Consistent with the organization's environmental policy, the intended outcomes of an environmental management system include:

— enhancement of environmental performance;

— fulfilment of compliance obligations;

— achievement of environmental objectives.

The guidance in this International Standard can help an organization to enhance its environmental performance, and enables the elements of the environmental management system to be integrated into its core business process.

NOTE While the environmental management system is not intended to manage occupational health and safety issues, these can be included when an organization seeks to implement an integrated environmental and occupational health and safety management system.

This International Standard is applicable to any organization, regardless of size, type and nature, and applies to the environmental aspects of its activities, products and services that the organization determines it can either control or influence, considering a life cycle perspective.

The guidance in this International Standard can be used in whole or in part to systematically improve environmental management. It serves to provide additional explanation of the concepts and requirements.

While the guidance in this International Standard is consistent with the ISO 14001 environmental management system model, it is not intended to provide interpretations of the requirements of ISO 14001.

2 Normative references

There are no normative references.

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

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3.1 Terms related to organization and leadership

3.1.1
management system
set of interrelated or interacting elements of an *organization* (3.1.4) to establish policies and *objectives* (3.2.5) and *processes* (3.3.5) to achieve those objectives

Note 1 to entry: A management system can address a single discipline or several disciplines (e.g. quality, environment, occupational health and safety, energy, financial management).

Note 2 to entry: The system elements include the organization's structure, roles and responsibilities, planning and operation, performance evaluation and improvement.

Note 3 to entry: The scope of a management system can include the whole of the organization, specific and identified functions of the organization, specific and identified sections of the organization, or one or more functions across a group of organizations.

3.1.2
environmental management system
part of the *management system* (3.1.1) used to manage *environmental aspects* (3.2.2), fulfil *compliance obligations* (3.2.9), and address *risks and opportunities* (3.2.11)

3.1.3
environmental policy
intentions and direction of an *organization* (3.1.4) related to *environmental performance* (3.4.11), as formally expressed by its *top management* (3.1.5)

3.1.4
organization
person or group of people that has its own functions with responsibilities, authorities and relationships to achieve its *objectives* (3.2.5)

Note 1 to entry: The concept of organization includes, but is not limited to sole-trader, company, corporation, firm, enterprise, authority, partnership, charity or institution, or part or combination thereof, whether incorporated or not, public or private.

3.1.5
top management
person or group of people who directs and controls an *organization* (3.1.4) at the highest level

Note 1 to entry: Top management has the power to delegate authority and provide resources within the organization.

Note 2 to entry: If the scope of the *management system* (3.1.1) covers only part of an organization, then top management refers to those who direct and control that part of the organization.

3.1.6
interested party
person or *organization* (3.1.4) that can affect, be affected by, or perceive itself to be affected by a decision or activity

EXAMPLE Customers, communities, suppliers, regulators, non-governmental organizations, investors and employees.

Note 1 to entry: To "perceive itself to be affected" means the perception has been made known to the organization.

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3.2 Terms related to planning

3.2.1
environment
surroundings in which an *organization* (3.1.4) operates, including air, water, land, natural resources, flora, fauna, humans and their interrelationships

Note 1 to entry: Surroundings can extend from within an organization to the local, regional and global system.

Note 2 to entry: Surroundings can be described in terms of biodiversity, ecosystems, climate or other characteristics.

3.2.2
environmental aspect
element of an *organization's* (3.1.4) activities or products or services that interacts or can interact with the *environment* (3.2.1)

Note 1 to entry: An environmental aspect can cause (an) *environmental impact(s)* (3.2.4). A significant environmental aspect is one that has or can have one or more significant environmental impact(s).

Note 2 to entry: Significant environmental aspects are determined by the organization applying one or more criteria.

