

Under the spotlight

The transition of environmental risk management



A report from the Economist Intelligence Unit

Co-sponsored by:



The Economist Intelligence Unit

The Economist Intelligence Unit is a specialist publisher serving companies establishing and managing operations across national borders. For 60 years it has been a source of information on business developments, economic and political trends, government regulations and corporate practice worldwide.

The Economist Intelligence Unit delivers its information in four ways: through its digital portfolio, where the latest analysis is updated daily; through printed subscription products ranging from newsletters to annual reference works; through research reports; and by organising seminars and presentations. The firm is a member of The Economist Group.

About this research

The Economist Intelligence Unit surveyed 320 executives around the world in March 2008 about their attitudes to environmental risk management. The survey was sponsored by ACE, KPMG, SAP and Towers Perrin.

Respondents represent a wide range of industries and regions, with roughly one-third each from Asia and Australasia, North America and Western Europe.

Approximately 50% of respondents represent businesses with annual revenue of more than US\$500m. All respondents have influence over, or responsibility for, strategic decisions on risk management at their companies.

The Economist Intelligence Unit's editorial team conducted the survey and wrote the paper. The findings expressed in this summary do not necessarily reflect the views of the sponsors. Our thanks are due to the survey respondents for their time and insight.

Copyright

© 2008 The Economist Intelligence Unit Limited. All rights reserved. Neither this publication nor any part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of The Economist Intelligence Unit Limited.

All information in this report is verified to the best of the author's and the publisher's ability. However, the Economist Intelligence Unit does not accept responsibility for any loss arising from reliance on it.



Executive Summary

There is a growing consensus that business should bear a greater responsibility towards the environment and pay closer attention to the “externalities” that its activities create. Non-governmental organisations, customers, governments and investors have all begun to scrutinise the activities of business more carefully and demand a more responsible and sustainable approach. In response, the business community has implemented corporate social responsibility programmes with the aim of improving its social and environmental behaviour and portraying itself as a more responsible member of society.

External pressure to improve environmental performance has coincided with a trend towards

Key points from the survey:

- 1) Environmental risk management is frequently managed in an ad hoc fashion.
- 2) There is no clear consensus about who should be responsible for environmental risk.
- 3) Many companies conduct strategic activities without a formal assessment of environmental risk.
- 4) Respondents see compliance with environmental legislation as a key strength.
- 5) Managing environmental risks associated with suppliers and partners is a key area of weakness.
- 6) Better reputation with customers and investors is seen as the main benefit of environmental risk management.
- 7) Climate change is an opportunity as well as a risk.
- 8) Lack of certainty – about the impact of environmental liabilities and the future scope of legislation – are the main obstacles to effective environmental risk management.

increased complexity in business. A successful company now depends on an intricate web of global supply chains and partner networks, while an international reach – through alliances, acquisitions and greenfield investments – has become a prerequisite for growth.

Given these two parallel trends of greater business complexity and scrutiny into environmental performance, it was only a matter of time before companies would seek a more rigorous way of identifying and assessing their environmental liabilities, and of managing the risks associated with them in a more coherent manner. Companies now seek greater visibility not just of their own activities, but of those that take place in countries to where they have outsourced manufacturing, logistics or assembly. In addition, as organisations increasingly seek overseas acquisitions to further expansion plans, there has been a growing realisation of the need to scrutinise environmental performance of target companies more carefully as part of their due diligence processes.

But while the general trend is towards a more rigorous evaluation of environmental risk, this is by no means universal. Many companies have only just embarked on this journey and have a long way to go before they reach their destination. In order to assess the extent to which environmental risk management has become part and parcel of modern business strategy, the Economist Intelligence Unit conducted a survey of senior professionals with responsibility for risk on behalf of ACE, KPMG, SAP and Towers Perrin. From this survey, a number of key findings emerge:

Environmental risk management is frequently managed in an ad hoc fashion. For a number of years, the trend in risk management has been towards a formal, co-ordinated and consistent



Under the spotlight The transition of environmental risk management

How is environmental risk managed in your organisation?

Please select the answer that is most appropriate.
(% respondents)



approach that aggregates all categories of risk at the enterprise level. Yet for many companies, environmental risk management seems to have escaped this trend. One third of respondents say that they manage environmental risk in an ad hoc manner, while 31% say that they manage it in a co-ordinated way as part of an overall risk management framework. Just over one-quarter say that they manage it in a co-ordinated way, but separately from the main risk framework, while one in ten says that they do not manage environmental risk at all.

