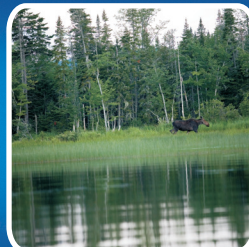# INTERNATIONAL SCAN OF SUSTAINABILITY PRACTICES OF INSURANCE AND NON-INSURANCE COMPANIES

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the **co-operators**®

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INTERNATIONAL SCAN OF SUSTAINABILITY PRACTICES OF INSURANCE AND NON-INSURANCE COMPANIES

INTRODUCTION

Global sustainability leadership is a shifting terrain. Companies seeking to be leaders and catalysts in sustainability – using their leverage in the marketplace, with employees and consumers to improve social, environmental and economic conditions – benefit from scanning emerging good practice in sustainability within and outside of their sector to keep abreast of developments and trends.

The Co-operators hired Strandberg Consulting, with assistance from Brigid MacAulay, to conduct a global scan of best practice insurance and non-insurance companies around the world. This report is a summary of the sustainability practices common to the seventeen companies and co-operatives studied.

EXECUTIVE SUMMARY

The Co-operators commissioned an international scan of sustainability practices of 17 companies, including 13 insurance/financial companies and 3 non-insurance companies. The study was based on publicly available information (primarily 2008 sustainability reports, supplemented by website information) and was conducted from November 2009 – January 2010.

Altogether 20 topics were researched, focusing on the integration of sustainability into governance and management systems and processes, sustainable insurance processes, and catalytic roles in the area of employee, client, public, community, supplier, government and investment engagement.

The research identified "common" sustainability practices in which a number of companies were engaged (pp. 10 – 24). Across the 17 profiles, 61 common practices were identified, suggesting a considerable degree of alignment in sustainability approaches.

Strong practice exists in the area of sustainability governance systems, carbon management, product and service development, sustainable investing, sustainable purchasing, and diversity management. There is great variety in how companies approach stakeholder sustainability engagement, although most companies are active in this area. It is notable, however, that there is very little reporting on how insurance companies are approaching underwriting for sustainability or sustainable claims management – these are likely two areas where sustainability leadership will emerge in the future.

The following are some key highlights of the common practices from each of the 20 topic areas, including a number of observations or notable items stemming from the research:

1. Sustainability Governance and Management Systems

- Many adopt a catalytic role as an overarching principle (which is borne out in how companies approach investing, products, purchasing, community relations, staff engagement, advocacy and client and public engagement)
- Many sustainability strategies focus on climate change, waste, biodiversity, water, advocacy and purchasing
- Codes of conduct incorporate sustainability as a key tool for integration
- Business lines, regional operations and subsidiaries are expected to implement sustainability measures
- Sustainability responsibility is often vested at the executive level
- Company-wide sustainability champions and green teams are common engagement methods

> *Of note*
> *A number have sustainability or "ethical" screens and guidelines to determine who they should do business with and how*

2. Approach to Materiality and Sustainable Risk Management

- Companies are developing materiality processes to identify strategic sustainability risks, impacts and opportunities to inform sustainability strategy and reporting
- Internal and external stakeholders are consulted to build knowledge in this area
- Processes and procedures are established to incorporate sustainability into traditional risk management processes
- Climate change is the most common risk issue

> *Of note*
> *The company's role as catalyst and ability to deliver on catalyst commitments are flagged by some as a risk and opportunity*

3. Sustainability Reporting

- Most companies are reporting in alignment with GRI; many achieve level B and A certifications
- Companies consult stakeholders in report preparation to identify / confirm key topics and issues and assure appropriate level of disclosure

> *Of note*
> *A number of reports are independently verified by a third party*

4. Sustainability Oriented Products and Services / Features

- Climate change is the primary focus in product innovation
- Some products *add on* sustainability features (e.g. an opportunity to offset carbon emissions associated with a product), while other products are designed to fill emerging market niches (e.g. insurance coverage for renewable energy installations)

> *Of note*
> *Many have adopted a philosophical commitment to use their products and services to help clients and communities manage sustainability risks and opportunities, in which their products and services are seen as sustainability "solutions"*

5. Sustainable Claims Management

- The focus of sustainable claims management is on waste: reduce, recycle, repair, reuse and "rethink" (the latter in which R & D is conducted to identify new solutions that eliminate waste)

> *Of note*
> *Growing company competency in sustainable purchasing is modeled in claims management processes (e.g. education, engagement and minimum standards for claims vendors)*

6. Underwriting for Sustainability

- Efforts are underway to incorporate impacts of climate change and climate risks into the underwriting process

> *Of note*
> *Underwriting for sustainability is not a well-developed practice area for insurance companies*

7. Sustainable Investing

- ESG integration (incorporation of environmental, social and governance (ESG) concerns into the investment process) is a common practice
- Sustainability "themed" funds are typical, in which the investment company commits investments into sustainability sectors (e.g. renewable energy, clean tech, etc.) or clients are given the opportunity to allocate some of their assets into the fund

> *Of note*
> *Some companies have strategic sustainable investment programs in place, including goals and objectives around shareholder engagement, ESG integration, education, etc.*

8. Sustainable Purchasing

- Sustainable purchasing is a priority activity of many companies. They are developing robust programs that integrate sustainability factors into the traditional procurement process, including sustainability criteria, terms and conditions, codes of conduct, monitoring and compliance, and supplier education and engagement
- In addition to "screening" factors (screening in / out preferred sustainability criteria), many companies are collaborating with suppliers on continuous improvement
- Sustainable purchasing efforts are focused on two considerations:
    - the degree to which the vendor manages its operations sustainability, including excess packaging, product take back, and transportation emissions
    - the sustainability features of the products and services to be sourced
- Companies prioritize key product categories (e.g. office supplies) or key suppliers (e.g. large volume suppliers) for more in-depth work

> *Of note*
> *Some are working in peer-based collaborations within their industry and cross-sectorally to advance their sustainable purchasing practice*

