# Section: Context of the Organization

## Task 1: We determine the strategic issues that affect our ability to improve energy performance and achieve the goals of our 50001 Ready energy management system.

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### Getting It Done

1. Identify the external and internal strategic issues that affect your organization's ability to improve its energy performance and achieve the intended outcomes of the energy management system (EnMS).
2. Record this information.

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### Task Overview

In this task, you develop information to ensure your energy management activities support your organization's foundational needs, allowing you to more fully customize your energy management system (EnMS) to your business realities.

Understanding your organization's overall strategic goals and objectives enables you to look broadly at what strategic issues may affect the EnMS. This information influences the design of the EnMS and ensures that it is more closely aligned with existing strategic priorities and direction. This, in turn, facilitates the successful integration of the EnMS into your organization's existing business processes.

The information to be developed involves identifying, from a strategic perspective, the external and internal issues that may affect your organization's ability to improve its energy performance or to achieve the intended outcomes of the EnMS. The intended outcomes of the EnMS are (or will be) what your organization plans to achieve by implementing its EnMS, such as reducing energy costs. Strategic issues can have a positive or negative impact on the EnMS.

The outputs of this process will be used in Task 7 Risks to EnMS Success to determine the risks and opportunities that need to be addressed by your EnMS.

*This guidance is relevant to Section 4.1 of the ISO 50001:2018 standard.*

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| Associated Resources | Short Description |
|---|---|
| *no resources for this questions* | |

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**Full Description**

Determine the strategic external and internal issues that may affect your organization's ability to improve energy performance and achieve the intended outcomes of your EnMS

To determine strategic issues that may affect your organization's ability to improve its energy performance and achieve the intended outcomes of the EnMS, information about the organization's strategic objectives and challenges are needed. This information may have already been identified as part of the organization's strategic or long-term planning process. Having management input into the determination of the relevant issues is desirable, not only to expedite the process but also to show management that the EnMS considers strategic issues facing the organization. However, it is not unusual for management to not be involved in this process and for the energy team to develop this information on its own. In this case the information should be presented to top management for their review and input. This approach presumes that the energy team has access to the relevant information about the organization's strategic direction, goals, and challenges.

Examples of strategic external issues may include:

- Economic and financial conditions
- Competitive circumstances
- Legal and regulatory requirements
- Technological developments
- Political, social, and cultural conditions
- Restrictions on energy supply

Examples of strategic internal issues may include:

- Core business objectives and strategies
- Governance and organizational structure
- Information flows and decision-making processes
- Organizational culture and knowledge
- Organizational policies
- Financial resources
- Technological maturity

In performing this task, keep in mind that the relevant issues are those that may affect your organization's ability to achieve the intended outcomes of your EnMS and energy performance improvement.

The Playbook worksheet is for your optional use. As with most of the optional Playbook worksheets in the Navigator, you can adopt this resource for your EnMS or simply use it to generate ideas on how you may want to capture the information generated by this task.

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**Decarbonization**

When reviewing the strategic issues that affect your ability to achieve the goals of your energy management system, you should keep in mind that these goals will likely include the reduction of energy-related GHG emissions.

The first step in integrating energy-related GHG emissions into the management system is to identify the issues that may affect your ability to achieve the intended outcomes of the management system, including the reduction of energy-related GHG emissions. Examples of the issues that may be relevant to your organization are provided in the "Full Description" tab for this task and in many cases will come from the organization's strategic or long-term planning processes.

Organizations that are managing GHG emissions are likely to include climate change risks and opportunities in their planning processes. These risks and opportunities can include (adapted from the CDP Climate Change 2021 Questionnaire):

- Carbon pricing mechanisms
- Enhanced emissions-reporting obligations (e.g. future reporting of GHG content in products or services)
- Mandates on and regulation of existing products and services (e.g. future limits or bans on HFCs)
- Substitution of existing products and services with lower emissions options

Organizations that have substantial sustainability initiatives or significant GHG reduction goals may also include in their planning processes recommendations from the final report from the Task Force on Climate-Related Financial Disclosures, which includes a list of broader climate change risks and opportunities to consider. Some of the risks and opportunities listed in this report may not apply to your organization or to your EnMS.

As you complete this task, make sure to record the list of the issues relevant to your energy management system and to your energy-related GHG emissions. Subsequent tasks address the issues identified in this task.

