

UK 2001 progress

UK environmental management system

During the year, various improvements have been made.

- management commitment - In the third quarter of 2001, we signed up to the Government's initiative of Making a Corporate Commitment or MACC2 for short. This top-level commitment by Sandy Leitch, Chief Executive Officer, UKISA Business Division, involves setting quantified targets for improving resource efficiency and environmental performance. Our commitment involves reporting on targets for energy conservation and integrated travel plans.
- communication strategy - Although we have a good story to tell of environmental management since 1990, a wide range of achievements have not been recognised externally. The Health, Safety and Environmental Management Groups have asked the Environmental Operations Group to prepare a strategy for improved external and internal communication. In the first quarter of 2001, an environmental position statement was submitted to UKISA Board and our environmental policy was placed on the intranet web@work. In the third quarter of 2001, the Health, Safety and Environmental Adviser made a presentation on integrated transport plans to the Life and Region Forum. Informal liaison has been established with our business operations in Ireland and South Africa.
- environmentally focused supplier programme - We require that some of our prioritised suppliers meet defined minimum environmental criteria and, in some cases, improve their environmental performance. In the early 1990s, what is now our UK Life and Region Business Unit, was operating an environmental screening programme among major suppliers. The Environmental Operations Group has reviewed this process. During the past few months, our Group Purchasing Unit has conducted a pilot study using an improved questionnaire based on guidance and support from Group Head Office. We intend to start using the new approach in the fourth quarter of 2001.
- internal environmental audit process - The Health, Safety and Environmental Adviser has continued to monitor regularly the implementation of our policy to ensure that our objectives are being achieved. Following a period of study, in the second quarter of 2001 the Institute of Environmental Management and Auditing awarded him the Certificate in Environmental Management. In the third quarter of 2001, an environmental audit of the Risk Services business area was conducted and local management are currently implementing various recommendations.
- benchmarking - We regularly communicate with a wide range of stakeholders. We have continued to participate in the Business in the Environment's (BiE) annual surveys, most recently their fifth Index of Corporate Environmental Engagement. In the first quarter of 2001, a representative of senior management and the Health, Safety and Environmental Adviser attended the BiE's annual conference Sustainability - the business imperative.

UK environmental performance in 2001

Since the creation of Zurich Financial Services in 1998, the review and integration of important processes has been a major priority. Even now, we recognise that further work is required to develop effective and efficient management information systems. The Health, Safety and Environmental Adviser, in liaison with technical experts, is co-ordinating the provision of data for:

- electricity produced for us by power stations and gas energy used locally with the resulting carbon dioxide emissions.
- certain waste materials from corporate centres, which is mostly destined for land-fill sites.
- commuting and business travel.

electricity, gas energy and carbon dioxide

In 2001 we have continued to develop the best practices, which have been established over the past decade in order to not only meet our targets but also exceed them. Our efforts over the past decade may be summarised as follows. In 1992, we signed up to the Government's initiative of Making a Corporate Commitment. The reduction of fossil fuel consumption through energy efficiency, improved boiler design, proper maintenance and modern building management systems have all contributed to fewer emissions of carbon dioxide. Our efforts in reducing electrical energy consumption were recognised in 1996 when we received the UK Energy Information Centre's Edinburgh Crystal Award for achievement in energy management, conservation and purchasing. Our objective is to make a 1% annual reduction in consumption of electrical and gas energy until 2010 and to cut carbon dioxide emissions from electricity and gas energy by 20% for the major sites in our property portfolio (100kw+) in the period 1999-2004. We started 2001 with 10% of our electrical energy coming from a 'green' renewable source. Group Property Services had conducted a review of electricity providers, concluding when a contract was awarded to one of the largest generators within the UK. The new contract began in October 2000 and will run until September 2004. Every unit of electricity generated from the wind saves a unit generated from coal, oil or gas. Electricity generated by wind energy saves emissions of greenhouses gases, pollutants and waste products. Full audit documentation is being provided for the 'green' supply, which fully supports our environmental policy, and enables us confidently to promote this initiative. Group Property Services have recently completed a detailed analysis of figures for Electricity, gas energy and carbon dioxide 1999-2001 (see below). We have started to measure our emissions of CO₂, which is an important greenhouse gas. The Government's step-by-step guidance has been adopted using management information that we can gather from electricity suppliers. Our figures represent a success story of which the key features are as follows:

- the consolidation of three data centres into one during 2000 has reduced electricity consumption and CO₂ emissions by 35% and further reductions have been achieved during 2001.
- the replacement of traditional lighting with low-energy luminaries in certain corporate centres has produced a 3% reduction in 2000 and a further 6% in 2001.
- the new electricity supply contract is providing 10% of our electricity from wind-farms.