9. Carbon Management

- Climate change and carbon management is the greatest sustainability focus for the majority of the reporting companies
- Many have achieved, or set targets to achieve, "carbon neutrality"
- Some carbon neutral claims are independently verified by a third party
- Climate change strategies and action plans are common, including the following typical features:
    - Reduce and offset remaining emissions
    - Develop products and services to mitigate and adapt to climate risk
    - Conduct (and publish) research and partner with academics, NGOs, other businesses and government to develop solutions
    - Influence others to take action
    - Invest in technologies that mitigate climate impacts
    - Advocate on climate change mitigation and adaptation measures
    - Prepare for the physical impacts of climate change
- Most are offsetting their emissions
- Operational focus on reducing carbon emissions includes:
    - increasing energy efficiency of buildings, equipment and appliances
    - switching to 100% renewable energy
    - reducing paper consumption
    - shifting to 30 – 100% post-consumer waste or Forest Stewardship Council certified paper
    - reducing air travel
    - greening the fleet
    - encouraging employees to take alternative transportation to and from work; and

o encouraging suppliers to incorporate GHG considerations into their products and operations

> *Of note:*
> - *A number are measuring the carbon intensity of their portfolios and business lines*
> - *A few are creating internal carbon shadow prices to create incentives to business units to reduce and avoid the cost of those emissions*
> - *Some are experimenting with the carbon offset model, including over-offsetting to account for historical carbon impacts and offsetting other environmental aspects of the business in addition to carbon (e.g. loss of biodiversity)*

10. Electronic Service Delivery / Document Management

- One company reports it works with regulators to support the electronic service delivery of documents to clients, often required to overcome barriers to electronic delivery
- One company has launched a 24 / 7 full service online insurance business and brand

> *Of note*
> *Companies are showing a steadfast shift to electronic service delivery and document management*

11. Sustainability Branding and Communications

- Many companies have dedicated sustainability websites and have a high profile online sustainability presence in which customers and the public are invited to engage, share information, pledge, take action and learn about key sustainability issues
- Online programs are becoming interactive through social media to engage audiences, including blogging, Facebook, Youtube, online communities, calculators, etc.

> *Of note:*
> - *Some companies adopt a unique sustainability brand; others embed sustainability throughout the entire value proposition, positioning the company as a sustainability brand*

12. Consultations and Collaborations on Sustainability

- Many companies participate in collaborations and coalitions to seek solutions and advance sustainability; some collaborate and partner on initiatives within their industry, and with other non-insurance businesses, governments, academics and NGOs, etc.
- Partnerships focus on research, product development and advocacy
- Many have formal stakeholder consultations for input into key initiatives

> *Of note*
> *Some companies are developing global, strategic and long-term partnerships with organizations to build their sustainability competency and advance solutions*

13. Staff Sustainability Engagement

- Most companies have programs to engage employees on sustainability issues, often structured as time-limited multi-issue campaigns
- Programs focus on awareness and action, at work, at home and in the community
- Common topics for staff engagement include energy and water conservation, recycling, sustainable transportation and healthy lifestyles

> *Of note:*
> - *Some companies are developing very focused and comprehensive employee engagement programs to internalize a sustainability culture, including guidelines and dedicated departments*
> - *A few companies incorporate their sustainability brand and value proposition into their employee recruitment efforts*

14. Client and Public Sustainability Engagement

- Most companies have client and public sustainability engagement programs on sustainability issues, from modest to substantive
- Programs focus on education and awareness and "what you can do"
- Engagement programs are focused on the same issues as for employees, with added topics of healthy eating and responsible consumption and consumer ethics
- Programs are targeted at clients, prospective clients and future clients (youth)

> *Of note*
> *Many companies are leveraging social and interactive media to directly engage the public online on sustainability issues and concerns, but linked to the nature of the business. Some companies manage their online sustainability presence very strategically*

15. Sustainability Advocacy

- Most have sustainability advocacy programs, as part of their catalytic role. Some include their commitment to advocacy in their Code of Conduct
- Priority focus for advocacy is climate change mitigation and adaptation

> *Of note*
> *For the most part corporate advocacy initiatives are company conceived and led, incorporate strategic collaborative sustainability research for public distribution, and sustained over time; in a few instances, the advocacy program is managed very proactively as a niche sustainability practice area, with executives, including the CEO, leading on key initiatives*

16. Community Involvement

- Community giving programs focus on the environment, climate change, business aligned projects (e.g. safety, risk management, disaster resilience and response), and youth
- A number of companies are sponsoring initiatives that advance sustainable business

> *Of note*
> *Some companies are using their community programs to strategically advance their sustainability priorities and play a catalytic role in society*

17. Affordability and Accessibility

- Affordability and accessibility is a common area of activity for the companies studied
- Efforts are focused primarily on underinsurance or non-insurance for low income and otherwise barriered individuals and groups and high-risk geographic zones in terms of insurance cover

> *Of note*
> *Some evidence of a strategic and focused approach to identified target groups within a result-oriented management framework*

18. Diversity Management

- Most companies have diversity management programs in place, some of which are very comprehensive and managed as an overall corporate priority with senior level engagement and oversight
- Many are comprehensively reporting on the diversity of their organization
- Some efforts embed diversity into traditional management frameworks, while other efforts are targeted and focused on key groups
- A few efforts are targeted at suppliers and customers, in addition to employees

> *Of note*
> *Some companies are leveraging their diversity work to conceive new products and enter new markets*

19. Signatory Programs and Memberships

- Most are members of global programs that promote advancement on environmental issues
- A number are members of global programs that promote triple bottom line sustainability, which includes a social component
- A number are members of climate oriented programs

20. Sustainability Awards

- Many receive awards for overall generic sustainability leadership in business
- Many also receive awards for Best Employer

General Comment Regarding Top Social and Environmental Concerns

- Safety, healthy lifestyles, diversity, and accessibility / affordability are the common "social" concerns, suggesting an overarching focus on health, safety and social inclusion
- Climate, waste and water are the common environmental concerns, with an emergent focus on biodiversity

An overarching conclusion is that the subject companies are better understanding their sustainability risks, impacts, opportunities and key stakeholder concerns; developing sustainability strategies and management systems to address these areas; and embedding a sustainability culture amongst their employees, suppliers, customers and communities. They are taking sustainability seriously as an area of business to manage for improved results, often vesting overall responsibility for sustainability at the executive level. Their sustainability interests stem from, and are aligned to, their core business and they are adopting mandates to use their sphere of influence to catalyze greater sustainability progress in society.