3.2.3
environmental condition
state or characteristic of the *environment* (3.2.1) as determined at a certain point in time

3.2.4
environmental impact
change to the *environment* (3.2.1), whether adverse or beneficial, wholly or partially resulting from an *organization's* (3.1.4) *environmental aspects* (3.2.2)

3.2.5
objective
result to be achieved

Note 1 to entry: An objective can be strategic, tactical, or operational.

Note 2 to entry: Objectives can relate to different disciplines (such as financial, health and safety, and environmental goals) and can apply at different levels (such as strategic, organization-wide, project, product, service and *process* (3.3.5)).

Note 3 to entry: An objective can be expressed in other ways, e.g. as an intended outcome, a purpose, an operational criterion, as an *environmental objective* (3.2.6), or by the use of other words with similar meaning (e.g. aim, goal, or target).

3.2.6
environmental objective
objective (3.2.5) set by the *organization* (3.1.4) consistent with its *environmental policy* (3.1.3)

3.2.7
prevention of pollution
use of *processes* (3.3.5), practices, techniques, materials, products, services or energy to avoid, reduce or control (separately or in combination) the creation, emission or discharge of any type of pollutant or waste, in order to reduce adverse *environmental impacts* (3.2.4)

Note 1 to entry: Prevention of pollution can include source reduction or elimination; process, product or service changes; efficient use of resources; material and energy substitution; reuse; recovery; recycling, reclamation; or treatment.

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3.2.8
requirement
need or expectation that is stated, generally implied or obligatory

Note 1 to entry: "Generally implied" means that it is custom or common practice for the *organization* (3.1.4) and *interested parties* (3.1.6) that the need or expectation under consideration is implied.

Note 2 to entry: A specified requirement is one that is stated, for example in *documented information* (3.3.2).

Note 3 to entry: Requirements other than legal requirements become obligatory when the organization decides to comply with them.

3.2.9
compliance obligations (preferred term)
legal requirements and other requirements (admitted term)
legal *requirements* (3.2.8) that an *organization* (3.1.4) has to comply with and other requirements that an organization has to or chooses to comply with

Note 1 to entry: Compliance obligations are related to the *environmental management system* (3.1.2).

Note 2 to entry: Compliance obligations can arise from mandatory requirements, such as applicable laws and regulations, or voluntary commitments, such as organizational and industry standards, contractual relationships, codes of practice and agreements with community groups or non-governmental organizations.

3.2.10
risk
effect of uncertainty

Note 1 to entry: An effect is a deviation from the expected — positive or negative.

Note 2 to entry: Uncertainty is the state, even partial, of deficiency of information related to, understanding or knowledge of, an event, its consequence, or likelihood.

Note 3 to entry: Risk is often characterized by reference to potential *"events"* (as defined in ISO Guide 73:2009, 3.5.1.3) and *"consequences"* (as defined in ISO Guide 73:2009, 3.6.1.3), or a combination of these.

Note 4 to entry: Risk is often expressed in terms of a combination of the consequences of an event (including changes in circumstances) and the associated *"likelihood"* (as defined in ISO Guide 73:2009, 3.6.1.1) of occurrence.

3.2.11
risks and opportunities
potential adverse effects (threats) and potential beneficial effects (opportunities)

3.3 Terms related to support and operation

3.3.1
competence
ability to apply knowledge and skills to achieve intended results

3.3.2
documented information
information required to be controlled and maintained by an *organization* (3.1.4) and the medium on which it is contained

Note 1 to entry: Documented information can be in any format and media, and from any source.

Note 2 to entry: Documented information can refer to:

— the *environmental management system* (3.1.2), including related *processes* (3.3.5);

— information created in order for the organization to operate (can be referred to as documentation);

— evidence of results achieved (can be referred to as records).

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3.3.3
life cycle
consecutive and interlinked stages of a product (or service) system, from raw material acquisition or generation from natural resources to final disposal

Note 1 to entry: The life cycle stages include acquisition of raw materials, design, production, transportation/delivery, use, end-of-life treatment and final disposal.