In summary, we are currently ahead of the targets set for reducing our consumption of electricity and gas and cuts in carbon dioxide emissions. Group

Property Services will continue to develop the UK strategy for energy conservation.

waste minimisation

In 2001, we have continued to remain in compliance with all relevant environmental laws and legal regulations, for example the Duty of Care Regulations made under the Environmental Protection Act, 1990.

For many years we have been active in waste minimisation through:

- reducing paper consumption by the use of electronic mail.
- repair and reuse of office furniture.
- reuse of envelopes and silver recovery at Print Management.
- recycling of:

- waste paper
- alloy drinks cans
- toner cartridges
- plastic

Our objective during 2001-02 is to implement a pro-active waste minimisation policy in major locations using the Government's step-by step-guidance. We have shared best practices by participation in the Gloucestershire Environmental Business Forum and the Gloucestershire Waste Minimisation Club. Our achievements during 2001 include the following:

- in July 2001, our long-standing arrangements for recycling of toner/print cartridges were enhanced by changing over to use Corporate Express. Employees are now able to deposit their used cartridges in attractive and conveniently situated bins. Any money raised is donated to Barnardos homes
- Business Systems Development has signed a new contract for the disposal of IT equipment in an environmentally friendly way.
- we have recently conducted a pilot study to explore the potential for increasing the quantity of paper collected for recycling. It is anticipated that the reduction of landfill charges will offset the increased costs of shredding paper collected by the confidential waste stream. The results of the pilot study were encouraging and, in the fourth quarter of 2001, Group Property Services are planning to extend the pilot study to a corporate centre for 1,000 employees. If our initial success continues, the scheme will be introduced to all corporate centres in 2002.
- employees in UK operations consume about 8.3 million plastic cups every year, of which 350,500 cups (4%) are recycled. The 'Save-a-cup' scheme currently operates at five major locations and consideration is being given to extending the scheme through the provision of local shredding machines.

At present, we do not know very much about what is being bought, used and thrown away. We recognise that the waste that leaves our offices is a raw material we paid for, and we are paying people to take it away. Group Property Services have started to analyse 'waste transfer notes' as a basis for setting realistic waste minimisation targets. We are currently developing effective and efficient management information systems. The UK 2002 progress report will cover our significant waste streams in terms of total consumption and recycling

figures for: paper, cardboard, plastic cups, liquids, office furniture, glass, aluminium cans, toner/print cartridges, batteries, lamps/tubes/bulbs. We are striving for continuous improvement of our corporate policies, procedures and practices in environmental management. Responsible behaviour for the environment among all employees at all levels shall be fostered. Zurich Financial Services expects all employees to demonstrate a high degree of environmental responsibility.

commuting and business travel

In 2001, we have been more pro-active in developing policies for commuting and business travel with the aim of reducing fuel consumption, pollution and congestion.

Our activities over recent years have included:

- free bus for employees between three corporate centres in Cheltenham.
- sharing best practices with employers in Cheltenham.
- consultation with the employee bicycle users' group in Cheltenham.
- parking as a 'flexible benefit' for employees in Swindon.

Our activities were recognised by Cheltenham Borough Council in 1999 when we won its competition among local employers to encourage cycling into work. Our objective during 2001-02 is to develop integrated travel plans, by sharing best practices with local employers, initially for corporate centres at Fareham, Portsmouth, Swindon and Cheltenham. These plans are effectively a package of measures tailored to the needs of individual sites and aimed at promoting fuel-efficient, cleaner travel choices and reducing reliance on the car. Options include video-conferencing, car-sharing, cycling and travelling by public transport. We have shared best practices by participation in the Association for Commuter Transport and participation in the Gloucestershire Environmental Business Forum. Our achievements during 2001 include:

- starting to develop integrated transport plans for Fareham, including an employee transport survey.
- providing improved bike-racks for cyclists at Cheltenham.
- providing better showers and lockers at Swindon, which encouraged a 30% increase in the number of employees cycling into work.
- investigating the efficiency of our average fuel performance in the car fleet.
- giving employees the option of choosing to have cars which are more fuel-efficient.
- establishing a system for obtaining business mileage figures via P11Ds.
- starting to make a credible business case for driver training and greater use of video-conferencing

We recognise the benefits to employees and our bottom line by reduced travel costs, better use of employees' time, less delay and congestion around the corporate centres, less need for car parking and less stress for our people. At present, we do not know enough about our business travel patterns. We recognise that there is potential for saving time and money currently being wasted on travel. HR Services have started to analyse P11D information as a basis for setting realistic targets for travel by car. We are currently developing effective and efficient management information systems. The UK 2002 progress

report will cover our significant waste streams in terms of miles travelled and CO2 emissions for car fleet, air and rail travel.