BACKGROUND AND METHODOLOGY

This report analyzes recent sustainability reports of 17 companies (primarily for the 2008 operating year), occasionally supplemented by website information, to determine their approach to the integration of social, environmental and ethical considerations into their business models. It is important to note that the companies reviewed may be active in other areas of sustainability; however the information captured here represents only what each company reports publicly.

The information was first compiled into comprehensive company profiles detailing their practices on the pre-identified topics. These were then assessed to identify areas of commonality in order to determine key practices and approaches that have contributed to advancing these organizations on the sustainability path.

The companies included in this study are as follows:

Insurance/finance companies

- Allianz
- American International Group
- Aviva
- Co-operative Insurance Society
- Desjardins
- Insurance Australia Group
- Manulife
- mecu
- Nationwide Insurance
- RBC
- Swiss Re
- TD Bank Financial
- Vancity Credit Union

Non-insurance companies

- BC Hydro
- Marks & Spencer
- Seventh Generation
- Mountain Equipment Co-op

The twenty topics included the following:

1. Sustainability governance and management systems
2. Approach to materiality and sustainable risk management
3. Sustainability reporting
4. Sustainability oriented products and services / features
5. Sustainable claims management (insurance companies only)
6. Sustainable underwriting (insurance companies only)
7. Sustainable investing (where relevant)
8. Sustainable purchasing
9. Carbon management
10. Electronic service delivery / document management
11. Sustainability branding and communications
12. Consultation and collaboration on sustainability
13. Staff sustainability engagement
14. Client, member-owner / shareholder, and public engagement on sustainability
15. Sustainability advocacy
16. Community involvement
17. Affordability and accessibility
18. Diversity management
19. External signatory programs and memberships
20. Sustainability awards

The following section provides the results of the best practice scan.

SUSTAINABILITY BEST PRACTICE ANALYSIS

COMMON SUSTAINABILITY PRACTICES

A number of common sustainability practices or themes emerged through analysis of the sustainability practices of the 17 companies reviewed in this study.   These are presented below, along with a short description of the practice.

Common Sustainability Practices
1. Sustainability Governance and Management Systems

Sustainability vision, mission, values

- Often expressed as principles, commitments and promises
- Adopt a catalytic role, e.g. "inspire others", "be a force for positive change", "change the world"
- Reference partnerships, accountability and transparency
- Follow the social, environmental, economic and ethical framework

Sustainability strategy

- 3 and 5 year timelines
- Incorporated into overall corporate strategy (i.e. not a stand alone document)
- Typical components include:

  - climate change, energy, and carbon
  - waste
  - biodiversity

  - water
  - advocacy and public policy
  - sustainable purchasing

Board Sustainability Committees

- Many have dedicated board sustainability committees
- Responsibility for:
  - Oversight over sustainability strategy
  - Review of sustainability policy compliance and integration
  - Consideration of sustainability trends that impact the industry / company
  - Review of sustainability impacts
  - Oversight over stakeholder relations
  - Compliance with codes and agreements
  - Input into sustainability reporting

Codes of Conduct

- Many companies incorporate sustainability into their Codes of Conduct

Regional / subsidiary sustainability integration

- Many are rolling their sustainability commitments out to their business lines, regional operations or subsidiaries which are expected to implement commitments within their operations, supported by central coordination and sustainability support services from head office

Environmental Management Systems

- Many have implemented Environmental Management Systems to integrate their environmental commitments into their operations

Sustainability reporting to CEO

- In many instances, the lead sustainability staff person reports directly to the CEO and is often a member of the Executive Committee

Sustainability department diversity

- Some companies have large sustainability departments with many staff which have direct sustainability deliverables; others have modest sustainability departments whose role is to develop and coordinate implementation of the company's sustainability strategy and approach across departments, regions and subsidiaries; in a few instances the "model" is to have shared executive and departmental responsibility for sustainability

Staff integration committees and champions

- Many companies have line level sustainability committees of staff, including designated sustainability champions or representatives to embed sustainability. Roles include education, awareness and engaging staff through sustainable behaviour campaigns at home, work and in the community

Sustainability incorporated into executive and staff performance management systems / compensation

- Many companies incorporate sustainability objectives into executive and staff performance management systems and compensation schemes, including carbon goals and attitudinal / behavioural expectations

2. Approach to Materiality and Sustainable Risk Management

Materiality determines key sustainability issues

- To determine materiality, companies consider issues of importance to stakeholders and the company; some include degree of control or influence over the issue as a factor

- To understand issues of concern to stakeholders, companies conduct research and regular stakeholder surveys, hold focus groups, hire third-party firms to interview stakeholder organizations, and consider industry benchmarks and external reporting standards, e.g. GRI

- To understand issues of concern to the company, senior management is consulted through annual workshops with participants from key functions, interdepartmental meetings, etc. Business strategy and sustainability policies are taken into account

- AA1000 and AccountAbility 5-part materiality test are common tools for analysis and prioritization

- The information is typically presented in a four-part materiality matrix (low to high importance to stakeholders; low to high importance to company); issues deemed of high importance by both groups become the focus of strategy and reporting

Material sustainability issues

- Financial markets / economic downturn
- Employees
- Climate change
- Supply chain management
- Demographic change

Sustainability issues incorporated into traditional risk management process, with some special focus

- Risk management committees include representation from sustainability department
- Stakeholders provide input into risk and opportunity identification (e.g. via standing stakeholder committees / panels and surveys, e.g. "what do you consider the key sustainability related risks and opportunities for our company; name up to 3; why?")
- Conduct environmental risk assessments on transactions
- Train risk management staff on climate change
- Sign industry principles to address environmental and social risks for consistent application across the industry (e.g. Equator Principles for the banking sector)
- Develop sector specific risk management guidelines to address sustainability issues
- Underwriters, client managers and asset managers can request expert advice from an internal team of sustainability experts, compliance offers and additional topic experts to examine cases and issue recommendations

