ISO 14001: DEMONSTRATING LEGAL COMPLIANCE

DECEMBER 2015
WHAT THIS GUIDE DOES

Does your organisation have ISO14001 certification or is it in the process of developing an environmental management system (EMS)? Does the organisation know how to demonstrate legal compliance?

ISO14001 requires that an organisation addresses its compliance obligations and is able to demonstrate on-going compliance. This guide sets out practical steps that an organisation must take for an organisation to fulfil the compliance obligations of the standards requirements, including information from the guidance in the standard.

SUMMARY OF COMPLIANCE OBLIGATIONS

ISO14001 requires an organisation to:

1. Identify and have access to the compliance obligations related to environmental aspects;
2. Determine how these compliance obligations apply to the organisation;
3. Determine whether the relevant needs and expectations of interested parties are compliance obligations;
4. Establish systematic processes which consider the organisation’s context and take into account its significant aspects and risks associated with its compliance obligations;
5. Establish operational controls to manage compliance obligations;
6. Publicly commit to upholding compliance obligations in the organisation’s environmental policy;
7. Ensure it has and maintains a procedure to identify and access current and emerging legal requirements;
8. Maintain documented information of its compliance obligations;
9. Identify current and emerging legislation applicable to its activities, products and services within the scope of its systems;
10. Identify other requirements;
11. Ensure that it takes into account relevant legal and other requirements when establishing, implementing and maintaining its management system;
12. Ensure it is updated on any new compliance obligations.

The legal requirements set out in the new ISO14001 are broader than the previous ISO14001 standard’s requirements. It requires organisations to:

- Demonstrate compliance on an on-going basis,
- Identify both current and other requirements;
- Ensure that top management has knowledge of compliance standards

INTRODUCTION

The International Standard ISO14001 is the benchmark for environmental management. It provides organisations with a systematic framework to protect the environment, respond to changing environmental conditions, and balance with socio-economic needs.
The current review and development of ISO 14001 has involved extensive stakeholder engagement in 32 countries. The review is part of the normal ISO standards five-year review period. There will be a three-year transition period for companies to comply with the new requirements of the standard.

The changes in the standard are in response to achieving a balance between the environment, society and the economy. There is recognition that the changes in societal expectations for sustainable development have led organisations to adopt a systematic approach to environmental management.

ISO14001 is applicable to any organisation, regardless of size, type or nature. It applies to the environmental aspects of its activities, products or services that is within the control or influence of the organisation, taking into account a life style perspective.

The revised edition separates strategic and operational environmental issues.

**KEY CHANGES TO THE PROPOSED TO THE NEW STRUCTURE**

**There are seven major changes that are required in the new standard:**

1. Greater expectation of top management;
2. Broader strategic consideration of organisations environmental context;
3. Specific commitments to sustainable development;
4. Extending environmental influence to the supply chain;
5. Embracing opportunities for using environmental design as a tool for improvement;
6. Demonstrating environmental compliance;

**The application of the ISO 14001 principles aims to help organisations:**

- Consider how to implement the principles of sustainable development;
- Improve the way they monitor their negative environmental, social and economic impacts;
- Create a management system that is flexible and integrated within the event management process, rather than just being an ‘after-thought’;
- Ensure that its influence is apparent throughout the organisation’s supply chain.
WHAT COMMERCIAL BENEFITS DOES MEETING ISO 140001 COMPLIANCE OBLIGATIONS OFFER?

By meeting the requirements of the ISO’s principles, organisations will benefit in the following ways:

- Identify risks associated with threats and opportunities and its compliance obligations to enhance environmental performance;
- Provide assurance to stakeholders, customers and anyone else involved in the environmental management system, that their interests have been considered;
- Help differentiate an organisation from its competitors, helping to win new business, improve reputation and brand image;
- Help reduce carbon emissions and waste and improve resource efficiency of the entire event supply chain;
- Improve relationships with the employees, local communities, suppliers and other relevant stakeholders;
- Challenge an organisation to improve its processes and look towards continual improvement;
- Streamline internal procedures, providing cost benefits of legal and other requirements;
- Demonstrate legal compliance;
- Identify trends of legal non-conformities;
- Identify opportunities from changing legislation for innovation;
- Improve sustainable procurement practices by considering life cycle analysis;
- Be a tool for dialogue between the organisation and its environmental regulators;
- Provide a foundation and support for an organisation’s continued legal certification;

INFORMATION ON ISO14001

HOW IS THE ISO 14001 CERTIFIED?