UK management

Zurich Financial Services (UKISA) Ltd has appointed Vyv Attwood as the main board director with specific environmental responsibility. The Group Executive Committee in Switzerland has approved our corporate policy statement (available at <http://www.zurich.com>). The UKISA environmental objectives are publicly available on the Internet (<http://www.zurich.co.uk> and <http://www.macc2.org.uk/>). Within these objectives, our environmental targets reflect the most significant environmental impacts. We regularly communicate with a wide range of stakeholders, including: legislators and regulators, local communities, stakeholders and investors, suppliers, customers and consumers, industry associations, NGOs, academia and the media. We require that some of our prioritised suppliers meet defined minimum environmental criteria and, in some cases, challenge their environmental performance. Our environmental management system in the UK covers Life and Region and General Insurance and Banking. Environmental management is led by Group Property Services in partnership with key stakeholders. A rigorous but commercial approach is being developed, which concentrates on value-added activities that have demonstrable benefits to the businesses. Our environmental work in the UK is communicated to Ireland and South Africa and, in time, their own annual reports may have a statement about their environmental work. The Chief Executive in each Business Unit has nominated a director or senior manager in each subsidiary area to actively participate in the relevant Health, Safety and Environmental Management Group (HSEMG). Members take responsibility for implementation of the agreed policy and strategy within their business areas. The Environmental Operations Group, made up of technical specialists, has responsibility for proposing suitable environmental initiatives to the Health, Safety and Environmental Management Groups (HSEMGs) in each Business Unit.

The EOG's responsibilities are:

- to develop strategies for implementation of the policy and integration across all Business Units
- to ensure our guidelines are consistent with best practices in the UK financial services sector
- to obtain sign-off from each business for cost-effective environmental initiatives
- to collate advice from managers as the basis for an agreed environmental strategy
- to promote continually a proper level of awareness amongst staff about environmental matters

We maintain an effective communication process and we take account of views expressed by employees on key decisions. We have a programme that includes internal communication of environmental information in most functions. Local management will maintain adequate facilities and arrangements so that employees and their representatives can raise issues about health, safety and the environment. The most senior manager at local premises has overall responsibility for implementation of the agreed environmental policy by delegation of certain tasks, in most cases to trained employees. The Health, Safety and Environmental Adviser regularly monitors the implementation of our policy to ensure that our objectives are being achieved.

electricity, gas energy and carbon dioxide 1999-2001

Objective: to reduce the 1999 CO₂/m² emissions by 20% by year end 2004
41 major buildings in the UK at 4.6.01

	Area 1000 m ²	Elect. mio kwh	CO ₂ mio kg	Gas mio kwh	CO ₂ mio kg	Total mio kwh	Total CO ₂ mio kg	kwh/m ²	CO ₂ kg/m ²	% ±
1999										
Offices	157	42.5	18.7	31.1	5.9	73.5	24.6	468	157	N/A
Data Centers	15	21.1	9.3	4.9	0.9	26	10.2	1,705	670	N/A
Others	18	2.8	1.2	5.6	1.1	8.4	2.3	456	124	N/A
Totals	190	66.3	29.2	41.6	7.9	107.9	37.1	566	194	N/A
2000										
Offices	155	42.9	18.9	32.8	6.2	75.7	25.1	490	162	3.8
Data Centres	14	12	5.3	3.6	0.7	15.6	5.9	1,137	435	-35.2
Others	18	2.4	1.1	5.8	1.1	8.2	2.2	445	117	-5.5
Totals	187	57.3	25.2	42.2	8	99.5	33.2	533	178	-8.5
2001 est.										
Offices	155	44.2	19.5	33.8	6.4	78	25.9	504	167	6.9
Data Centres	4	7.2	3.2	3.6	0.7	10.8	3.8	2,422	864	29
Others	18	2.4	1.1	5.8	1.1	8.2	2.2	445	117	-5.5
Windpower		7	-3.1				-3.1		-17.3	N/A
Totals	177	46.8	20.6	43.1	8.2	90	28.8	507	162	-16.5