ISO 14001:2015 imposes a number of requirements on organisations in relation to life cycle issues in the supply chain, with specific references to external providers and outsourcing. As explained in the introduction to the standard, the objective is to prevent environmental impacts from being unintentionally shifted elsewhere within the life cycle.

The standard defines the life cycle as being the “consecutive and interlinked stages of a product (or service) system, from raw material acquisition or generation from natural resources to final disposal”. It goes on to explain that the life cycle can include the stages shown in the figure below:

Supply chains can be extremely complex, and it is not the intention of ISO 14001 to impose disproportionate burdens on organisations to carry out detailed studies of supply chains or individual products or services (for example by conducting extensive life cycle assessments). It is up to organisations to determine the extent to which they address life cycle issues.

An organisation’s context will influence the degree to which it addresses life cycle issues. For example, an organisation manufacturing low quality products for a cost-focused market may consider that environmental issues in the supply chain are not of interest to its customers and also that the organisation itself has little control or influence over its suppliers. Conversely, an organisation may base its brand on the provision of retail products from sustainable sources. It is far more likely to be heavily engaged with its external providers.

Auditors should examine the approach an organisation has taken to determining its context, and the resultant scoping and development of the management system to address life cycle and supply chain...
issues (link to guidance note on context). Evidence that life cycle issues are a high priority may be found in the company’s environmental policy commitments or other communications from top management.

Organisations should apply a life cycle perspective when identifying and evaluating their environmental aspects. Clause A6.1.2 of the Annex explains that full life cycle assessment is not needed, but an organisation should consider the life cycle stages and its potential to control or influence environmental aspects within them. Auditors should examine the process used for identifying and evaluating environmental aspects, to satisfy themselves that it is appropriate for the organisation’s context and scope of its EMS. For example, has some form of simple life cycle mapping been carried out to identify at which life cycle stages there may be significant environmental impacts and to determine if they could be controlled or influenced?

Where an organisation has determined that that certain aspects warrant supply chain management, auditors should examine the extent to which the requirements of Clause 8.2 have been fulfilled. These include measures to be taken with respect to outsourced processes, procurement of products and services and dealing with external providers. These may include:

- The measures taken in the design and development process (which may have implications for external providers) to ensure that environmental aspects are taken into account. For example, if the company is marketing low energy hair driers, are component suppliers engaged in the design stage?
- Its requirements for addressing environmental issues in the procurement of products and services (i.e. the need to control or influence associated environmental aspects). For example:
  - Have specific requirements for products or services been determined,
  - Does it have a list of external providers that identifies those associated with specific environmental requirements,
  - Does its procurement process include an assessment of the environmental credentials or performance of external providers, and is there evidence that this is applied effectively and periodically reviewed (either at a set interval or on completion of a delivery or service)?
- The processes used to communicate its requirements in relation for environmental aspects to external providers (including contractors). For example, are specifications for precluding the incorporation of certain substances into supplied materials conveyed to external providers, and are external contractors undertaking work on site given information regarding site rules?

Outsourcing is a specific situation where an organisation makes an arrangement with an external provider to perform part of the organisation’s function or process. Examples include the manufacturing of a product on behalf of the organisation or providing a service such as the management of the organisation’s buildings. In this situation, the activities undertaken by the external provider are within the scope of the organisation’s EMS. Auditors should determine if the external provider has been made aware of the applicable management system processes and if conformance with them is scrutinised.

Auditors should also determine if other processes within the EMS are applied effectively to external providers, including:

- Are top management engaging with external providers to demonstrate the importance of managing environmental aspects?
• If the organisation has determined that sustainability in the supply chain is critical to business success, would there be a benefit in making a commitment to this in its environmental policy?
• Has responsibility and authority been clearly established for managing the selection, appointment and performance of external providers in relation to environmental aspects?
• Has appropriate focus been given to establishing broader risks and opportunities for the business in relation to external providers?
• Have all compliance obligations related to external providers been identified (for example, Company A is supplying clothing to a retailer. The retailer specifies that only organic cotton can be used in the manufacture of the clothing. This is enshrined in the contract between the two companies and clearly is a compliance obligation. Company A outsources the production of some garments to Company B. The auditor must determine if Company A has put in place measures to ensure that Company B also adheres to this contractual obligation)?
• Have any objectives been set for the performance of external providers (if appropriate)? Is performance tracked?
• Are the necessary resources made available for the management of external providers?
• Is there evidence that external contractors and staff providing outsourced services are competent and are made aware of issues related to the management of environmental aspects?
• Are communications processes with external providers effective?
• Are related documents and records maintained effectively?
• Do emergency planning and response processes take account of externally-provided products and services (for example the hazards associated with materials delivered to sites) and are external contractors and outsourced staff involved in emergency drills?
• Is the performance of external providers monitored and audited?
• Is the performance of external providers considered in the management review?
• How effective are non-conformance processes in establishing root cause of problems related to external providers, and are improvement actions communicated to them and tracked?

Auditors should remember that ISO 14001:2015 provides considerable flexibility for the management of external providers in relation to environmental issues. The organisation should consider its needs for the management of external providers, taking account of the potential risks and opportunities associated with its environmental aspects and its overall context. Auditors should reflect on the output from the determination of context and the scope of the EMS in order to plan an appropriate level of scrutiny of the processes for the management of external providers.

For further information on the ISO 14001 Auditing Practices Group, please refer to the paper: Introduction to the ISO 14001 Auditing Practices Group

Feedback from users will be used by the ISO 14001 Auditing Practices Group to determine whether additional guidance documents should be developed, or if these current ones should be revised.

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