This finding suggests that, despite media, investor and regulatory scrutiny of environmental performance, this category of risk has still not become part and parcel of the main risk management agenda. Parallels can be drawn with the corporate social responsibility movement in general: initially seen by many companies as an extension of their public relations department, it gradually assumed greater importance and has now, for many companies at least, become a central strand of corporate strategy. One might expect environmental risk management to make a similar transition over the coming years.

There is no clear consensus about who should be responsible for environmental risk. In previous surveys in the Global Risk Briefing series – for example on reputational risk – there has been widespread agreement that a board-level executive, and usually the CEO, should assume ultimate responsibility for managing that risk. But in the case of environmental

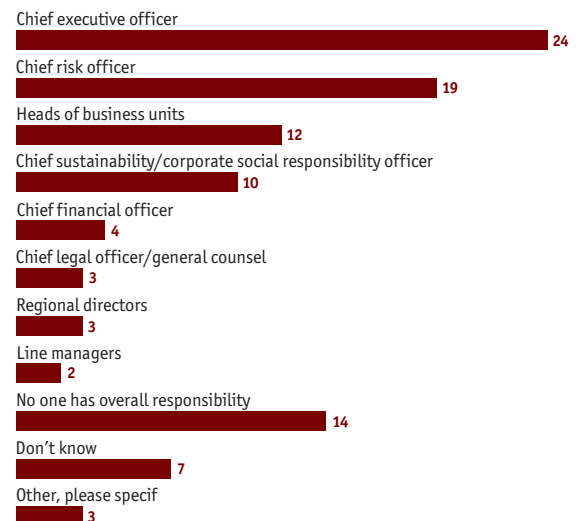
risk management, there is no such consensus. Just under one-quarter of respondents say that the chief executive is responsible, and just under one in five cite the chief risk officer as having ultimate sway. But beyond these two senior executives, the range of responses given is extremely wide. At 14% of respondent organisations, no one has overall responsibility for environmental risk, while 17% leave it to regional directors, heads of business unit or line managers.

This finding suggests that the management of environmental risk is often decentralised and that many organisations lack a bird’s eye view of their exposure to the threats they face and their cumulative liabilities. This piecemeal approach may enable companies to identify isolated problems, but without oversight it will be difficult for them to obtain an overall picture of the risks they face.

This is not to say that it is impossible for management of this risk to be delegated to a layer below board level. With clear lines of responsibility and accountability, along with the ear of a top executive should it be required, this approach may well be sufficient. There are likely to be problems, however,

Who in your company has overall responsibility for managing environmental risks?

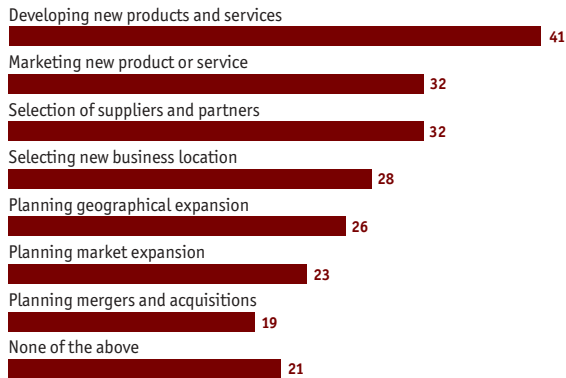
(% respondents)





In which of the following business activities does your company conduct a formal consideration of environmental risk?

Select all that apply.
(% respondents)



if responsibility is decentralised or left to a department or regional head who does not have visibility into other areas of the business. The lack of a process to communicate problems to the board will also create difficulties because, without such a structure in place, executive management cannot have confidence that information about serious risks is being passed up the chain to them.

Many companies conduct strategic activities without a formal assessment of environmental risk.

Blind-spots in the risk management of partners and suppliers have the potential to cause serious reputational damage. Although such a task is by no means easy, careful scrutiny of the practices of partners and suppliers has become essential to prevent problems from taking place.

According to our survey, however, a high proportion of companies do not conduct a formal assessment of environmental risk when undertaking a wide range of strategic activities, including the selection of partners or suppliers. Just 41% say that they conduct such an assessment when developing new products and services, 32% when selecting partners or suppliers, 26% when planning geographical expansion and just 19% when planning mergers and acquisitions. Figures

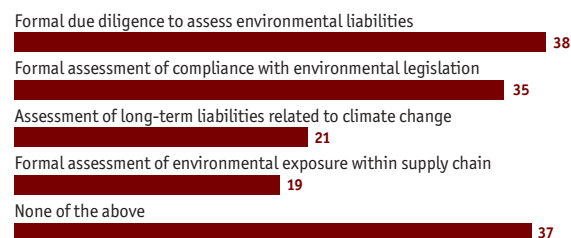
are slightly higher for manufacturing and heavy industry – for example, 52% of energy and natural resources companies conduct such an assessment when developing new products and services – but the numbers are not strikingly different. Given the potential scale of environmental liabilities that companies might face, and the reputational damage that can be caused by poor consideration of these issues, these figures seem surprisingly low.