- Policies provide general guidance, e.g. environmental risk management policies, ethical policies, codes of conduct; regular analysis of policy compliance and consistent application across the company
- Action plans to identify and manage sustainability risks associated with core business, including sectors and locations that have greater exposure, to inform policies and underwriting assessments and ensure impacts are highlighted and mitigated
- Sustainability reporting process can identify and flag emerging sustainability risks

Climate change most common sustainability risk issue
- Sustainability risk issues include:
  - climate change (including failure to regularly update pricing and capital allocation in respect of prevailing climate risk)
  - failure to deliver on sustainability commitments / promises
  - aging, retiring, diverse workforce / competitive labour market
  - failure of company / suppliers to meet ethical standards
  - changing consumer preferences (e.g. online 24 / 7 service delivery)
  - non-compliance with environmental regulation / legislation
  - water
  - biodiversity
  - repressive regimes
  - food exports

3. Sustainability Reporting

GRI alignment and third party verification
- Majority of sustainability reports are in alignment with GRI
- Over half report their GRI level (3 at C; 3 at B; 1 at B+; and 3 at A+)
- A number of reporters are following the Financial Sector Supplement guidelines
- A number of reports are independently verified; some reports seek independent verification on report sections, e.g. GHG emissions, top commitments, etc.

AA1000 Assurance
- A number of reports are AA1000 assured, an international standard to provide assurance on sustainability reports

Stakeholders consulted in report preparation
- A number of companies report on their stakeholder engagement process in report preparation, e.g.:
  - Hired third party to consult representative stakeholders regarding climate change commitments
  - Convened stakeholder panels to provide report commentary
  - Surveyed 26 individuals representing stakeholder groups, including members, directors, employees, suppliers, regulators and political leaders, industry, and community sector

Performance Rating Systems
- A number of reports indicate status of key initiatives, e.g.
  - target achieved, close to target, on track, behind schedule and target not achieved
  - not started, on hold, behind plan, on plan, ahead of plan, achieved, going further
  - commitment fully met, partially met, not met, ongoing
  - achieved, made progress, little progress/ not achieved

4. Sustainability Oriented Products and Services / Features

Offer innovative products and services to address sustainability issues
- Many offer a branded suite of environmental products and services to both residential and commercial customers
- Many focus on climate change, energy efficiency, renewable energy, healthy lifestyles, and micro-finance products and features
- Many products incentivize or support green (or healthy lifestyle) behaviour / decisions
- Special products and incentives for seniors, those with special health issues, people with disabilities, first time home buyers,

low income, developing countries

- Many channel donations from product sales to charitable organizations
- Climate change / environmental products examples:
  - Many products include the option to purchase carbon offsets to offset the emissions of the purchase, or include the offset in the product offering (for cars or travel)
  - Energy management services to clients
  - Carbon credit risk coverage
  - Coverage for renewable energy installations (commercial and home owner)
  - Flood insurance
  - Energy management professionals insurance
  - Crop insurance for erratic / extreme weather conditions
  - Increased payment for green / energy efficiency rebuilds or replacements; automatic LEED certified rebuilds (housing, building, equipment and furniture)
  - Discounts for LEED certified homes and buildings
  - Reduced premiums for companies with environmental management (EMS 14001 or EMAS) certification
- Environmental features / enhancements, e.g. online information on eco-efficiency of appliances, free water saving car wash kits for auto customers
- For life / health clients, enhanced health care services along with coverage, e.g. advocacy and health coaches, nurse lines, online tools and information, lifestyle management, specialized assessment, home care services and support, etc.
- Travel policies that cover special needs of people with disabilities

5. Sustainable Claims Management

Focus on waste reduction, recycling, repair and reuse in claims management

- Car repairers and body shops:
  - Use of recycled parts for vehicle repairs
  - Joint initiatives to recycle irreparable parts (e.g. group of 120 repairers participate in program to recycle plastic bumpers into commercial pellets)
  - Advice and checklists for waste reduction and conversion to waterborne paint products
  - Invest in repair solutions and innovations
- Households:
  - Initiatives to collect and sell / recycle damaged household goods to reduce waste to landfill

6. Underwriting for Sustainability

Climate perils incorporated into underwriting processes

- Key climate perils include flood risk and weather risk
- Companies incorporating climate risk into catastrophe exposure modeling
- Catastrophe bonds created to spread risk of insuring against natural catastrophes
- Flood-zoning tools used to determine level of flood exposure
- Industry collaborations to develop underwriting models, e.g:
  - UNEP FI Insurance Working Group developing Principles for Sustainable Insurance
  - CAT Modeling Forums with climate change scientists, CAT modelers and insurance companies to discuss how frequency and severity of climate perils can be built into CAT models

7. Sustainable Investing

Environmental, Social and Governance (ESG) factors integrated into investment decisions

- Majority have ongoing sustainable investing programs
- Many refer to an ESG integration approach to investing where environmental, social and governance factors are integrated into investment decisions

Military and tobacco most common screens

- Of those that reference screening methodology, military and tobacco are most common; others include nuclear energy, alcohol, gambling, environmental pollution, and human rights

Sustainability Themed Funds

- Climate change predominates the themed funds (renewable energy, energy efficiency, carbon credits, etc.); primarily environmental themes
- Many have themed funds and often set targets for their investments in these areas:
  - Alternative / renewable energy (e.g. wind, thermal, hydro and solar power projects)
  - Energy efficient products and services
  - Carbon credits and tradable renewable energy certificates; funds that trade CO_2 emission allowances
  - Pollution control (environmental quality, waste management and recycling)
  - Clean water (water treatment and supply)
  - Demographic trends (focuses on companies expected to benefit from increasing life expectancy)

