

Sustainability and the Insurance Industry-How Best Practices, Metrics and Life Cycle Assessments Benefit Insurance Coverage

Presented by

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Why Green? VALUE CREATION

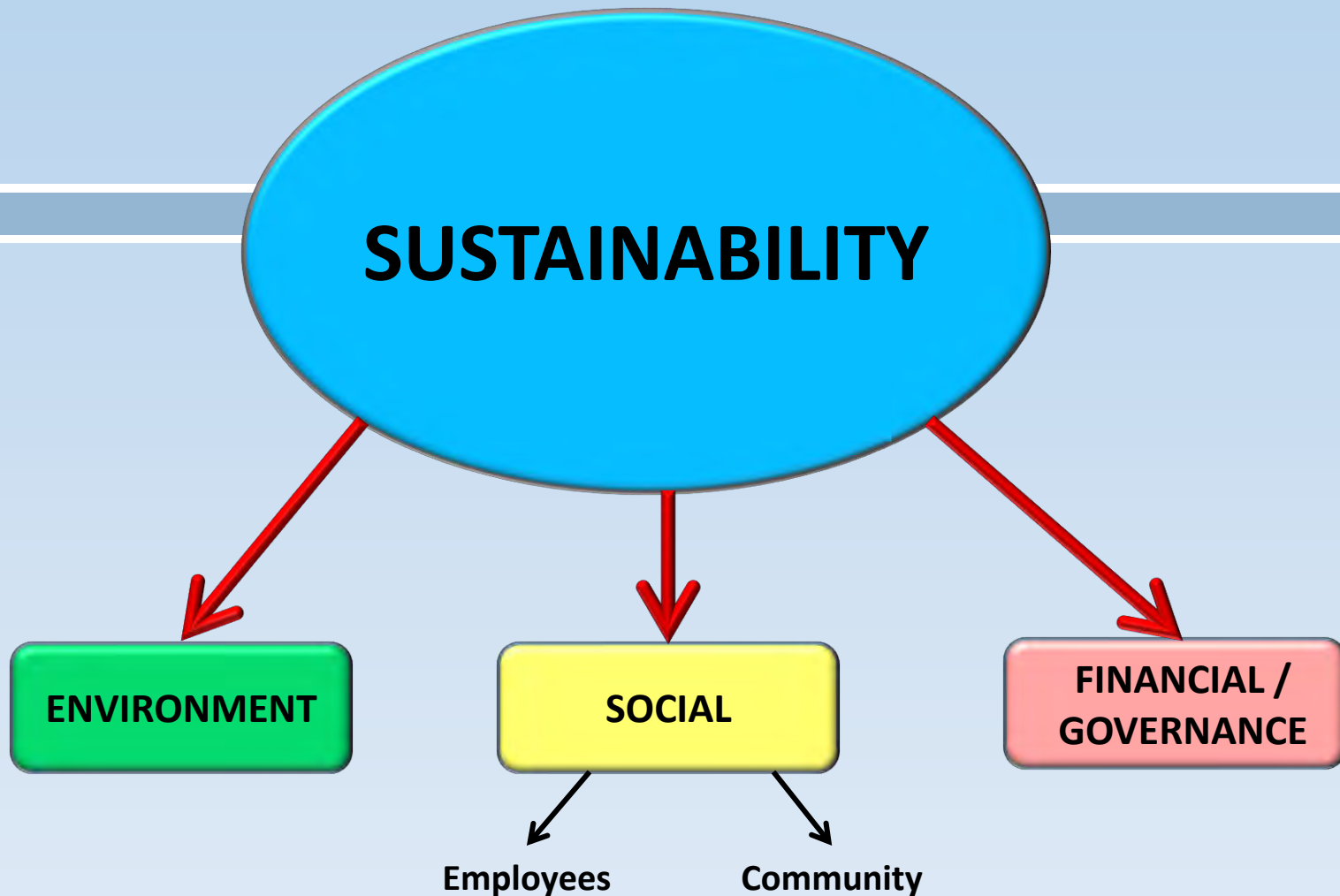
➡ *Improve Environment **and** Bottom Line*