Establishing a new EnMS prioritizing decarbonization

If you do not have an existing 50001 Ready-based EnMS and want to build one that also helps your organization manage energy-related GHG emissions, in this task you should follow the guidance in the "Full Description" tab keeping the following in mind:

1. **Determine the issues that may affect the EnMS**. Ensure the external and internal issues you determine include those that affect your organization's energy performance as well as your organization's energy-related GHG emissions performance. Review your organization's strategic or long-term planning documents, including strategic direction, goals, and challenges, and include any GHG emissions issues that are relevant to energy-related GHG emissions and the EnMS.
2. **Record this information**. Make sure you keep a record that includes strategic issues relative to both energy performance and energy-related GHG emissions performance.

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Adapting an existing EnMS to prioritize decarbonization

If you have an existing 50001 Ready-based EnMS and want to adapt it to manage GHG emissions, you should:

1. **Review your existing strategic internal and external issues**. Identify any additional internal or external issues that are relevant to your energy-related GHG emissions and include them in your documented list as needed. Consider how any broader GHG emissions issues can affect energy-related GHG emissions and the EnMS.
2. **Record this information**. Make sure you document any changes you made to the list.

Commercial Emissions Reduction Planning Framework

The guidance for this task is from the following sections from the ERP Framework: ERP Framework Milestone 1.

*By developing an Emissions Reduction Plan using the 50001 Ready Navigator framework, organizations can better align their energy management efforts with their GHG emissions reduction targets and the requirements of ISO 50001 and the 50001 Ready Navigator. The Emissions Reduction Plan can help organizations identify and prioritize energy-saving opportunities and establish specific, measurable targets for GHG emissions reductions. Additionally, the Emissions Reduction Plan can serve as a roadmap for integrating decarbonization principles throughout all organizational practices, reducing the risk of making decisions that lock in carbon emissions for the foreseeable future. The following is the guidance taken out of the ERP Framework Milestone 1 that can help completing this Task.*

Stakeholders should identify internal and external strategic opportunities and risks that may impact or improve the organization's ability to develop and achieve the intended outcomes of the ERP and work with stakeholders to implement actions to address these risks. (Milestone 1)

A GHG Emissions Reduction Plan translates targets into action and ensures staff at all levels of the organization have access to the resources needed to achieve deep GHG reductions within the desired time frame. There are many benefits to developing and documenting an Emissions Reduction Plan that outlines how an organization is going to achieve its GHG emissions reduction targets. The Emissions Reduction Plan is the necessary step to define how to meet the targets across the portfolio. Emissions Reduction Plan benefits include the following:

- Offering stakeholders (e.g., executive leadership, employees, building occupants) confidence that the organization has identified and secured the resources (financial and personnel) needed to turn their ambitious targets into action.
- Preparing an organization to meet regulatory and reporting requirements and avoid potential financial penalties from state, local, or other GHG policies and programs.
- Supporting analysis of multiple scenarios to identify the preferred strategies to pursue.
- Aligning decarbonization ambitions with the operational actions needed to achieve them (i.e., capital planning processes, maintenance/replacement decisions).
- Reducing the chance of decisions resulting in assets that lock in carbon emissions for the foreseeable future by integrating decarbonization principles throughout all organizational practices.

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- Supporting organizations in staying on track to achieve long-term emissions reductions even if there is staff turnover, since the emissions reduction plans have been defined and documented.

Industrial Emissions Reduction Planning Framework

*This task establishes the foundational context for the entire energy management system within an organization. It aligns with the initial steps of the ERP framework, where the organization assesses the current GHG emissions profile.*

*The ERP framework helps organizations determine how strategic issues can impact energy performance and the goals of their energy management system (EnMS). By addressing emissions reductions using the 50001 Ready Navigator framework, organizations can better align their energy management efforts with their GHG emission reduction targets and the requirements of ISO 50001 and the 50001 Ready Navigator.*

*The guidance for Task 1 is found within the following section of the ERP Industrial Framework:*

Milestone 1:

At this stage, corporate leadership should also determine, if applicable, any guidelines for achieving the goal, such as enacting a requirement to achieve the target without the use of GHG emissions offsets, or setting a maximum marginal cost of abated emissions for emissions reduction projects. However, organizations must be cognizant of these constraints, as they may preclude certain emissions reduction pathways. For example, if emissions reduction projects have a maximum simple payback period, this could prevent organizations from pursuing high-impact, long-payback projects that will help them meet their target.

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