The survey also looked specifically at aspects of environmental risk management undertaken when respondents are planning an acquisition. Again, there is only limited use made of formal due diligence processes, such as assessing environmental liabilities of the target company or its compliance with environmental legislation. Indeed, 37% of respondents say that they conduct none of the activities put forward in the question when planning an acquisition.

One aspect that the survey does not capture is the extent to which, having selected a supplier or partner or sealed an acquisition deal, companies monitor environmental risk on an ongoing basis. The suspicion has to be that, with so few companies conducting formal assessment of environmental risk when they embark on these activities, even fewer will keep track of these risks on a regular basis once the due diligence period is complete. Clearly, both are essential if the management of these risks is to be effective over the long term.

When planning an acquisition, which of the following steps do you take to evaluate environmental exposure of your target?

Select all that apply.
(% respondents)





Under the spotlight The transition of environmental risk management

Supply chains and the environment

A recent Economist Intelligence report entitled *Doing Good: Business and the Sustainability Challenge* identified the supply chain as being an area of particular weakness for companies seeking to improve their sustainability performance. The problem is one that has plagued companies for decades – it is very difficult to obtain clear visibility into practices carried out by external companies, and responsibility for environmental performance in these outsourcing relationships is often blurred. For example, a company might consider that, because it has outsourced logistics or manufacturing, the partner company should be responsible for ensuring that environmental problems do not arise, and for dealing with the fall-out should an accident occur. In theory, that may be true but, from a reputational perspective, the media, pressure groups and customers will be unlikely to draw a distinction between activities conducted by a supplier and the parent company.

Businesses increasingly realise this and are making greater efforts to scrutinise the environmental performance of their suppliers and partners. But many companies are still at the early stages of their journey to improve visibility into the supply chain and there continue to be weaknesses that have yet to be addressed.

One of the difficulties is ownership of supply chain risks that are related to the environment. Just as responsibility for environmental risk is often decentralised, so too supply chain risk suffers from

a similar problem. The complex, highly distributed nature of supply chains and partner networks fosters a decentralised approach – even if this is inappropriate. As with environmental risk, then, companies should pay careful attention to lines of responsibility and accountability for supply chain issues.

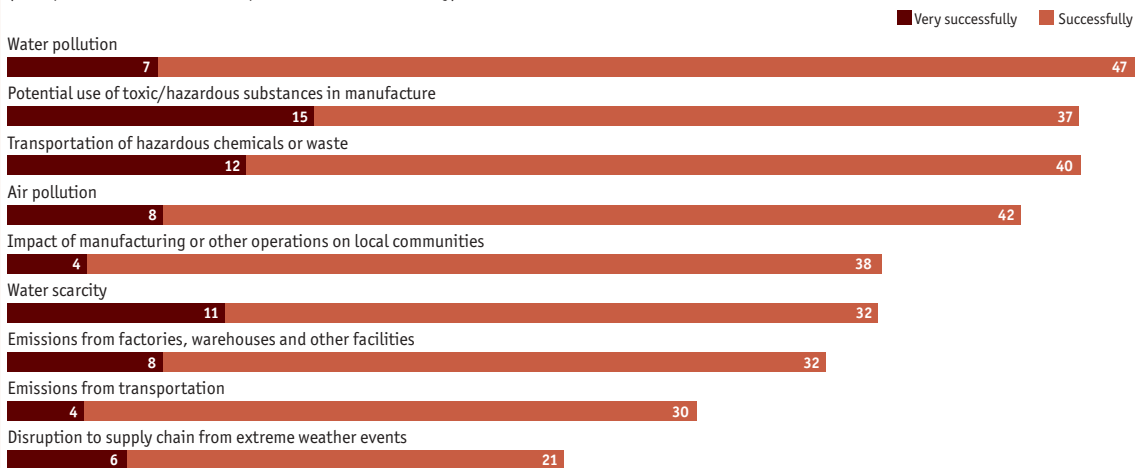
Asked how successfully they manage aspects of environmental risk related to their supply chain, respondents tend to perform most successfully at those aspects that are either regulated or for which they will be seen to have clear responsibility if things go wrong. For example, just over half think that they are successful at managing issues related to water pollution, the transportation of hazardous waste or chemicals, or the potential use of toxic and hazardous substances in manufacturing.