- ❑ Lower Costs
- ❑ Increase Market Advantage

Shift Mindset

🌿 *Green ➡ Strategic Business Advantage ➡ \$Green*





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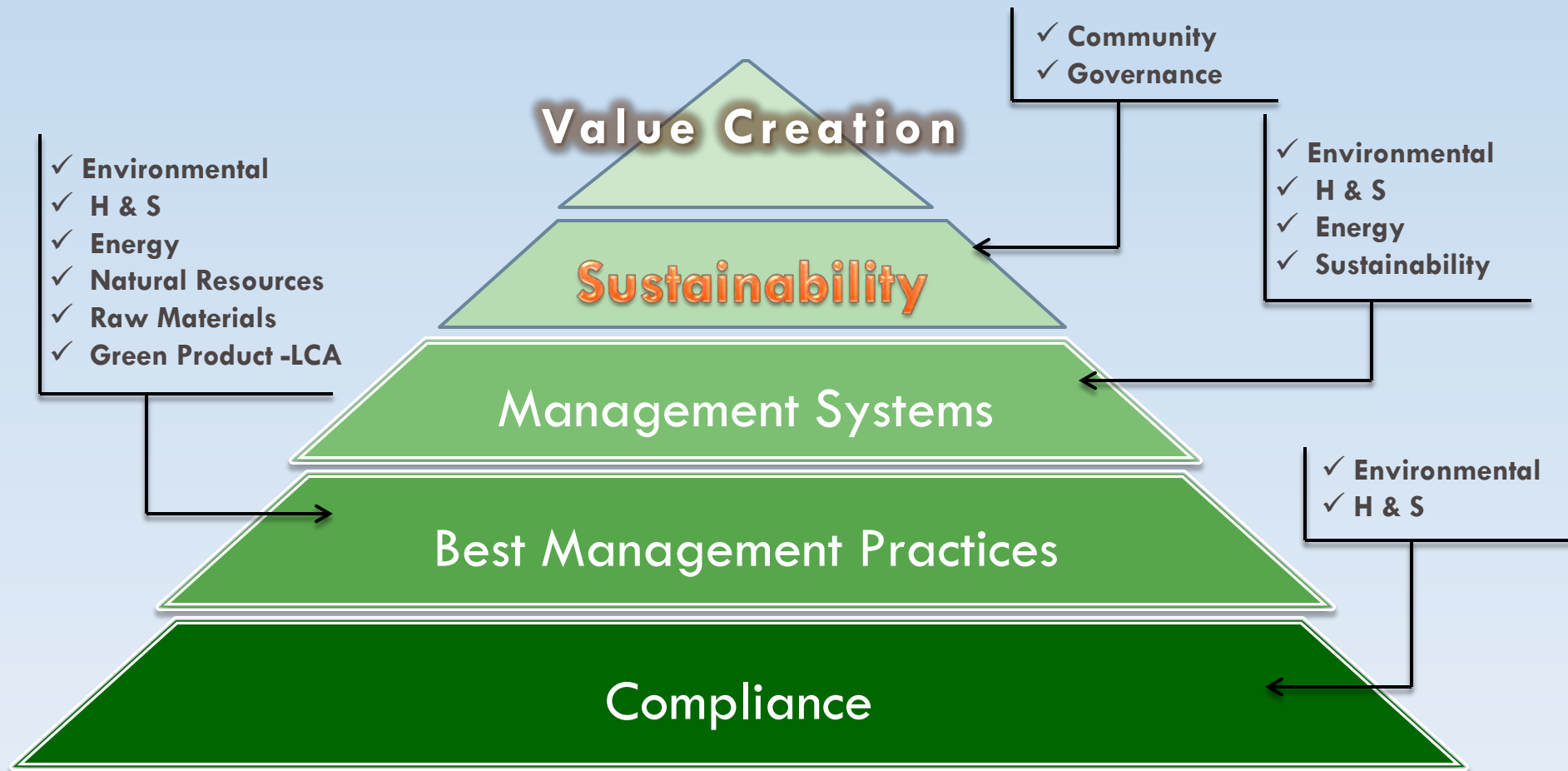
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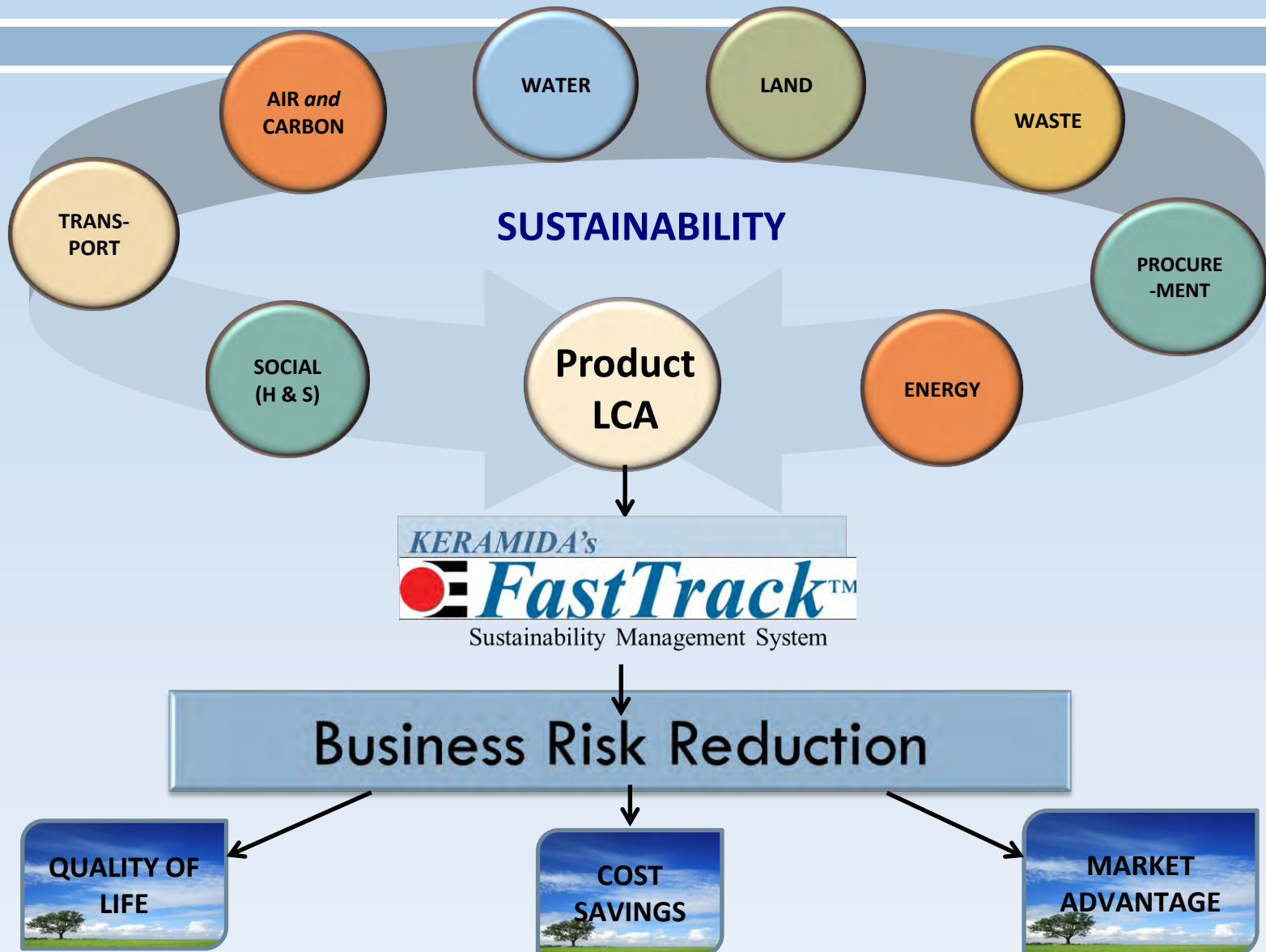