All ISO standards have to provide the option of 1st, 2nd or 3rd party certification.

- 1st party is ‘self-determination and self-declaration by the organisation seeking compliance’. This means that the company itself declares it has done everything it needs to in order to meet the standard requirements.
- 2nd party certification is ‘confirmation of conformance by parties having an interest in the organisation, such as clients or by other persons on their behalf. This therefore, requires someone with an existing relationship (e.g. client, supplier, association) to check that the standard user has done everything they need to in order to meet the standard requirements.
- 3rd party certification is when an independent 3rd party verifies that the organisation has done everything needed in order to meet the standard requirements.
Although accredited certification of the EMS indicates demonstrated and effective commitment to compliance with legal requirements the auditors are not inspectors of the environmental regulator.

ISO14001 recognises:
- the importance of compliance in both the external legal and regulatory context;
- interested parties concerns that an organisation commitments to conform to its compliance obligations,
- the need for the organisation to meet compliance obligations.

**WHAT APPROACH DOES ISO14001 TAKE?**

The standard (ISO20121) takes a management systems approach of:
- Plan;
- Act;
- Do;
- Check

This is similar to other management systems. The revised standard no longer follows a tick box approach.

**COMPLIANCE OBLIGATIONS**

The new standard extends the previous standards requirements by introducing a requirement for maintenance of knowledge and understanding of compliance obligations. The requirement to maintain compliance knowledge is based on an on-going process rather than simply evaluating compliance annually. It is key that knowledge of compliance status is a requirement of top - level management rather than environmental management system representatives.

**Section 6.1.3** of the standard sets out the Compliance Obligations.

This section must be read in conjunction with other clauses that relate to compliance obligations. For example, section 4.2 requires that the organisation shall determine the relevant needs and expectations of interested parties relevant to the management system and which of these needs become compliance obligations.

**Under section 6.1.3 the standard requires that an organisation shall do three things:**
1. Identify and have access to the compliance obligations related to environmental aspects;
2. Determine how these compliance obligations apply to the organisation;
3. Maintain documented information of its compliance organisations.

It also highlights that identifying compliance obligations can provide threats and opportunities to organisations.
LEGAL COMPLIANCE REQUIREMENTS OF ISO14001: SUMMARY OF SPECIFIC CLAUSES

These are specific clauses that cover Compliance Obligations in the standard as part of the EMS:

1. The organisation must determine the relevant needs and expectations (requirements) of those interested parties and which of these needs and expectations become compliance obligations (clause 4.2 (b) and (c));
2. Establish, implement and maintain an environmental policy that includes a commitment to fulfil its compliance obligations (clause 5.2);
3. Determine and have access to the compliance obligations related to its environmental aspects (clause 6.1.3);
4. Establish environmental objectives at relevant functions and levels taking into account the associated compliance obligations (clause 6.2.1);
5. Determine the necessary competence of person(s) doing work within the EMS that will affect its ability to fulfil its compliance obligations (clause 7.2);
6. Ensuring that people that work under the organisation’s control are aware of the implications of not fulfilling the organisations compliance obligations (clause 7.3);
7. When establishing its communication processes, take into account its compliance obligations (clause 7.4.1);
8. Externally communicate relevant information as required by compliance obligations (clause 7.4.3);
9. Establish and maintain process(es) needed to evaluate fulfilment of its compliance obligations (clause 9.1.2);
10. Ensure that the management review includes consideration of the changes in needs and expectations of interested parties, including compliance obligations trends in relation to the fulfilment of the organisation’s compliance obligations.