In most countries, all three activities are closely regulated and hence it is compulsory for companies to pay attention to these areas. Moreover, an accident related to a spill of hazardous substances, water pollution or the use of toxic chemicals in manufacturing is specific and can be directly traced back to the company that is responsible. An oil tanker that runs aground, the use of lead paint in products, or the pollution of a town's water supply by a factory are all directly attributable to the offender. As a result, these are areas that companies need to monitor extremely carefully, as the reputational implications of such environmental risks are substantial.

How successfully does your company manage the following environmental risks related to its supply chain?

Rate on a scale of 1 to 5, where 1= Very successfully and 5=Not at all successfully.

(% respondents; Charts shows responses 1 and 2 on scale only)





The areas where companies say that they perform less well are those that might be considered general, and for which no direct responsibility can be assumed by an individual company. The biggest weakness, according to respondents, is the management of disruption to the supply chain from extreme weather events. Not only are these events external and unpredictable, they affect all companies in the vicinity and, usually, no company can be singled out for handling the crisis poorly.

Equally, just one-third of respondents say that they manage emissions from transportation successfully. Again, this is a general issue – while collectively, emissions might cause major problems in terms of pollution and climate change, no single company can be identified as a major culprit. There is therefore less incentive to make improvements to performance in terms of emissions – doing so tends to be done either to improve the efficiency of operations or to demonstrate corporate social responsibility to customers.

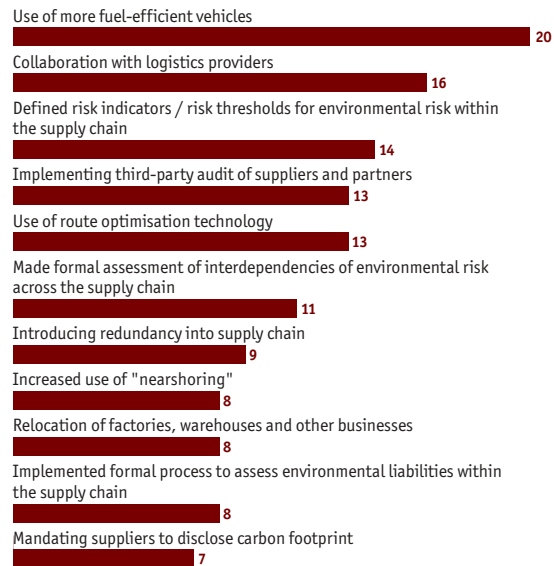
In the absence of strong incentives to improve performance, areas that depend on collective responsibility are best addressed by regulation. Without the obligation of compliance, the potential for “free riders” to take advantage of the actions of others is too great.

This is not to say, however, that companies are not thinking about these general problems. Asked about the initiatives they were taking to improve the management of environmental risk in the supply chain, respondents cite the use of more fuel-efficient vehicles

What is your company doing to improve the management of its supply chain in light of these risks?

Select all that apply.

(% respondents)



as their number one priority (although it is notable that, in all cases, only a small minority of respondents was undertaking any of these initiatives). This finding suggests that some companies have recognised that fuel efficiency in the supply chain is an area that needs improvement – and that it is one where modifications can have a positive impact on the bottom line.

Respondents see compliance with environmental legislation as a key strength. Asked how successfully they thought they managed different aspects of environmental risk, respondents considered that dealing with environmental regulations was their key strength. Just over half of respondents thought that they performed this activity either successfully or very successfully.

The complexity of environmental legislation and the lack of regulatory harmonisation between regions makes compliance a difficult and costly task. In seeking to comply with legislation within each of the jurisdictions in which it operates, a company will require multiple, national compliance teams

with specific expertise and training. This process requires considerable resources from which it is difficult to derive economies of scale.