8. Sustainable Purchasing

Comprehensive sustainable purchasing programs

- All have sustainable purchasing programs many of which include the following components:
  - Incorporate sustainability criteria into RFPs for all suppliers
  - Many suppliers required to complete a sustainability questionnaire (some beyond a certain $ threshold / major suppliers)
  - Sustainability criteria rated in evaluation process using a ranking and benchmarking or weighting (e.g. sustainability score out of 10%) system
  - Sustainability terms and conditions / clauses included in contracts (all new contracts and those undergoing renewal)
  - Many suppliers required to sign a Supplier Code of Conduct (SCC) on environmental and social standards
  - Many develop product specific guidelines for hot spot products
  - Monitoring and compliance programs such as annual or regular independent audits to assess performance against SCCs identify areas needing improvement
  - Staff training on sustainable purchasing program
  - Reporting on sustainable purchasing results and impacts
- Supplier engagement initiatives are typical:
  - Sustainability workshops and forums for suppliers on key issue areas such as GHG, water, and waste management, diversity and inclusion, sustainability best practices
  - Working with suppliers to develop KPIs for GHG emissions, waste and water
  - Supplier websites, checklists and other tools to help build sustainability into their operations
- Collaborations and partnerships with others, such as peer-based networks (e.g. Chartered Institute of Purchasing and Supply Financial Services' Purchasing Forum CSR sub-committee (30 major financial institutions participating), Sustainability Purchasing Network, Fair Labour Association, etc.)

Diverse Sustainable Purchasing Criteria Include Social and Environmental Factors

- Sustainable purchasing criteria included:

  - Fair trade
  - Biodegradability
  - Recycled content
  - Recyclable
  - Reduced packaging
  - FSC certified
  - Product take back
  - Low VOC
  - Totally, elemental and processed chlorine free
  - Soy-based inks
  - Dye-free
  - Low impact shipping
  - Environmental policies / certified environmental management systems
  - Life-cycle analysis
  - Energy efficiency
  - Non-toxic
  - Environmental compliance
  - Water quality and usage
  - Waste management
  - GHG emission management
  - Environmental certifications
  - Aboriginal
  - Local production
  - Supplier diversity
  - Labour standards and employment practices
  - Health and safety
  - Human rights
  - Accessibility for people with disabilities
  - Products whose sales support a worthy cause
  - Like-minded businesses

- Referenced products included paper, envelopes, business cards, client statements, and marketing materials; office supplies, furniture, equipment, and appliances; cleaning materials / services; promotional items; coffee; building materials (including carpets, paint, etc.)

Sustainable purchasing included as a KPI in sustainability reports

- Examples include:
  - Number and $ volume of suppliers signing Code of Conduct
  - Number of detailed sustainability assessments of major suppliers
  - Supplier capacity building
  - Corrective actions completed

9. Carbon Management

Many are implementing climate change strategies

- Common elements include:
  - Reduce and then offset carbon footprint (GHG emissions)
  - Developing products and services to mitigate or adapt to climate risk
  - Research, knowledge development and collaborations on solutions and to advance knowledge and understanding of climate change risks and opportunities
  - Influencing others to take action (e.g., employees, customers, suppliers)
  - Investing in technologies to mitigate climate change
  - Advocacy and public policy on climate change targets and mitigation and adaptation measures
  - Preparing for the physical impacts of climate change / adaptation

7 priorities for reducing carbon footprint

- Priority areas include:
  - Buildings:
    - Focus on improved energy efficiency in new builds, retrofits, office space consolidation and criteria for occupation of new buildings; many are targeting LEED (or other green building) certification
    - Energy efficiency improvements include: more efficient heating and cooling systems, lighting retrofits, reduced lighting, windows, motion-sensitive lights, reorganization of server infrastructure & energy saving software to allow auto shut-off (Green IT), office space optimization to lower lighting and HVAC requirements, etc.
  - Renewable energy:
    - Sourcing certified green power (renewable energy) for 25 – 100% of operations
    - Self-generating green power through solar panel installations, conversion of waste to energy, wind turbines, and thermal generating systems
  - Paper:
    - Reduce paper consumption, purchase 30 – 100% recycled paper, expand electronic services
    - Includes copy paper, letterhead, envelopes, business cards, marketing materials, etc.
    - Shift to paper sources which are sustainably managed (e.g. Forest Stewardship Certified (FSC) paper)
    - Mix of FSC and 30 / 100% recycled paper
    - Printer was member of sustainable green printing program; paper produced with bio-gas energy
  - Air travel: investments in video-, tele-, and web-conferencing programs
  - Fleet: hybrid vehicles, fuel efficiency standards, data management systems that monitor driver behaviour, eco-driving tips, negotiated discounted rates for hybrid cards with preferred car-rental agency, etc.
  - Employee commuting: sustainable transportation incorporated into facilities polices, work from home policies, bike storage, showers, discounted transport passes, shuttles, software and intranet sites for carpoolers, alternative transportation campaigns (e.g., bike to work weeks, commuter challenges, etc.), prohibition on employee parking, preferred / discounted parking for carpoolers, eco-driving and low emission transportation tips on staff intranet,

guaranteed ride home program (e.g. free transit / taxi for employees who take alternative transportation to work and need to return home due to unforeseen situations), etc.

- o Procurement: encourage suppliers to provide energy efficient products and services; adding criteria for energy use to procurement policy and standards

Carbon neutrality

- Many have achieved or set goals to achieve carbon neutrality
- Some are producing third party verified carbon footprint reports (e.g. Vancity and Swiss Re)
- Following WRI GHG Protocol, GHG inventory based on Natural Resource Canada's Voluntary Challenge Registry, ISO 14064-1 protocol

Offsetting programs

- Most are offsetting all of their operations, or symbolic business functions
- Offset projects include energy efficiency, renewable energy projects and reforestation
- Offset projects are both domestic and international
- Establish internal emission reduction funds to purchase and invest in high quality offset credits and projects

Collaborations and research partnerships to advance solutions and knowledge

- Collaborations with universities, insurance industry, general business and NGOs
- Fund research, conferences, dialogues

Widespread take-up of Carbon Disclosure Project (CDP)

- Many are signatory to the CDP, an international signatory program for investors requesting their investee companies to disclose how they are managing their carbon exposures
- Those which are publicly traded also often participate by disclosing their carbon management approaches (e.g. Allianz, Aviva, RBC, TD); a few also report their inclusion in the CDP Leadership Index (e.g. Allianz and RBC)