IMPLEMENTATION COMPLIANCE OBLIGATIONS

This section of the guide sets out the definition of ‘compliance obligations’ and the steps a company must take to be able to demonstrate legal compliance.

For an organisation to be able to demonstrate that it fulfils the standards compliance obligations it must:

1. Identify compliance obligations
2. Understand the context of the organisation
3. Identify its stakeholders

The previous definition of ‘legal and other requirements’ has been replaced with the term ‘compliance obligations’. The Guidance to the standard (Annex A) states that the intent of the new phrase is not different.

DEFINITION OF COMPLIANCE OBLIGATIONS

The definition of compliance obligations is “legal requirements that an organisation has to comply with and other requirements” that an organization has to or chooses to comply with. Compliance obligations arise from mandatory requirements or voluntary commitments.
WHAT IS REGARDED AS MANDATORY REQUIREMENTS?

Annex A sets out the guidance on the use of the standard. It provides examples of what is included into ‘mandatory obligations’ that a company is required to comply with.

**Examples of mandatory legal obligations are:**
- Law and regulations;
- Permits, licences and other forms of authorisations;
- Orders, rules and guidance issued by regulatory agencies;
- Judgement of courts or administrative tribunals;
- Treaties, conventions and protocols.

WHAT ARE ‘OTHER REQUIREMENTS’ THAT SHOULD BE CONSIDERED?

As well as complying with mandatory compliance obligations, organisations are required to comply with ‘other requirements’. These may be statutory and non-statutory guidance that organisations should take into account to establish best practice or ethical codes of conduct (such as UN Global Compact).

**Examples of ‘other requirements’ are:**
- Voluntary codes of practice;
- Voluntary labelling or environmental commitments;
- Non-regulatory guidelines;
- Agreements with public authorities/customers;
- Holding company standards;
- International Best Practice;
- Public commitments of the organisation or its parent organisation;
- Relevant organisational or industry standards.

The guidance explains that in some cases voluntary obligations can become mandatory where legally binding agreements have to be met. For example, if a contract specifies that a product has to meet certain environmental standards, these will become compliance obligations.

‘CONTEXT’ OF THE ORGANISATION AND HOW IT APPLIES TO COMPLIANCE

The standard requires that the organisation has to determine the external and internal issues that are relevant to its purpose. One of the means of achieving this would be to evaluate the purpose of the organisation and considering strategically any environmental issues that might have a bearing on broader organisational goals.
Organisations are required to determine the relevant needs and expectations of ‘interested parties’ and which of these needs and expectations become its compliance obligations (Section 4.2). The output of these evaluations should reflect the direction of the organisation.

**Interested parties can include:**
- Regulators
- Investors
- Employees
- Customers

**TOP MANAGEMENT AND MANAGEMENT REVIEW**

Top management is required to ensure that it provides the resources to ensure that the EMS achieves its intended outcomes, which includes meeting compliance obligations.

Top management can no longer delegate their responsibly in respect of compliance. They are required, as part of the management review (Section 9.3) to consider any changes that have taken place since the previous review in compliance obligations; information, including trends in the organisations fulfillment of its compliance obligations. The output of the review should include decisions and actions to address continual improvement and changes needed to ensure that the objectives of the EMS are met (including compliance).

**PLANNING AND ACTION**

The organisation has to determine the risks and opportunities relating to its compliance obligations to ensure that the organisation prevents or reduces undesired effects from external environmental conditions and achieves continual improvement (section 6.1.1).

The organisation also has to plan to take actions to address compliance obligations (section 6.1.4). Taking action might mean determining what training might be required to ensure that the person managing legal compliance is ‘competent’.

**COMPETENCE AND COMMUNICATION**

The organisation must ensure that the person managing the compliance obligations has the necessary competence and training (section 7.2).

The organisation, when creating its communication processes must take into account it compliance obligations (section 7.4).