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The KERAMIDA Sustainability Model™

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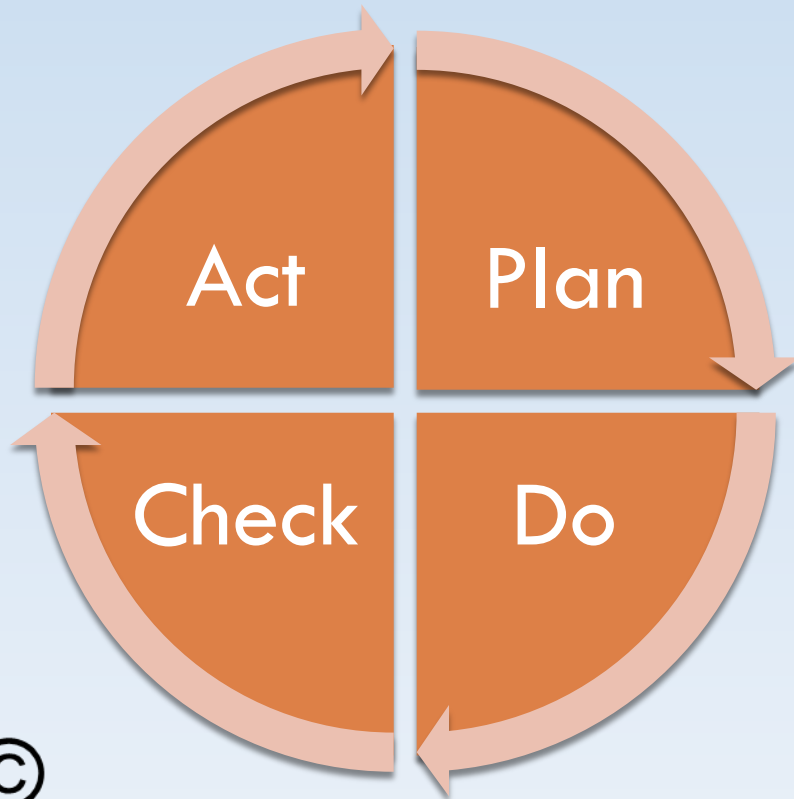




Sustainability

From Good Intentions.....To Great Results

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*Prioritize your Green Initiatives & Develop
Action Plan*

*Implement Green Business
Action Plan*

Benchmark Progress

Adapt to Changes



Develop Action Plan & Metrics

Strategy: **Communications**

□ Metrics

- What to measure
- Why
- How
- Goals, Initiatives, Progress, Benefits

□ Reporting

- Employees, Customers, Markets, Investors
- Format, Certifications



Adapt to Changes

- ***Manage changes in your business***

- Expansion
- New Products
- New Materials/Processes
- Regulatory

- ***React to Data and Results***

- Change your Procedures, Goals, Guidelines, Metrics
- Retrain
- Change Management Process

- ***New Green***

- Technology
- Pricing/Markets

Add Opportunities (Continual Improvement)



GREEN
is
good
business

PLAN

- ☐ ID Opportunities
- ☐ Set Priorities
- ☐ Choose Initiatives
- ☐ Develop Action Plan

DO

- ☐ Implement Plan

CHECK

- ☐ Benchmark Progress

ACT

- ☐ Adjust Approach as needed

Sustainability Metrics

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□ Compliance

- Permits / Violations
- Reporting
- Plans
- OSHA
- Other



□ Best Management Practices

- Resource Use Metrics (energy, water, chemicals, other)
- Waste

- Generation ←
 - Avoid
 - Reduce
 - Reuse
 - Recycle
- GHG Accounting
- Certification Reporting
- H&S – USA v. Global
- Other

Sustainability Metrics

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□ Management Systems

- Plan
- Do
- Check
- Act

***ISO 14001 Revisions**



Product Life Cycle Assessment

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□ Approach

- What fits our Business Case?
- Which Product(s)
- Benchmarks/Certifications



Product Life Cycle Assessment

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- Life Cycle Product Development
- Green Chemistry
- Sustainable Packaging



Product Life Cycle Assessment Design Guidelines

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Conventional Factors

- Technical Performance
- Cost
- Appearance
- Regulatory Compliance

+

Sustainable Factors

- Optimize Resources
- Responsible Sourcing
- Material Health
- Cradle to Grave

LCA – Green Product

All Stages of Product Development

R&D
Development
Production
Purchasing

- Formulation
- Packaging
- Operations

- ✓ Develop Sustainability business cornerstone strategy to tie in all efforts & change culture
- ✓ Focus on ISO 14001
- ✓ FTC Green Claims rules for Marketing
 - “biodegradable”, “recyclable”
- ✓ Integrate product demand, compliance, safety, sustainability & profit scoring into product design