[SOURCE: ISO 14044:2006, 3.1, modified — The words "(or service)" have been added to the definition and Note 1 to entry has been added.]

3.3.4
outsource (verb)
make an arrangement where an external *organization* (3.1.4) performs part of an organization's function or *process* (3.3.5)

Note 1 to entry: An external organization is outside the scope of the *management system* (3.1.1), although the outsourced function or process is within the scope.

3.3.5
process
set of interrelated or interacting activities which transforms inputs into outputs

Note 1 to entry: A process can be documented or not.

3.4 Terms related to performance evaluation and improvement

3.4.1
audit
systematic, independent and documented *process* (3.3.5) for obtaining audit evidence and evaluating it objectively to determine the extent to which the audit criteria are fulfilled

Note 1 to entry: An internal audit is conducted by the *organization* (3.1.4) itself, or by an external party on its behalf.

Note 2 to entry: An audit can be a combined audit (combining two or more disciplines).

Note 3 to entry: Independence can be demonstrated by the freedom from responsibility for the activity being audited or freedom from bias and conflict of interest.

Note 4 to entry: "Audit evidence" consists of records, statements of fact or other information which are relevant to the audit criteria and are verifiable; and "audit criteria" are the set of policies, procedures or *requirements* (3.2.8) used as a reference against which audit evidence is compared, as defined in ISO 19011:2011, 3.3 and 3.2 respectively.

3.4.2
conformity
fulfilment of a *requirement* (3.2.8)

3.4.3
nonconformity
non-fulfilment of a *requirement* (3.2.8)

Note 1 to entry: Nonconformity relates to requirements in ISO 14001:2015 and additional *environmental management system* (3.1.2) requirements that an *organization* (3.1.4) establishes for itself.

3.4.4
corrective action
action to eliminate the cause of a *nonconformity* (3.4.3) and to prevent recurrence

Note 1 to entry: There can be more than one cause for a nonconformity.

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3.4.5
continual improvement
recurring activity to enhance *performance* (3.4.10)

Note 1 to entry: Enhancing performance relates to the use of the *environmental management system* (3.1.2) to enhance *environmental performance* (3.4.11) consistent with the *organization's* (3.1.4) *environmental policy* (3.1.3).

Note 2 to entry: The activity need not take place in all areas simultaneously, or without interruption.

3.4.6
effectiveness
extent to which planned activities are realized and planned results achieved

3.4.7
indicator
measurable representation of the condition or status of operations, management or conditions

[SOURCE: ISO 14031:2013, 3.15]

3.4.8
monitoring
determining the status of a system, a *process* (3.3.5) or an activity

Note 1 to entry: To determine the status, there might be a need to check, supervise or critically observe.

3.4.9
measurement
process (3.3.5) to determine a value

3.4.10
performance
measurable result

Note 1 to entry: Performance can relate either to quantitative or qualitative findings.

Note 2 to entry: Performance can relate to the management of activities, *processes* (3.3.5), products (including services), systems or *organizations* (3.1.4).

3.4.11
environmental performance
performance (3.4.10) related to the management of *environmental aspects* (3.2.2)

Note 1 to entry: For an *environmental management system* (3.1.2), results can be measured against the *organization's* (3.1.4) *environmental policy* (3.1.3), *environmental objectives* (3.2.6) or other criteria, using *indicators* (3.4.7).

4 Context of the organization

4.1 Understanding the organization and its context

In order for an organization to establish, implement, maintain and continually improve an environmental management system, it should determine the context within which it operates. The context includes the external and internal issues, including environmental conditions, relevant to its purpose and that affect its ability to achieve the intended outcomes of the environmental management system. The organization's purpose is reflected in its vision and mission.