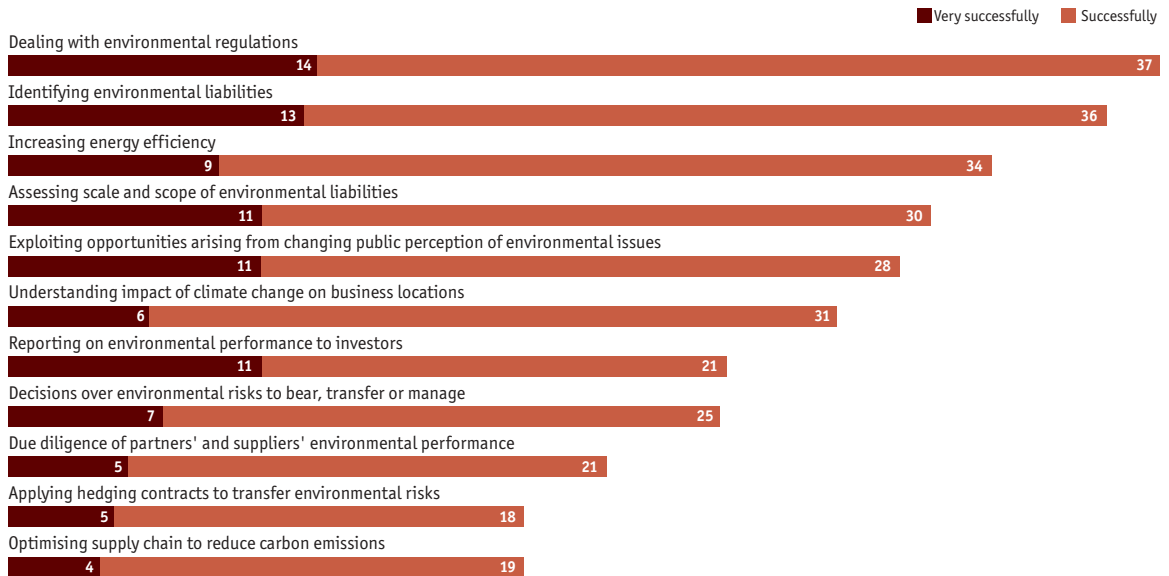
Yet is it interesting to note that companies see their key strength as the one aspect of environmental risk that is compulsory – other areas that are voluntary, but where competitive advantage may more easily be gained, are less well developed. For example, companies may not be compelled to improve their energy efficiency, but to do so can create sustained competitive advantage in terms of greater operational efficiency over those companies that have not yet considered this course of action.



Under the spotlight The transition of environmental risk management

**How successfully do you think your company manages the following aspects of environmental risk?
Rate on a scale of 1 to 5, where 1= Very successfully and 5=Not at all successfully.**

(% respondents; Charts shows responses 1 and 2 on scale only)



Managing environmental risks associated with suppliers and partners is a key area of weakness. The main weaknesses of environmental risk management, according to respondents, seem to centre around dealing with partners and the supply chain. Less than one quarter of respondents consider themselves to be successful at optimising the supply chain to increase energy efficiency and just over one quarter consider themselves to be successful at due diligence of partners' and suppliers' environmental performance. Given the complexity of today's supply chain and the interconnected web of partner organisations that support most businesses, this is perhaps not surprising. The finding suggests, however, that more needs to be done to assess these liabilities which, from a reputational point of view, will be perceived as being the responsibility of the parent company as well as the supplier. A supply chain or partner network is only as strong as its weakest link; it is therefore imperative that companies scrutinise their relationships to assess where potential faults may lie.

Better reputation with customers and investors is seen as the main benefit of environmental risk management. The survey provides a clear indication that companies see an enhanced reputation with customers as the key benefit of effective environmental risk management. Almost six in ten said that this was one of the main benefits to be gained – a considerable margin ahead of better reputation with investors, which was cited by 30%.

Companies that operate in consumer markets have recognised the need to burnish their environmental credentials for a number of years. In the UK, the Plan A initiative operated by retailer Marks & Spencer (so called because the company says there is no Plan B), which commits the company to numerous environmental and ethical principles, provides a good example of a strategy that potentially has the outcome of strengthening reputation in this way.

Consumers may select a brand in part on the basis of its environmental credentials, but business-to-business customers may be less inclined to

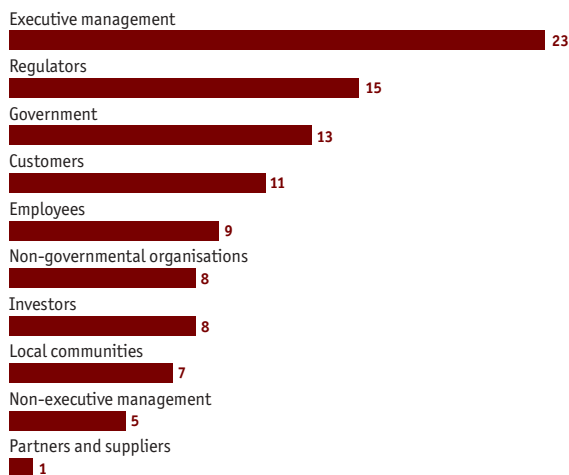


do so. As mentioned in an earlier finding, less than one third of companies say that they consider environmental issues when selecting a partner or supplier. With these relationships, it seems, it is still the core metrics of cost, service and performance that matter most. In addition, business to business relationships are generally more long-term and tied into contracts. This means that, unlike a retailer that can measure an upswing in sales as the result of a high-profile environmental initiative within a matter of days, B2B companies must wait longer to assess the results of such an approach.