Balancing

Customer expectations

Marketing Needs

Sustainable Best Practices

Growing Trends in Sustainability

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- 1: “Tone from the top”
 - Shared value creation drivers – 55% for future financial advantage
 - Business-to-Business drivers – outpaced investors



Growing Trends in Sustainability

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□ 2: Natural resource shortages

- #1 concern – Water
- 2 – Oil
- 3 – Metals and other materials
- 51% - In 3-5 years core business will be affected by natural resource shortages



Growing Trends in Sustainability

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□ 3: Corporate risk

- Risks identified, but scenarios are not being evaluated



Growing Trends in Sustainability

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- 4: Integrated reporting is slow to take hold
 - ESG (Environment, Social, Governance)
 - Combine financial and CSR (corp. social responsibility)
 - #1 reason – Transparency and legal risk



Growing Trends in Sustainability

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- 5: Inquiries from customers and shareholders are on the rise.
 - Large companies average 300 /year
 - 50% of companies had increase in inquiries in 2013

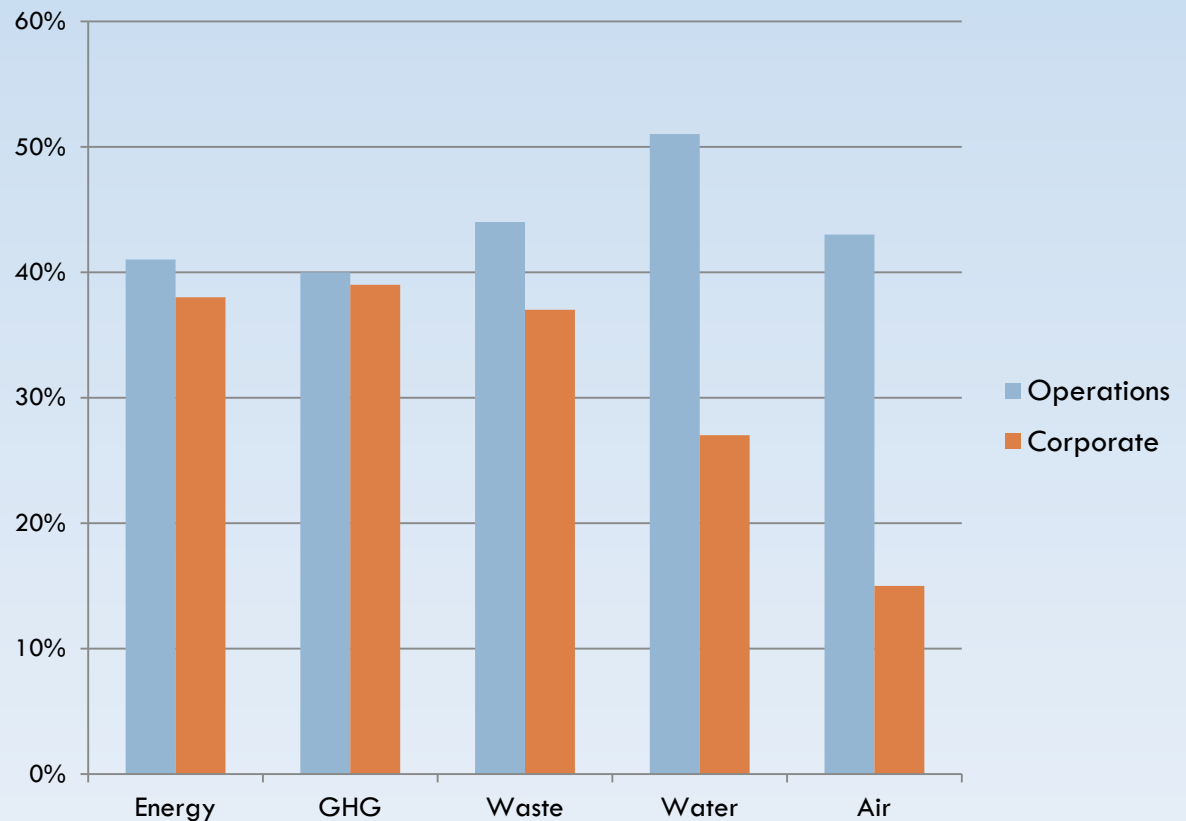


Trends in Sustainability Metrics & Programs

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□ Top Categories for Metrics – Operations vs. Corp.