The term "intended outcome" means what the organization intends to achieve by implementing its environmental management system. Intended outcomes include enhancement of environmental performance, fulfilment of compliance obligations and achievement of environmental objectives. These are the minimal, core outcomes. However, the organization can set additional intended outcomes, such

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as going beyond the environmental management system requirements. For example, the organization can benefit from adopting social and environmental principles to support a broader sustainability initiative.

Understanding the context is important, as organizations do not operate in isolation but are influenced by external and internal issues, such as the availability of resources and the involvement of their employees. The context of the organization can include the organization's complexity, structure, activities and geographical locations of its functional units for the entire organization, as well as at a local level.

The context of the organization includes the natural environment in which it operates. The natural environment can create conditions and events, which affect the organization's activities, products and services. Conditions can be existing or subject to gradual change, whereas an event can involve a sudden change, which is typically explained by an extreme situation. Preparing for, and managing the consequences of, such conditions and events supports business continuity.

Issues are important topics for the organization, problems for debate and discussion, or changing circumstances that affect the organization's ability to achieve the intended outcomes it sets for its environmental management system.

To understand which issues are important, the organization can consider those that:

— are key drivers and trends, for example, in relation to environmental conditions or interested party concerns;

— can present problems for the environment or the organization;

— can be leveraged for beneficial effect, including innovation leading to improved environmental performance;

— offer competitive advantage, including cost reduction, value for customers, or improvement of the organization's reputation and image.

An organization implementing or improving its environmental management system or integrating its environmental management system within its existing business processes should review its context in order to gain knowledge of the relevant issues that can affect the environmental management system. This review can benefit from taking a life cycle perspective and cross-functional involvement, including procurement, finance, human resources, engineering, design and sales and marketing. The review can include the following key areas:

a) identification of the relevant external and internal issues, including environmental conditions, and events, which relate to the organization's activities, products and services;

b) consideration of how these issues can affect the organization's purpose and ability to achieve the intended outcomes of its environmental management system;

c) understanding of how a) and b) can be addressed in planning (see 6.1.1);

d) identification of opportunities to improve its environmental performance (see 10.3).

A life cycle perspective involves consideration of the control and influence the organization has over the stages of its product and service life cycle. This approach enables the organization to identify those areas where, considering its scope, it can minimize its impact on the environment while adding value to the organization.

Practical Help Boxes 1 to 3 provide examples of considerations for determining external issues, environmental conditions, including events, and internal issues.

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Practical Help Box 1 — External issues

Considerations can include:

— political: type of political system in place, e.g. democracy, dictatorship, level of political interference in business development, and willingness of politicians to exercise power effectively;

— economic: availability of utilities, such as fuel, gas and water, infrastructure and transportation, including housing, road, rail, sea and airports;

— financial: recognized financial system, and availability and access to financial resources;

— competition: other local organizations with a similar purpose and concepts that can be adopted to maintain a competitive position when necessary, such as sustainability, eco-design and eco-labelling;

— supply chain management: supplier availability, capacity and capability, level of technology and customer requirements;

— social: ethnic values, gender issues, bribery and corruption, availability of workforce, access to education and medical facilities, level of workforce education and levels of criminal activity;

— cultural: indigenous burial or sacred sites, heritage buildings/property, availability of specific resources, such as herbal/medicinal plants, craft materials, food used in a cultural context for ceremonial purposes, religious system and aesthetic values;

— market and public demand: current and future market trends for products and services, including those that are energy and resource efficient;

— technological: availability and access to technology relevant to the organization;

— legislative: the legislative framework within which the organization operates;

NOTE Legislative framework includes statutory, regulatory and other forms of legal requirements.

— natural: current and future climatic and other conditions, physical conditions, biodiversity, rare and endangered species, ecosystems, resource availability, including quantity, quality and access, renewable and non-renewable energy, and the specific environmental sector/industry profile.

External sources of information that can contribute to the organization's knowledge of external issues can include:

— customers, suppliers and partners;

— business councils;

— sector organizations;

— chambers of commerce;

— government bodies;

— international agencies;

— consultants;

— academic research;

— local news media;

— local community groups.