10. Electronic Service Delivery / Document Management

Statements and account information available online

- Most companies report that they offer online electronic statements and account information
- Incentives are often offered to promote switching to electronic services

11. Sustainability Branding and Communications

Sustainability commitments given high profile; efforts to engage public on sustainability solutions

- A number have explicit sustainability brands which operate in tandem with their main corporate brand (e.g. Power Smart, Plan A)
- Many companies infuse their sustainability brand throughout their entire operations
- A number of tactics are employed to raise the profile of their sustainability commitments, e.g.:
  - o Use of social media, such as Facebook, Youtube, and CEO blogging to profile sustainability and engage consumers and the public
  - o Slogans and tag lines
  - o Advertising campaigns featuring sustainability
  - o Product promotions / incentives featuring sustainability
  - o Dedicated websites
  - o Sustainability tips
  - o Sponsorship of high profile sustainability events, awards, etc.
  - o Sponsorship of sustainability oriented groups and campaigns
  - o Pledge programs
  - o Sustainability newsletters and videos
  - o High profile sustainability features on website home page

12. Consultations and Collaborations on Sustainability

Sustainability collaborations with diverse groups to tackle sustainability issues

- Many companies initiate or participate in sustainability collaborations on sustainability issues with NGOs, with other businesses and within their industry

Consultation on key sustainability issues and to inform sustainability strategy

- Many companies consult stakeholders to seek input into sustainability issues and challenges, e.g. consultation on climate change approach, ethical policies and community involvement programs
- Methods include surveys, focus groups, forums, advisory groups, etc.

Mutual benefits from group effort

- Collaborations and partnerships focus on:
  - Knowledge development
  - Product development
  - Standard setting
  - Pilot projects
  - Business development
  - Advocacy

13. Staff Sustainability Engagement

Staff behaviour change programs

- Most companies implement staff behaviour change programs focused on encouraging sustainable behaviour at work, at home and in the community
- Common sustainability topics include:
  - Energy efficiency / conservation; reducing carbon footprint
  - Recycling
  - Water use
  - Sustainable transportation
  - Healthy lifestyles

Staff participation programs

- Many companies encourage creation of employee green teams at the workplace to raise awareness and promote workplace action to reduce their environmental footprint
- A number of companies recruit employee green champions (volunteers who support sustainability initiatives at branch and unit level)

Focus on awareness and behavioural change

- Most employee engagement initiatives focus on information / awareness and motivational programs to influence behaviour
- Information / awareness initiatives include dedicated intranet sites, online training, newsletter articles, etc.
- Motivational programs typically include incentives, discounts, pledges, competitions, recognition articles in newsletters and employee sustainability awards
- Many programs are structured as time-limited multi-issue campaigns
- Many companies brand their employee engagement initiatives internally with a name and a visual identity
- Some companies coordinate company or department-wide environmental / community projects, and engage staff as volunteers and company ambassadors

14. Client and Public Sustainability Engagement

Awareness and action initiatives

- Most companies have modest to substantial client / consumer and public engagement efforts underway to foster sustainability awareness and motivate sustainability action
- Common sustainability topics include:
    - Energy efficiency / conservation; climate change
    - Recycling
    - Water use
    - Sustainable transportation
    - Healthy eating / lifestyles
    - Responsible consumption / consumer ethics
- Focus on knowledge / information and taking action
- Audiences include households, individual consumers, businesses / small businesses, schools, students and youth

Engagement tools

- Companies use a number of engagement tools to foster awareness including tips, guides, videos, films, plays, newsletters, calendar of events, news items, calculators, online questionnaires, online learning programs, sponsor conferences, online forums, hosting in-branch events, dialogue programs, online ask an expert, dedicated engagement websites, etc.
- Companies use diverse engagement tools to motivate action, including campaigns, challenges, contests, offer to join a team, incentives, target setting, marches, take-back recycling programs, pilot projects, online voting for favorite charities, online charitable donations, building staff knowledge as ambassadors of sustainable lifestyles, etc.
- Social media / interactive media becoming increasingly common, including online membership communities, opportunities to offer opinions and ideas, blogging, online information exchange, Facebook, Youtube, etc.

15. Sustainability Advocacy

Sustainability advocacy programs focus on promoting climate change mitigation and adaptation and other industry initiatives

- Most companies are engaged in advocacy and public policy activities primarily targeted at climate change mitigation and adaptation and industry-relevant initiatives
- Most initiatives are proactive with the company taking a leadership role
- There is considerable disclosure of advocacy activity through websites and sustainability reports
- Many companies report their climate change positions

Companies either work in collaboration or independently using a variety of tactics

- Independent initiatives
    - commission research reports
    - sign petitions and statements
    - shareholder engagement
    - letters to pension funds
    - fund legal challenges
    - lobby MPs, ministers and prime minister (meetings, letter-writing)
    - submissions and testimonies to government commissions / consultations
    - position statements
    - press releases
    - media events (stunts, etc.)
    - public opinion polling
    - CEO leadership and visibility
    - expert media commentary
    - sponsorship of forums
    - scorecards and rankings

- Collaboration initiatives
    - social networking
    - public campaigns
    - coalitions and roundtables
    - school education kits
    - short film shown in schools and cinemas
    - public pledges
    - protests / rallies
    - websites
    - investor coalitions

- Partnership approaches:
  - Join business leader groups
  - Join advocacy NGOs
  - Join joint business – ENGO – academic groups
  - Join investor coalitions
  - Partnerships with NGOs
- Targets of advocacy efforts:
  - Some efforts focus on the role of the insurance industry, others focus on the role of the investment industry, the non-financial industry, or government

Advocacy topics

- The majority of the advocacy work focuses on climate change, including both mitigation and adaptation

- Mitigation advocacy efforts focus on:
  - international framework for legally binding emission reduction targets
  - mandatory, efficient and transparent carbon trading framework mechanisms, e.g. cap and trade
  - investment incentives in technological innovation
  - prevention of deforestation
  - energy efficiency standards and incentives for buildings, equipment and appliances
  - carbon labeling of consumer products
  - mandatory carbon accounting, and reporting
  - regulations, standards and incentives for renewable energy