- Energy Use
- GHG
- Waste
- Water
- Safety
- Air Emissions



Trends in Sustainability Metrics & Programs

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Overall trends in Setting Goals and Funding Projects

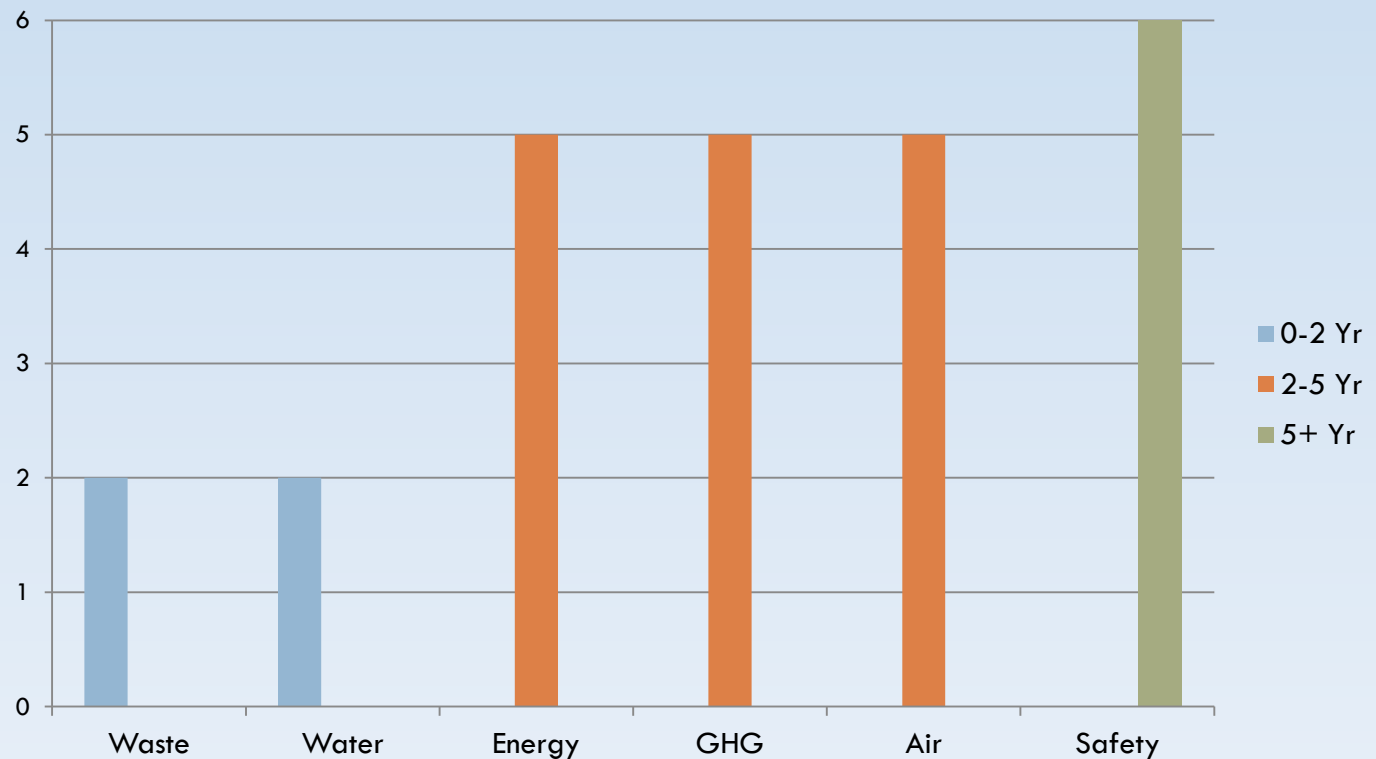
- Annual targets are most common
- But 5-10 year timeframes used for specific improvement goals
- Majority manage funding at Business Unit level

Trends in Sustainability Metrics & Programs

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Overall trends in Setting Goals and Funding Projects