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Practical Help Box 2 — Environmental conditions, including events

An environmental condition that can affect the organization's activities, products and services can include, for example, a climatic temperature change that can prevent the organization from growing particular types of agricultural products.

An example of an environmental event could be flooding as a result of extreme weather, which can affect the organization's activities, such as storage of hazardous substances, in order to prevent pollution.

Consideration of some of the following sources of information can assist the organization to identify its environmental conditions, including events:

a) meteorological, geological, hydrological and ecological information;

b) historical disaster information related to the organization's location;

c) reports from previous audits, assessments, or reviews, such as initial environmental reviews or life cycle assessments, when available;

d) environmental monitoring data;

e) environmental permit or licence applications;

f) reports on emergency situations and incidents with environmental consequences.

Practical Help Box 3 — Internal issues

Considerations can include:

— organizational governance and structure: national and contractual governance frameworks, including registration and reporting; type of structure, including hierarchical, matrix, flat, project based; joint ventures and contracted services; and parent company relationships, roles and responsibilities and authorities;

— legal compliance: status and trends;

— policies, objectives and strategies: purpose, vision, business, other objectives and strategies and resources that are needed to achieve them;

— capacity and capability: organizational capacity, capability and knowledge in terms of resources and competence (e.g. capital, time, people, language, processes, systems and technologies, and their maintenance);

— information systems: information flows and decision-making processes (both formal and informal) and the time taken for their completion;

— relationships with, and perceptions and values of, internal interested parties;

— management systems and standards: strengths and weaknesses of existing management system(s) of the organization, and guidelines and models adopted by the organization, such as those for accounting and finance, quality, health and safety;

— organizational style and culture: family business, public or private company, management and leadership style, open or closed culture, and decision-making processes;

— contracts: form, content and extent of contractual relationships.

Methods that can be used to examine relevant internal factors include gathering information related to the current management system as considered above, including interviews with persons previously or currently working under the organization's control, and review of internal and external communications.

The process followed by an organization to develop an understanding of its context should result in knowledge that can be used by the organization to guide its efforts to plan, implement and operate its environmental management system. The process should be approached in a practical manner that adds value to the organization and yields a general, conceptual understanding of the most important issues. It can be useful to document and periodically update the process and its results as needed.

The results can be used to assist the organization in:

— setting the scope of its environmental management system;

— determining its risks and opportunities that need to be addressed;

— developing or enhancing its environmental policy;

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— establishing its environmental objectives;

— determining the effectiveness of its approach to fulfil its compliance obligations.

4.2 Understanding the needs and expectations of interested parties

4.2.1 General

Interested parties are also part of the context in which an organization operates and should be considered when the organization is reviewing its context. Determining interested parties and developing a relationship with them enables communication, which can lead to the potential for building mutual understanding, trust and respect. This relationship need not be formal.

The organization should determine its interested parties and their needs and expectations, related to their environmental management system. The organization can benefit from a process that identifies the relevant needs and expectations of relevant interested parties, in order to determine those that it has to comply with and those it chooses to comply with (i.e. its compliance obligations). The methods used and resources applied can vary depending on, for example, the size and nature of the organization, the finances available, the risks and opportunities that need to be addressed and the organization's experience with environmental management.

The organization is expected to gain a general (i.e. high-level, not detailed) understanding of the expressed needs and expectations of those internal and external interested parties that have been determined to be relevant, so that the knowledge gained can be considered when determining its compliance obligations.

4.2.2 Determining relevant interested parties

Interested parties can be internal or external to an organization. The organization should determine which interested parties are relevant to the organization's environmental management system. Interested parties can change over time and can depend on the sector or industry or the geographic location in which the organization operates. Changes in the internal or external issues that are part of the organization's context can also result in a change in interested parties.

