

# Group Procurement Environmental Programme

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PRUDENTIAL

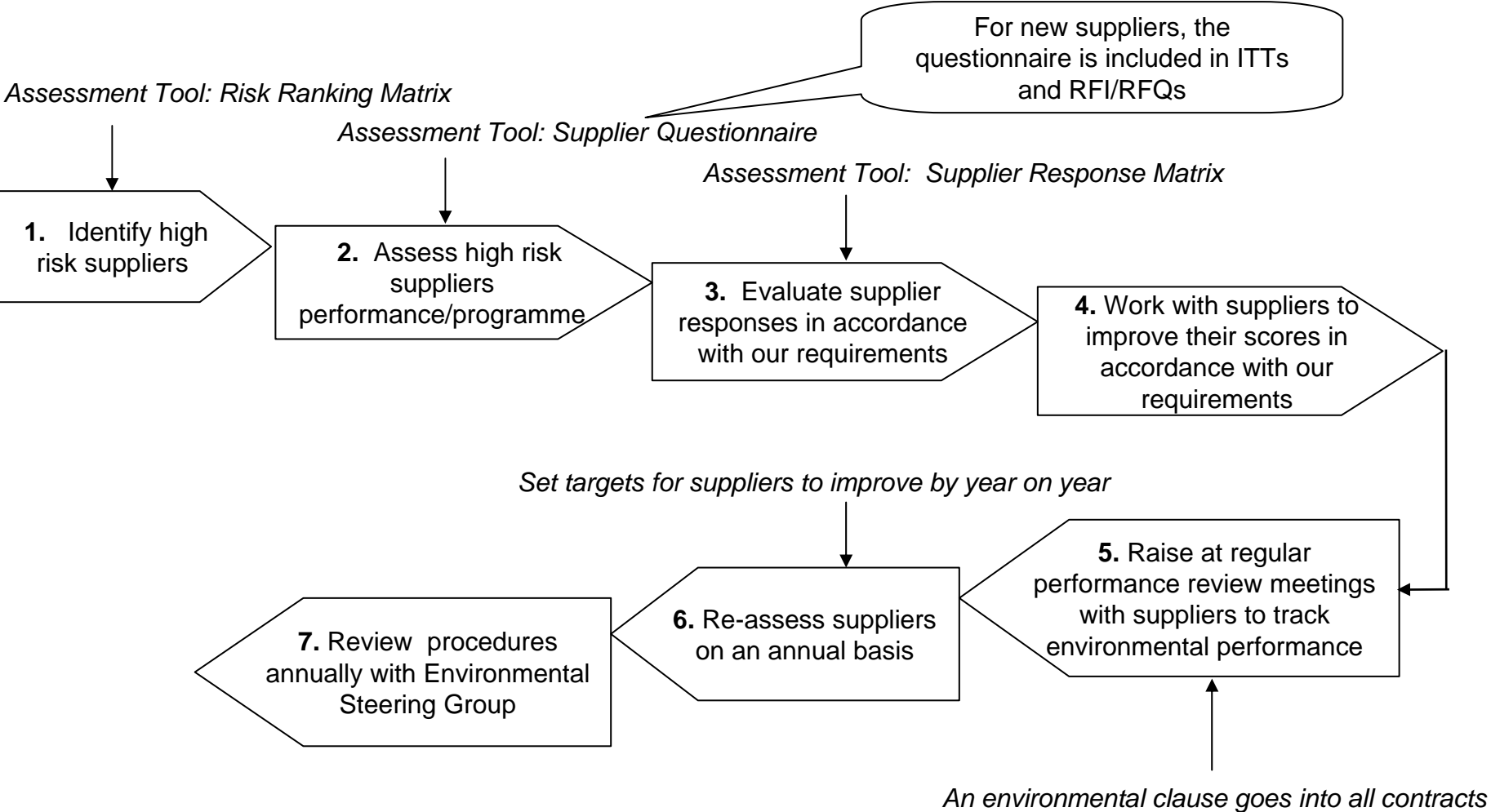
John Moss & Paula Hempstead

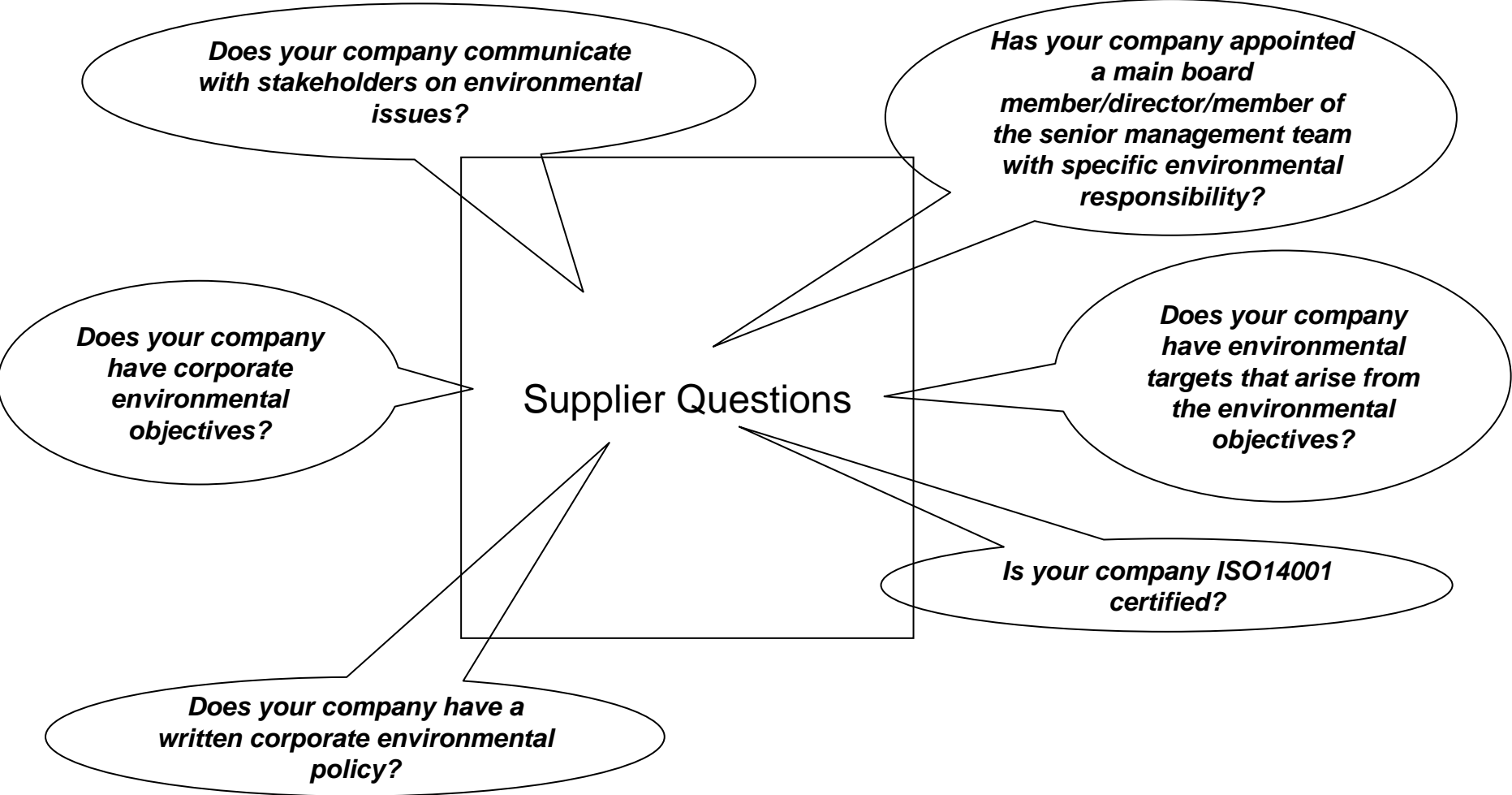
30th October 2003

- **Current Status**
  - Our Environment in the Supply Chain programme
  - Targets and current scores for 2003
- **Future Aspirations**
  - Target scores for 2004
  - Expanding the programme
  - Corporate Social Responsibility
- **FSPF initiative on Collaborative Supplier Environmental Assessment**
  - First Workshop
  - Second Workshop
  - Third workshop
  - Best Practice Principles