**EVALUATION OF COMPLIANCE**

Section 9.1.2 of the standard incorporates a new requirement. Organisations have to establish, implement and maintain the process(es) needed to evaluate fulfillment of its compliance obligations AND take action if needed. This means that organisations must determine the frequency and timing of compliance evaluations. It is no longer an annual check.
WHAT STEPS MUST AN ORGANISATION TAKE TO BE ABLE TO DEMONSTRATE ONGOING LEGAL COMPLIANCE?

The steps that an organisation should consider taking to ensure that it is able to identify its compliance obligations and to demonstrate ongoing compliance are set out below:

1. Understand the external and internal issues that are relevant to the organisation’s purpose (previously the requirement was simply to understand the scope of the organisation);
2. Understand the scope of the EMS
3. Identify where the organisation operates (i.e. kind of building/premises/countries);
   - Assess whether there are countries in which the management system scope applies where there are no minimum social, environmental or economic laws?
   - If the answer to this bullet point is yes, the organisation must assess if it is aware of international best practice, If not, do you need access to 3rd. party specialist help;
4. Find out what internal resources are available to identify compliance issues e.g. legal teams/general counsel/human resources
   4.1 where there is no-one internally that has the necessary competence to ensure legal compliance, consider appointing external consultants with appropriate legal understanding
   4.2 consider whether the person tasked with responsibility for legal compliance is competent to do so
5. Find out what current legal requirements apply to the organisation (e.g. health and safety, employment) and who is responsible for ensuring ongoing compliance
6. Identify the key compliance obligations in the organisation. This exercise should involve a detailed review of environmental aspects/risks and opportunities and include mandatory and other compliance obligations
7. Identify interested parties and their relevant needs and expectations;
8. Once the organisation has identified the interested parties needs and expectations, it must determine if these needs and expectations become compliance obligations;
9. Develop a legal register that will capture all the key compliance obligations of the organisation’s activities within the scope of the system
   9.1 Find out how those responsible for legal compliance keep up to date with legal developments (e.g. through subscriptions to news services, external briefings/external lawyers/newsletters from relevant associations). Build this into the legal process to update the register;
   9.2 Find out what contracts govern the organisation’s operations (e.g. lease agreements, contracts with venues?). Is the company aware of the obligations that exist under these contracts? Is the organisation aware of the risks contained in the contracts? It is likely that legislation around these obligations will need to be understood?
   9.3 Find out what codes of conduct the organisation subscribes to (such as the Association of Event Organisations (AEO) or the global association for the event industry (UFI) or the UN Global Compact)
10. Commit to upholding and complying with all compliance obligations in the organisation’s environmental policy;
11. Demonstrate compliance by producing evidence. For example, if the company has foreign workers, records should be available on the HR files showing the employees’ passport (i.e. they are legally allowed to work in the country where they are employed and meet the minimum age requirements, such as >18);
12. Ensure that compliance is evaluated on an on-going basis.
13. Document and maintain evidence of evaluation of compliance and how any non-compliance is being addressed
14. Publish the environmental policy with an undertaking to ensure that all compliance obligations are met.
15. Agree dates to update the legal register in the annual management review calendar.

HOW CAN THE ORGANISATION ENSURE ONGOING LEGAL COMPLIANCE?

1. Create an environmental legal register (see an example below). In circumstances where an organisation is looking to develop a broader compliance approach to cover socio-economic issues, the organisation can consider creating a sustainability legal register. This is a register covering the environmental, social and economic laws that apply to an organisation and contains list of legislation, other requirements and future legislation that applies to the organisation;
2. Ensure that the person(s) that are assigned responsibilities to determine and evaluate environmental impacts or compliance obligations are competent to do so;
3. Ensure that all interested parties are engaged in determining their relevant needs and expectations;
4. Ensure that findings from the legal evaluations and legal audits are built into the internal audit schedule. The findings of the audit should be fed into the management review (Note that the internal audit in itself does NOT demonstrate compliance but it should verify whether the legal audit is effective);
5. Where necessary, get expert legal advice on issues such as producer responsibility (for packaging waste / WEEE & batteries). If external specialists are used, the outsourced process must be controlled;
6. Ensure that knowledge and understanding of the compliance status is maintained;
7. Ensure that appropriate action is taken where any non-compliance is identified;
8. Keep the legal register updated.
9. Maintain documented information on compliance obligations