4.2.3 Determining relevant needs and expectations of relevant interested parties

An organization should determine the relevant needs and expectations of its relevant interested parties as an input towards the design of the environmental management system. Examples of interested parties and their needs and expectations are provided in Practical Help Box 4. It is important to identify not only those that are obligatory and stated, but also those that are generally implied (i.e. expected as normal). Relevant interested parties, those that have been identified as having a role in the context, may have some needs that are not relevant to the organization's environmental management system and thus not all their needs are necessarily considered.

Practical Help Box 4 — Examples of interested parties and their needs and expectations		
Relationship	**Examples of interested parties**	**Examples of needs and expectations**
By responsibility	Investors	Expect the organization to manage its risks and opportunities that can affect an investment
By influence	Non-governmental organizations (NGOs)	Need the organization's cooperation to achieve the NGO's environmental goals
By proximity	Neighbours, the community	Expect socially acceptable performance, honesty and integrity
By dependency	Employees	Expect to work in a safe and healthy environment
By representation	Industry membership organization	Need collaboration on environmental issues
By authority	Regulatory or statutory agencies	Expect demonstration of legal compliance

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4.2.4 Determining compliance obligations

An organization should determine which of the relevant interested parties' needs and expectations it has to comply with, and then which of the remaining needs and expectations it chooses to adopt, which become its compliance obligations. This broad-level knowledge can contribute to an understanding of its compliance obligations as further detailed in 6.1.3.

There is no single approach to determining needs and expectations. The organization should use an approach that is appropriate to its scope, nature and scale, and is suitable in terms of detail, complexity, time, cost and availability of reliable data.

The organization can determine the needs and expectations of its relevant interested parties through other processes or for other purposes.

Where requirements are set by a regulatory body, the organization should gain knowledge of those broad areas of legislation that are applicable, such as air quality standards, discharge limits, waste disposal regulations, licensing requirements for operating the facility, etc.

In the case of voluntary commitments, the organization should gain broad knowledge of the relevant needs and expectations, such as customer requirements, voluntary codes and agreements with community groups or public authorities. This knowledge enables the organization to understand the implications these can have on the achievement of the intended outcomes of its environmental management system.

4.2.5 Use and application of the needs and expectations of interested parties

The outputs from 4.2.1 to 4.2.4 can assist in setting the scope of the organization's environmental management system, establishing its environmental policy, determining its environmental aspects, compliance obligations and risks and opportunities that need to be addressed by the organization. These are considerations when establishing its environmental performance objectives. The organization can find it useful to document this information to facilitate its use to meet other elements in this International Standard.

4.3 Determining the scope of the environmental management system

An organization should determine the boundaries and applicability of the environmental management system in order to establish its scope. The scope is specific to each organization. It is the responsibility of each organization to identify the inputs derived from an understanding of the internal and external issues determined in 4.1 and 4.2. The determination of the scope also includes the physical boundaries for one or more locations, and organizational sphere of control and influence, considering a life cycle perspective. The scope is intended to clarify the physical, functional and organizational boundaries to which the environmental management system applies.

The top management of the organization retains the freedom and flexibility to define the scope of the environmental management system. It may include the entire organization or specific operating units of the organization. The organization should understand the extent of control or influence that it can exert over activities, products and services. It is critical to the success of the environmental management system and to the credibility of the organization's reputation to ensure that the scope is not defined in a way that excludes activities, products, services or facilities that have or can have significant environmental aspects, or in a way that evades its compliance obligations, or misleads interested parties. An inappropriately narrow or exclusive scope could undermine the credibility of the environmental management system with its interested parties and reduce the organization's ability to achieve the intended outcomes of its environmental management system. The scope is a factual and representative statement of the organization's operations or business processes included within its environmental management system boundaries.

Where the scope is limited to a subset of a larger organization, top management generally refers to the top management of that part of the organization. However, top management at the higher level of the organization can retain responsibility for directing and supporting the environmental management

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