This is not to say, however, that environmental performance will not become a more important consideration in business to business relationships. As scrutiny by customers, regulators, employees and others intensifies, companies will find themselves having to pay more attention to the environmental performance of their suppliers. Moreover, it is likely that good environmental performance and reporting will come to be seen as a proxy for good overall management – and that in itself will prove attractive for potential customers.

Which of the following stakeholders currently exerts the most pressure on your company to improve environmental risk management?

Select all that apply.
(% respondents)

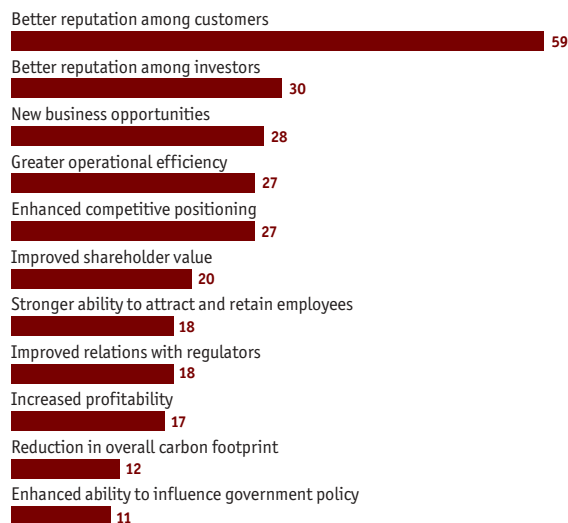


Despite this apparent focus on customers as the driving force behind environmental risk management, it is interesting to note that, when asked about the stakeholders who were exhorting companies to improve their performance in this area, they come some way down the list. Respondents say that the main force behind the initiative is executive management, followed by regulators and government. Customers come fourth on the list – again providing evidence that compliance is frequently the main driver behind more effective environmental risk management.

The second biggest benefit of effective environmental risk management – although it scores well behind reputation with customers – is enhanced reputation with investors. Certainly, investors are becoming more interested in environmental risk. Shareholder resolutions filed against companies to protest at some aspect of environmental performance are becoming more commonplace – according to a December 2006 article in the *Harvard Business Review*, there were 360 resolutions filed around corporate social responsibility issues in 2005. There is also

What are the biggest benefits that your company expects to derive from more effective environmental risk management?

Select up to three.
(% respondents)





Under the spotlight The transition of environmental risk management

a growing interest in reporting that takes account of these metrics, as evidenced by the Global Reporting Initiative, a voluntary sustainability reporting framework, which has been adopted by more than 1500 major companies since it was launched in 2002.

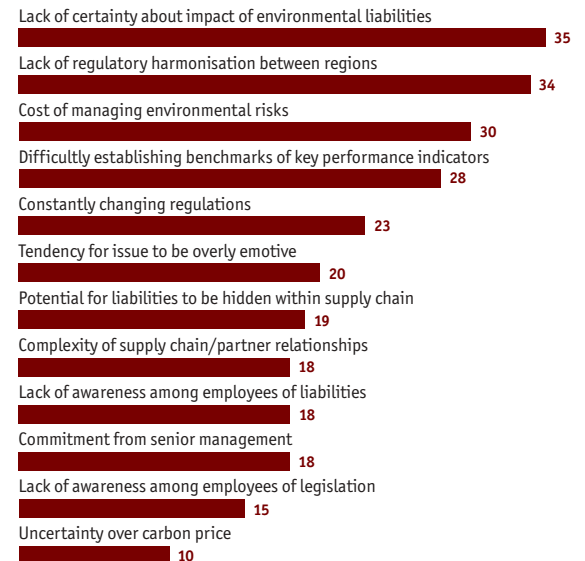
Yet despite these trends, investors do not seem to be exerting huge pressure on companies to address their environmental risk management, according to our survey. They trail behind most other stakeholders at seventh place on the list. Even when segmenting the results to consider only board-level respondents, who are most likely be in the firing line for wrath from shareholders, investors continue to lag behind most other stakeholders. Looking at the larger companies in the survey, however, investors do feature more prominently. Greater scrutiny from investors, it seems, is far more likely to come with size.