- Adaptation advocacy efforts focus on:
  - finance to developing countries to adapt to climate change
  - enhanced insurance coverage for combined wind / flood
  - coastal land value insurance facility to manage community risk of rising sea levels
  - building codes to foster resiliency
  - enhanced land use planning in flood and wildfire zones; flood mapping
  - funding for emergency / disaster recovery / services
  - funding for adaptation measures to build community resilience to climate change

- Other advocacy efforts include:
  - Insurance industry issues (cell phone ban, retirement preparedness)
  - Social issues (living wage, income assistance rates, social economy)

16. Community Involvement

Leveraging employee participation

- Support for employee volunteering is a common feature, up to 3 days paid volunteering in one instance, and support for a retirees volunteer association in another

- Employee matched gifts in which employee donations are matched by the company or where the company provides donations to organizations where employees volunteer are common. Variations include programs eligible to retirees and a program in which employees can apply for a grant for an organization at which they have volunteered, and an additional grant if the organization and volunteer work are aligned to the sustainability strategy

- Many companies have programs in which employees select the charities to receive grants

Charitable donations focus on environment and climate change, business aligned projects, and youth

- Environment and climate change projects were mentioned most frequently as a focus for charitable donations

- Many companies fund projects aligned with their business purpose. In the case of the insurance industry this included:
  - Disaster relief / emergency response and disaster / emergency preparedness
  - Helping people through life traumas resulting from natural disaster, war, deprivation, illness, crime
  - Crime prevention

- o   Road safety
- o   Financial literacy
- Children and youth are a common target group:
  - o   Youth and inspiring young people
  - o   Youth sustainability education
  - o   Children with disabilities and illness
  - o   Children's health / environmental health

Community giving standards

- Many companies subscribe to national benchmarks for community giving, including Imagine Canada, London Benchmark Group and Business in the Community's Community Mark accreditation

Customer and product-based fund-raising

- Many companies have initiatives that engage their customers, through allocating a percent of profits from certain product sales to charitable organizations; incentivizing a sustainable behaviour (e.g. a donation for every client who switches to e-statements); enabling customer donations to select charitable groups; and programs in which customers can vote on charitable recipients

Corporate foundations

- Many companies have established corporate foundations to channel some, though not all, of their community donations

Support for advancing sustainable business

- A number of companies sponsor, fund and partner on initiatives to advance sustainability in business, including awards, tools, student scholarships, university programs, etc.

17. Affordability and Accessibility

Affordability and Accessibility common approach

- All but one of the companies referenced affordability and accessibility initiatives, products and programs
- Social inclusion efforts focused primarily on underinsurance / non-insurance for 1) low income / barriered individuals and communities and 2) high-risk geographic zones
- Some companies conceive of their efforts as emerging or maintaining markets; others take a social justice approach; some combine the two
- Top issues included low income (highest), followed by physical accessibility and then third world concerns; other issues included:
  - o   Multicultural / new immigrants
  - o   Age (seniors / youth)
  - o   Small business / agriculture / entrepreneurs
  - o   Aboriginal
  - o   Remote communities
  - o   Coastal communities
  - o   Non-profit sector
  - o   Sexual orientation
  - o   Marginalized communities (e.g. prisoners)

- Access and affordability barriers include the following priorities:
  - o   Physical
  - o   Geographic
  - o   Cultural
  - o   Income
  - o   Third world
  - o   Age
  - o   Sector
  - o   High risk
  - o   Sexual orientation

- Most affordability / accessibility programs are comprehensive and strategic, with a range of approaches to support an overall social inclusion objective, for example:

  o Tailored and/or discounted products, specialized products for unique needs, adapted account procedures, pause in payments in hardship cases, and incentives

  o Tailored advertising and marketing materials

  o Specially recruited and trained staff, including those from target groups

  o Specialized business units or creation of new companies

  o Branching into excluded communities (e.g. inner city, remote); distributed access points; in-home services

  o Physically accessible facilities, access points, materials

  o Dedicated websites and call-in centers

  o Co-operative ventures with allied companies to use existing sales channels to reach target customers

  o Co-op development to meet needs of excluded sectors / communities

  o Financing and small loans for strategic investments and joint ventures

  o Advisory boards

  o Public policy advocacy to reduce systemic barriers

  o Financial literacy education programs, materials and funding for financial education organizations / projects

  o Capacity building grants and partnerships with intermediary organizations

- Management framework that supports implementation:

  o Policies and codes to communicate commitment and approach

  o Tracking, monitoring and reporting results

18. Diversity Management

Diversity management a common corporate practice

- Many companies have diversity management programs or initiatives which focus on valuing / celebrating diversity, difference and inclusion

- Priority groups include women, disabled, visible minorities, LGBT, aged, and Aboriginal

- Sometimes positioned as "Diversity and Inclusion"

- Companies are taking a comprehensive, strategic approach within an overarching management framework, e.g.:

  o Executive leadership (e.g. Global Diversity Council led by a board member with 20 senior executives from various business lines; executive steering committee which meets regularly to establish and monitor goals; Diversity Committee is composed of senior executives plus an external specialist; Chief Diversity Officer provides executive oversight and leadership)

  o Reporting directly to CEO (including instances where the initiative is chaired by the CEO)

  o Cross-company teams (e.g. Corporate Diversity Council composed of one representative from each major business area, focuses on developing initiatives to support diversity objectives; Diversity Steering Group meets quarterly to provide oversight of diversity issues)

  o Business unit integration (e.g. each business unit has a cross-discipline representative to implement the diversity objectives; individual business units have diversity leadership councils; diversity managers in each major line of business are accountable to their business' Human Resources leader and are responsible for developing strategies to promote diversity within their businesses)

  o Specialized offices and departments (e.g. Office of Diversity and Inclusion)

  o Diversity, equal employment, non-discrimination policies; inclusion of diversity in code of conduct; diversity principles and guidelines

  o Diversity strategies, including enterprise-wide diversity initiatives and working with businesses and support groups to embed diversity into their business plans

- o Diversity objectives (e.g. all staff to take diversity awareness training)

- o Benchmarking to standards and best practice (e.g. the Employers' Forum on Disability has a Disability Standard, a management tool for employers to measure performance on disability)