Most Common Payback Periods Funded



Trends in Sustainability Metrics & Programs

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□ Waste

- Most use total % waste recycled as a target
 - Skipped “Avoid”, “Reduce”, “Reuse”?
- Many set target at 100% recycled
- 26% pursuing zero waste to landfill
- 40% considering zero waste to landfill



Trends in Sustainability Metrics & Programs

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□ Greenhouse Gas Emissions

- 60% use CO₂e for GHG reduction goals
- Very few are looking at GHG reductions beyond manufacturing

Trends in Sustainability Metrics & Programs

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□ Energy Use

➤ Most common targets

- Reduction in Energy Use
- Improvement in Manufacturing Energy Efficiency

Trends in Sustainability Metrics & Programs

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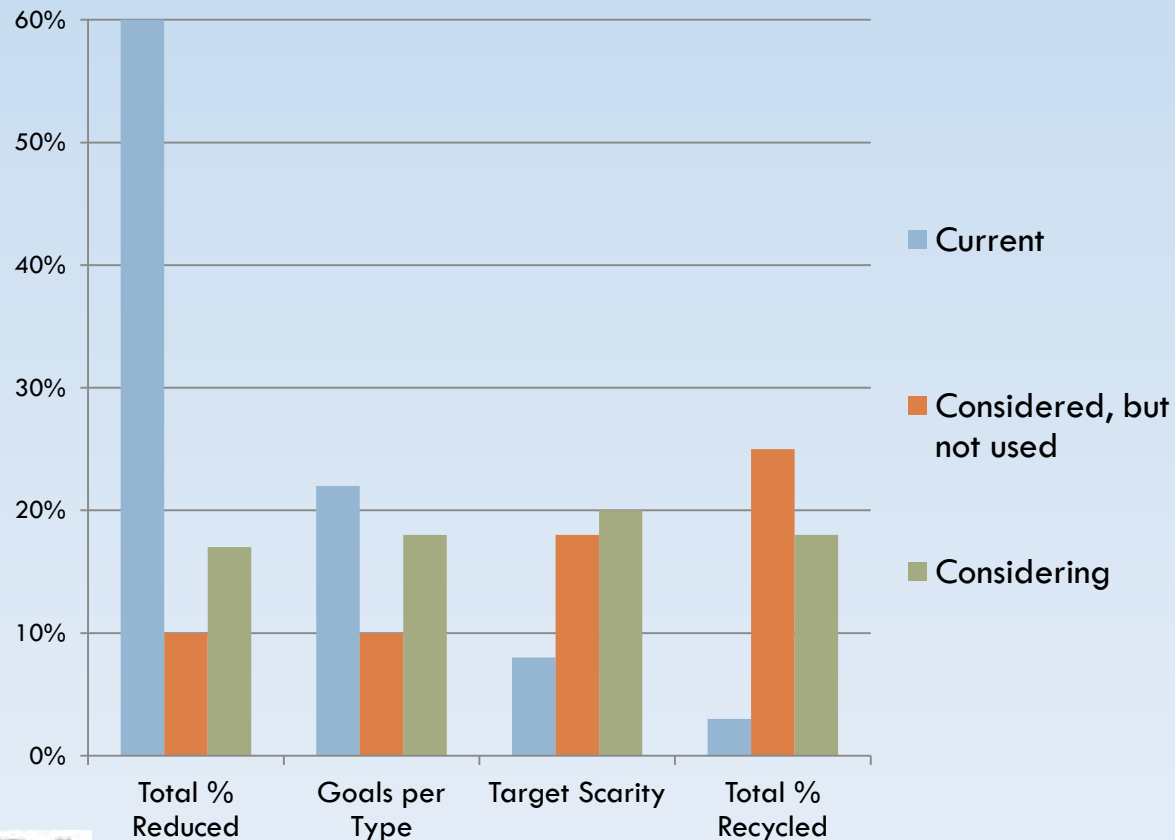
□ Air Emissions

- Most stated Clean Air Act Compliance and Requirements provided sufficient metrics
- Most not considering additional targets

Trends in Sustainability Metrics & Programs

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□ Water Use



Trends in Sustainability Metrics & Programs

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□ Safety

- Site-Specific Safety Plans most commonly used
- OSHA VPP and Voluntary OHSAS 18001 next most common benchmark



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