Climate change is an opportunity as well as a risk. There is a widely held view that, while climate change could have a devastating effect on economic growth and the business community at large, there will be new and emerging opportunities associated with society's efforts to address the problem. One company's risk is another's opportunity, and so it is with climate change, according to our respondents. Asked to rate the significance of opportunities and risks associated with climate change, 44% saw the risks as significant but a slightly higher proportion of 49% saw the opportunities as significant.

For financial services companies, for example, the trading of permits to emit carbon as part of the European Emissions Trading Scheme has created a buoyant

Which of the following factors most hinder your ability to manage environmental risk?

Please select up to three.
(% respondents)



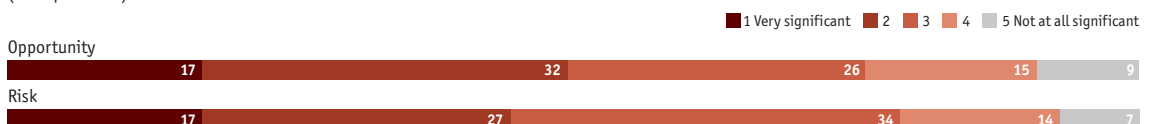
new commodity market. Energy companies, meanwhile, have opportunities to develop new sources of energy that are less dependent on fossil fuels – the styling of BP as “Beyond Petroleum” is a striking example of that particular company's long-term intentions. And automotive companies have opportunities to develop new, low-emissions engines, just as Toyota has done so successfully with its Prius hybrid model.

Lack of certainty – about the impact of environmental liabilities and the future scope of legislation – are the main obstacles to effective environmental risk management.

Asked about the factors that stood in the way of more effective environmental risk management,

How significant does your company view the opportunities and risks associated with climate change? Rate on a scale of 1 to 5, where 1= Very significant and 5=Not at all significant.

(% respondents)





two issues stood out. First, respondents feel that they lack certainty about the potential impact of environmental liabilities, and second, they are concerned about the lack of international regulatory harmonisation.

At their heart, these two issues are concerned with a lack of certainty. If we look at the top three risks cited by respondents for which they face potential environmental liabilities – extreme weather events, the potential impact of climate change over the long term and water scarcity, it is clear that the timing and scale of these threats is inherently unpredictable. Faced with such a high degree of uncertainty, and the huge challenge of quantifying these threats, it is perhaps unsurprising that environmental risk management remains at a relatively early stage of its development.

The lack of regulatory harmonisation around environmental risk management also creates uncertainty for companies. The current Kyoto Protocol on climate change expires in 2012 and there is, as yet, no successor. Although in Europe, the emissions trading scheme is certain to continue in some shape or form, it remains unclear whether the scheme will broaden to encompass more industries and countries, or whether the US, China and India will sign up to a similar cap-and-trade approach. Without the policy steers that they need to set long-term strategy, and with divergent approaches being taken to regulation in different parts of the world, it inevitably becomes difficult for companies to manage environmental risk coherently on a global platform.