- o Integration into workplace culture:

- ▪ Diversity information and training, including experiential programs, buddy / matching programs, dedicated intranet sites, toolkits, workshops, lunch and learns

- ▪ Employee engagement, e.g. deaf for a day group activity where employees communicate through sign language all day

  - o Targeted recruitment programs, e.g. targeted education and employment strategy, work placements and internships, partnerships with intermediary organizations, job fairs, dedicated websites

  - o Funding for worksite initiatives, e.g. accommodation fund for workplace technologies and facilities and other supports such as American Sign Language interpreters on staff

  - o Wage-based initiatives, such as efforts to quantify and reduce salary gaps and annual equal pay audits

  - o Sponsorship of university research into diversity issues and community events, e.g. annual Pride receptions

  - o Participate in business collaborations and forums to exchange ideas and best practice, e.g. World Diversity Leadership Network, Employers' Forum on Disability, Employers' Forum on Age, Catalyst (global research and advisory organization targeted at women in business), and various other organizations that support different diversity groups

- • Comprehensive reporting on workplace diversity, includes:

  - o Representation of women, visible minorities, people with disability, Aboriginal and age

  - o Diversity groups by management level

  - o In one instance salary gap between women and men

  - o In one instance employee perceptions of the degree to which management supports diversity in the workplace and who feel they are treated with respect

  Some diversity programs apply to staff, customers, suppliers, member-owners and community involvement

Support programs for targeted groups

- • Provide a range of support programs for targeted groups, some of which include:

  - o Support networks and dedicated websites for knowledge on workplace rights, discussion, resources, and information-sharing

  - o Mentoring programs

  - o Emergency, back-up childcare

  - o Information helplines

  - o Fitness and childcare facilities

19. Signatory Programs and Memberships

United Nations Environment Program Finance Initiative (UNEP FI) most common program:

- • Financial institutions: 11 members have signed onto UNEP FI principles

Other common signatory programs:

- • Climate change: ClimateWise Principles (6 signatories include all European/Australian companies; North American companies are mostly not represented)

- • General business: United Nations Global Compact commitments (4 members)

- • Investment business: United Nations Principles of Responsible Investment (4 members)

Common membership organizations (note that the foregoing signatory programs also allow for membership)

- • General business: World Business Council for Sustainable Development (4 members)

- • Environmental organization with business members, including investment firms: Ceres (3 members)

Most reported awards and rankings recognize sustainable business leadership

- Majority of firms receive leadership in sustainable business recognition, .e.g.:
    - Global
        - World's Most Ethical Companies
        - 100 Most Sustainable Companies in the World
        - Number One Company on Earth
    - UK / Europe
        - Gold status in Business in the Community Corporate Responsibility Index
        - UK's most ethical brand
        - BITC Impact on Society Award / Company of the Year
        - BITC Environmental Leadership Award
        - European Business Award for the Environment
    - Canada
        - Canada's Best 50 Corporate Citizens (Corporate Knights)
        - One of Canada's 50 Most Socially Responsible Corporations (Jantzi-Maclean's)
        - Globe and Mail Report on Business CSR companies
        - Earth Award from the Building Owners and Managers Association BC for buildings that foster healthy workplaces and sustainable building management policies
    - US
        - Green Store of the Year
        - Most Ethical Retailer
        - Social Entrepreneur CEO of the Year
        - Top 10 Green Brands Index
        - Fortune Magazine 10 Green Giants in Business
        - Fast Company magazine Fast 50 profit driven solutions to major environmental challenges

Many Achieve Best Employer Status:

- Best Employer Canada:
    - Canada's Top 100 Employers (Maclean's)
    - Canada's 50 Best Employers (Globe & Mail / Hewitt)
    - Canada's 10 Most Admired Corporate Cultures
    - Financial Post's 10 Best Companies to Work For in Canada
    - Canada's Top 25 Family Friendly Employers
    - Canada's 50 Best Workplaces (Great Place to Work Institute)
    - Greater Toronto's Top Employers
    - BC's Top 55 Employers
- Best Employer Other:
    - Ireland
    - India top 25 employers
    - UK top employee benefits
    - "One to Watch" in Sunday times Best Placed to Work in UK
    - Times Top 100 Graduate Employer of Choice
    - Hungary best employer

- Sustainable Investment
    - Best Climate Change Investment Fund (EU)
    - Bronze class ranking in the global Sustainability Asset Management Sustainability Yearbook (Global)
    - Best Ethical Investment Provider (UK)
    - Canadian Investment Awards Green Company Award for Environmental Leadership (CAN)
- Climate Change
    - Top 50 Low Carbon Pioneers (EU)
    - Renewable Energy Association's Pioneer Award (UK)
    - BITC International Climate Change Award (Global)
    - Climate disclosure leadership (AU)
    - Number one in Canada in Carbon Disclosure Leadership Index (CAN)
    - Top performer on climate change in executive brief by Ethical Funds Company (CAN)
- Diversity
    - Top 100 Companies for Diversity (US)
    - National Business and Disability Commitment to Excellence Award (US)
    - Title 1 American with Disabilities Act Employment Award (US)
    - Perfect 100 for Human Rights Campaign's Corporate Equality Index (US)
    - Top 100 Employers for Diversity Policies (UK)
    - Business of the Year for promotion of diversity by the African Business Network (CAN)
    - Best Employers for New Canadians (CAN)
    - Canada's Best Diversity Employers by Mediacorp Canada (CAN)
    - March of Dimes Community Partnership Award (disabilities) (CAN)
    - Finalist in Quebec Government's *Prix Égalité* (CAN)
- Sustainability Reporting
    - North American Award from Ceres/Association of Chartered Certified Accountants (ACCA) (North America)
    - Most Open and Honest Report at the International CR Reporting Awards (Global)
    - Outperformed all G100 companies in AccountAbility rating (Global)
    - Best Sustainability Reporting (runner-up) at ACCA UK Sustainability Reporting Awards (UK)
    - Winner for Sustainability Reporting by Building Trust in Britain Awards (UK)
    - Australasian Sustainability Reporting Award (AU)