EXAMPLES OF MINIMUM ENVIRONMENTAL, SOCIAL OR ECONOMIC SAFEGUARDS

ISO14001 (unlike ISO20121) does not require that where national law or its implementation does not provide for minimum environmental, social or economic safeguards, an organisation should accept that the rule of law is mandatory, while adhering to the principle of respecting international norms of behaviour (see ISO 26000). However, the principles set out in ISO20121 on minimum compliance are equally applicable to ISO 14001 where companies want to implement best practice standards.

In practice this means organisations must know what the minimum environmental, social and economic safeguards are that apply to their organisation and fit within the scope of the EMS.
LEGISLATION

Examples of some environmental, social and economic legislation that should be considered by organisations in order to comply with the “compliance obligations” are set out below. It is not an exhaustive list but highlights the range of legislation (both EU Directives and UK Regulations) that can or should be addressed and adhered to, where they are relevant to an organisation implementing ISO14001.

EU LEGISLATION

Organisations in the UK and Europe have to consider relevant EU Directives as they apply directly to member states. EU Directives are implemented into the UK through legislation.

ENVIRONMENTAL LEGISLATION

Below is an example of a EU Directive and how it is applied in the UK. Both pieces of legislation need to be considered to determine compliance.


The Waste Electrical and Electronic Equipment Directive (WEEE Directive 2002) was introduced in January 2007. It was implemented in the UK in 2007 by the Waste Electronic and Electrical Equipment Regulations 2006. It aims to reduce the amount of electrical and electronic equipment being produced. It encourages reuse, recycling and recovery and disposal of electronic equipment through the correct methods. It only applies to producers and distributors. However, the definitions of ‘producers’ and ‘distributers’ is very broad and events organisations should ensure that they comply and check their supplier contracts to see if they have to comply with any ‘take back’ obligations.

The WEEE regulations were updated in March 2012, setting out additional obligations for organisations.

Environmental Protection Act 1990 (EPA)

The EPA defines the legal framework for the duty of care for waste, contaminated land and statutory nuisance. It requires organisations that produce controlled waste from commercial activities (including recyclable and general waste) to ensure that it is collected by a registered waste transfer company (this means the company must be registered with the Environment Agency/appropriate regulator). Waste transfer notes have to be completed for all transfers. Under the Act, companies that dispose of waste in such a way that risks damaging human health or which could result in environmental pollution would commit an offence.

Obligations: Organisations must comply with:
- The duty of care for controlled waste, and;
- Prohibition on unauthorised disposal of land on land (fly-tipping)

Ensure that controlled waste is:
- stored securely;
- transferred to a licensed waste carrier;
- transferred subject to completion of waste transfer notes (or consignment notes for hazardous waste);
• waste transfer notes must be kept for two years and include a declaration that the waste management hierarchy has been applied.

These requirements apply to the total amount of packaging handled by the group and the group’s total annual turnover.

**Obligations: The organisation must:**

• demonstrate it has recovered or recycled an equivalent amount of packaging waste that it handled or supplied in the previous year;
• register with the EA or join a compliance scheme.

Obligations are offset through the purchase of Packaging Recovery Notes (PRNs) and/or their export equivalent (PERNs) that certifies that one tonne of packaging waste has been reprocessed.

If a business ‘handles’ more than 50 tonnes of packaging it may have to comply with the legislation. Packaging includes pallets.

If a business’ main packaging activity is selling packaging or packaged goods, it must provide information to customers about reusing, recovering and recycling packaging and the collection facilities available to them.

**SOCIAL LEGISLATION**

- **Noise Directive 2003/10/EC**

  The Directive places obligations on companies concerning noise exposure.

  **Obligations:**

  Risk assessments must be carried out. There are minimum H&S requirements regarding exposure of workers to risk arising from noise.