# Our Environment in the Supply Chain Programme

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## ■ Target Scores for 2003

- At least 70% to reach our desired standard (16+ / 27)
- At least 20% to reach our minimum requirements (12-15 / 27)
- No more than 10% to be below our minimum requirements (0-11 / 27)

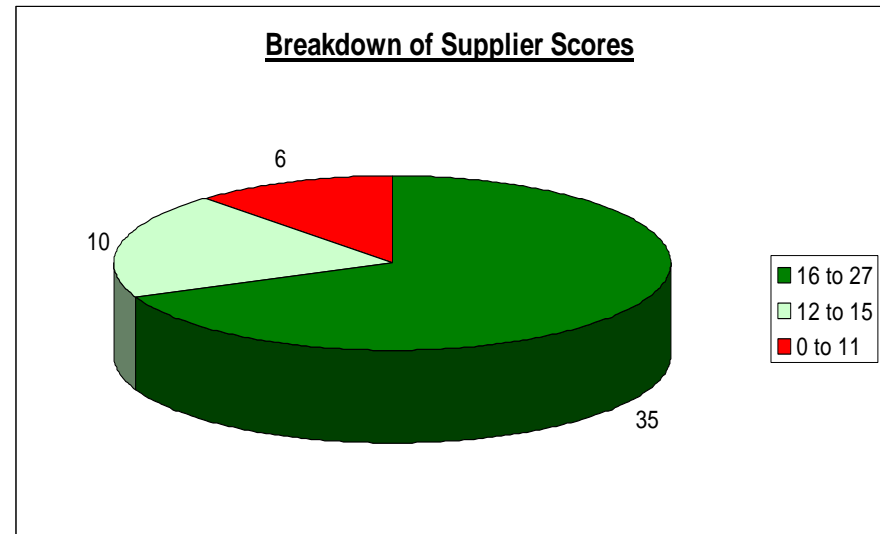
## ■ Scores for January 2003

- 62% achieving our desired standard
- 18% on our minimum requirements
- 20% were below our minimum requirements

## ■ Current Scores for 2003

- 68% are achieving our desired standard
- 20% are on our minimum requirements
- 12% are below our minimum requirements

NB: We are still awaiting for 25 responses - of the responses received to date, there has been an improvement in all suppliers not achieving our desired standard



- **Supplier Targets for 2004**
  - At least 80% to reach our desired standard (16+ / 27)
  - Less than 20% to be on our minimum requirements (12-15 / 27)
  - 0% to be below our minimum requirements
  
- **Expanding the Programme**
  - Piloting the programme with common suppliers in JNL - questionnaire has been sent, awaiting supplier responses
  - Started a dialogue with PC Asia - questionnaire has been sent to Peter Booth to establish whether it is a viable assessment tool for their business
  
- **Corporate Social Responsibility (CSR)**
  - Looking to review Environmental policy in alignment to the revised Group Code of Business Conduct (which now incorporates Human Rights)
  - Investigating the opportunity to develop CSR clause for UK contracts

# FSPF Initiative on Collaborative Supplier Environmental Assessment

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- Raised in October 2002 at the FSPF conference
- Purpose:
  - Raises the profile of the environment as an issue within Financial Services sector
  - Suppliers are given a common set of environmental standards to adhere to
  - Sets a minimum supplier environmental baseline utilising the expertise by the collaboration of the Financial Services sector
  - Sends a powerful message to FSPF suppliers
  - Helps FSPF members develop their environmental programmes by sharing information on their current practices
  - Helps FSPF members benchmark their current environmental practices
- In leading this initiative, Prudential engaged Forum for the Future to act as independent facilitators of the dialogue process.