  **Health and Safety at Work Act 1974**

  This UK Act aims to:

  • Secure the health, safety and welfare of persons at work;
  • Protect persons, other than persons at work, against risks to health or safety arising out of or in connection with the activities of persons at work;
  • Control the keeping and use of explosive or highly flammable or otherwise dangerous substances and generally preventing the unlawful acquisition, possession and use of such substances.

  **Obligations:**

  Employer to provide such information, instruction, training and supervision as is necessary to ensure, so far as is reasonably practicable, the health and safety at work of his employees; to make arrangements for ensuring, so far as is reasonably practicable, safety and absence of risks to health in connection with the use, handling, storage and transport of articles and substances; prepare and keep under review a safety policy and to bring it to the attention of employees.

  An example of ‘other requirements’ may be the availability of up to date Equality and Diversity policies.
ECONOMIC LEGISLATION

-Data Protection Directive 95/46/EC

The Directive is aimed at the protection of individuals, processing of personable data and on the free movement of such data: data-processing systems, whatever the nationality or residence of natural persons, must respect their rights and freedoms, notably the right to privacy, and contribute to economic and social progress, trade expression and the well being of individuals.

Obligations:

Organisations should be aware of rules on:

- What constitutes data;
- Processing data;
- Exemptions;
- Higher standard for sensitive personal data.

There are also rules on rights of data subjects such as:

- Rights to compensation; provisions of fair processing of information and obligations to implement security measure to protect data.

An example of Statutory Guidance on data protection: Organisations must ensure that their employees’ personal details are protected and respected. The Employment Practices Data Protection Code is intended to help employers comply with the Data Protection Act and to encourage them to adopt good practice. The code has been issued by the Information Commissioner under Section 51 of the Data Protection Act.


OTHER

-The Bribery Act 2010

The Bribery Act came into force in the UK in June 2011. The Bribery Act creates 3 new criminal offences:

- When a person bribes another person;
- When a person requests or receives a bribe;
- When a corporate entity fails to prevent bribery by a person acting on its behalf.

The Bribery Act can take place inside or outside the UK. Both organisations and individuals can commit these crimes and organisation directors can be held accountable.

Obligations:

Companies must take steps and put procedures in place to ensure that bribery is untainted and monitored so that the Company can take appropriate actions.

Please note: this is just a sample, rather than an exhaustive list, of the legislation that may affect your organisation.
It is recommended that a specific legal audit be conducted for your organisation, based on the ISO 20121 requirements in relation to your operations. For more information see – www.clt-envirolaw.com

EMERGING LAWS

- There are increasing initiatives and laws that require transparency of social and environmental information to be provided by organisations in all sectors. See (Single Market Act): http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/reporting-disclosure/index_en.htm

SUMMARY

This guide has explained how organisations can demonstrate legal compliance as required by ISO14001. It has detailed some of the environmental legislation that ought to be considered and the other requirements associated with these regulations.

Organisations should publically commit to upholding compliance obligations in their environmental policies. A practical means of doing this to ensure that the organisation has a process in place to identify, evaluate and maintain compliance obligations and keep updated on new requirements. The CLT envirolaw Environmental Legal Register is aimed at capturing all the necessary information to demonstrate compliance under ISO14001. It can however, also be used as a base to help inform the Management Review of changing circumstances including developments and trends in legal and other requirements (see clause 9.4 of the standard) and for identifying new emerging issues (para 6.1.2 of the standard).

Example of a CLT envirolaw Legal Register:
A NEW MODEL

- Tick box
- Compliance
- Risk-lead

Legislation

Emerging issues and key contracts

- Strategy
- Reputation
- Opportunity-lead

Best Practice
For more information please contact:

Colleen Theron (CLT envirolaw) BA LLB LLM
Environmental consultant

collen.theron@clt-envirolaw.com

tel: +44 (0)7714979936
www.clt-envirolaw.com

Company registration number: 06678818 | VAT Registration number: 995458062
Registered office: Fieldview, 21 Staples Barn, Henfield, West Sussex, BN5 9PP, UK