### First workshop

- Agreed main elements of a collaborative questionnaire for use with suppliers

#### Feedback on questionnaire:

- FSPF members current environmental programmes too varied to agree a single generic standard on the environment as an issue

### Second Workshop

- Prudential developed 6 Best Practice Principles, identified the benefits for each principle and benchmark levels for adherence to minimum, good and best practice

#### Feedback:

- FFTF supported this approach
- FSPF members felt it mitigated risks of a collaborative approach and widened the scope for benefits to all participants

### Third workshop

- Agreed content of Best Practice Principles and their benchmark levels criteria
- Asked members to take the Principles to their organisations and establish whether they would incorporate them
- Identify whether there is a critical mass of members to take this initiative forwards

# Best Practice Principles

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## Principles

## Benefits

## Benchmark Levels

*Principle 1*  
**Environmental Policy**  
 (Def: This is a statement of the aims and principles of a company in relation to its overall environmental performance, including compliance with all relevant regulatory requirements and giving rise to company environmental objectives and targets.

- To get buy-in from all business areas and ensure compliance
- To ensure your business is aware of existing environmental legislation
- To publicly identify corporate environmental targets and objectives

*Level 3 - Best Practice*  
 Environmental Policy actively sponsored at executive / board / director level, reviewed annually citing specific environmental targets and objectives which are also reviewed annually and extended down the supply chain. The policy should also be made available to both internal & external stakeholders on request.

*Level 2 - Good Practice*  
 Environmental Policy supported by annually reviewed targets/KPIs identifying more specific objectives to help achieve the targets set.

*Level 1 - Minimum Practice*  
 Broad environmental statement recognising the broad impact your business has on the environment and identifying broad behavioural objectives that will reduce this impact. Policy should also commit to continuous improvement.

*Principle 2*  
**Environmental Resource/Reporting Structure**

- To build the environment into individuals objectives
- Enable you to get buy-in from the board / executive level & create a formal backing for the issue
- To create the basis for a recognised process to be put in place regarding the environment

*Level 3 - Best Practice*  
 Appropriate resources, formal objectives, clear reporting lines with active sponsorship from executive / board/ director level on an annual basis.

*Level 2 - Good Practice*  
 A named individual/s with formal environmental objectives and reporting structure in place to a manager.

*Level 1 - Minimum Practice*  
 A named individual/s with broad environmental objectives and reporting lines.

# Best Practice Principles - cont'd

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## Principles

## Benefits

## Benchmark Levels

*Principle 3*  
*Environmental Management System*  
 (Def: An environmental management system is part of the overall management system which includes the organisation structure, responsibilities, practices, processes and resources for determining and implementing the environmental policy.)

- Enables you to have a clear and formally recognised process for managing your environmental programme
- Enables your environmental programme to reach a higher level by creating the recognised management structure and processes
- If you choose to go for certification - gives you external recognition and verification of your system, providing additional reputational benefit.

*Level 3 - Best Practice*  
 System certified to a recognised standard (I.e. IS1400, EMAS or 8555).

*Level 2 - Good Practice*  
 A formal system is in place, but not externally certified.

*Level 1 - Minimum Practice*  
 System working towards setting up a formal environmental management system.

*Principle 4*  
*Environmental Performance Targets*  
 (Def: Environmental performance targets are the detailed performance requirements, quantified wherever practicable, applicable to the organisation or parts thereof, which arise from the environmental objectives and which need to be met in order to achieve those objectives).

- Sets out clear targets against which you can measure your progress with regards to your suppliers
- Enables you to have a clear view on what constitutes good/bad environmental performance and practice both for your own environmental programme and that of your suppliers
- Enables you to set in place a process flow of how you wish to achieve the environmental performance targets

*Level 3 - Best Practice*  
 Sets SMART, quantitative targets in relation to performance improvements. Targets should be reviewed regularly in accordance with performance improvements.

*Level 2 - Good Practice*  
 Openly committed to continual improvement (beyond legal compliance) although targets largely qualitative.

*Level 1 - Minimum Practice*  
 Committed to minimum legal requirements.