Conclusion

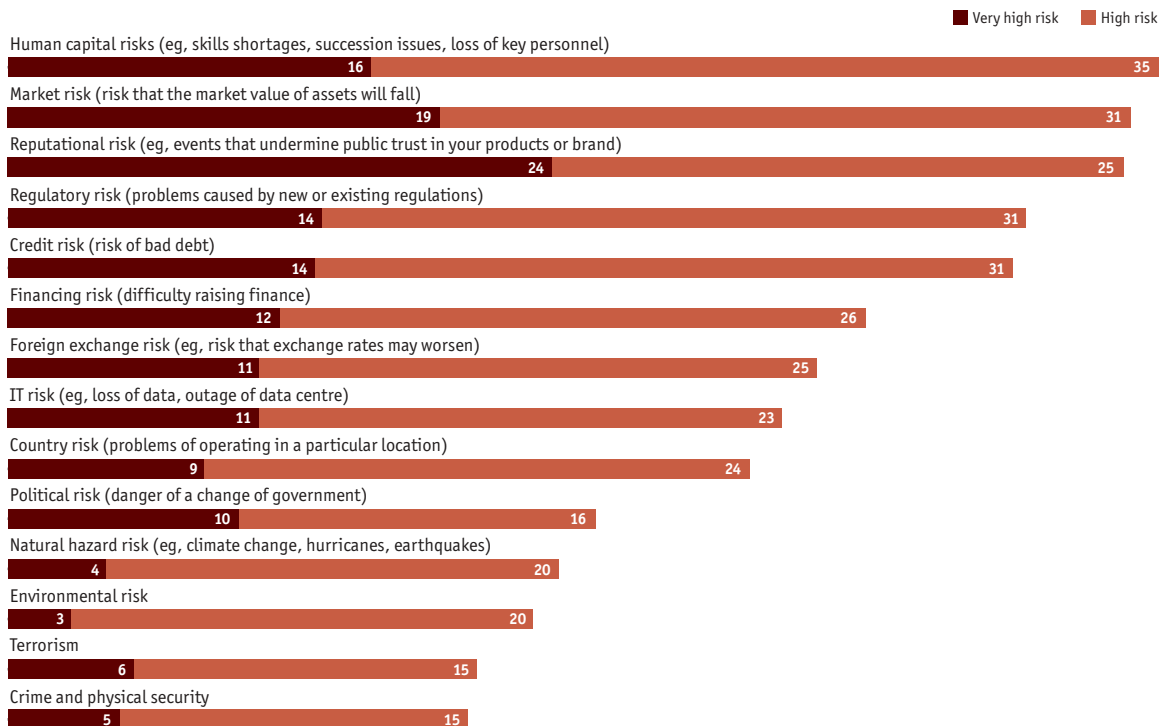
- Companies should ensure that environmental risk is managed in a co-ordinated way and forms part of their overall risk management framework. The survey suggests that too many companies are managing environmental risk in an ad hoc manner. If the activity is to be successful, it must be considered as part of the overall risk management strategy and not managed as a separate process only when problems arise.
- Executives should put in place clear lines of responsibility and ensure that a senior person has responsibility for this risk. Only a minority of companies in our survey hand responsibility for environmental risk to the chief executive or chief risk officer. All too often, it is delegated to regional directors, line managers or no one has overall responsibility at all. It is not essential to have the chief executive in charge of environmental risk but if he or she is not, there must be clear lines of accountability and appropriate channels through which problems can be elevated and discussed.
- Environmental risk does not stop at the company walls. Our survey suggests that one of the main weaknesses among corporates with this aspect of risk is a lack of scrutiny into the environmental performance of partners and suppliers. Given the number and geographical range of the external partners with whom companies collaborate, it is essential that they consider environmental risk not just within their own organisation, but also among those with whom they work. They must ensure that they ask the right questions when evaluating potential partners, but the process should not end there. It is just as important to monitor environmental performance on an ongoing and regular basis.
- Environmental risks can also be a source of opportunity. In the coming years, it is almost certain that environmental risk will rise up the corporate agenda as concern about climate change and the impact of business on the environment increases. This presents challenges for companies, but it also offers opportunities. Depending on their industry, companies may be able to develop products or services that offer better environmental performance than those of their competitors, or that help to address some of the risks that companies are now facing.

Appendix: Survey results

How significant a threat do the following risks pose to your company's global business operation today?

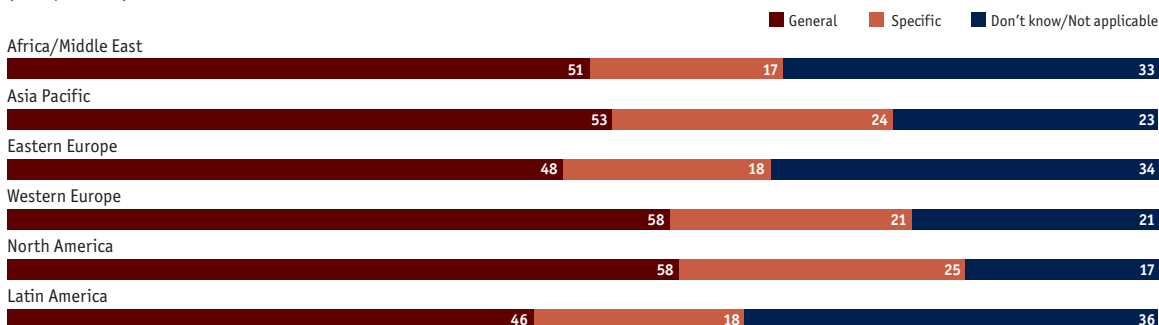
Rate on a scale of 1 to 5, where 1=Very high risk and 5=Very low risk.

(% respondents; Charts shows responses 1 and 2 on scale only)



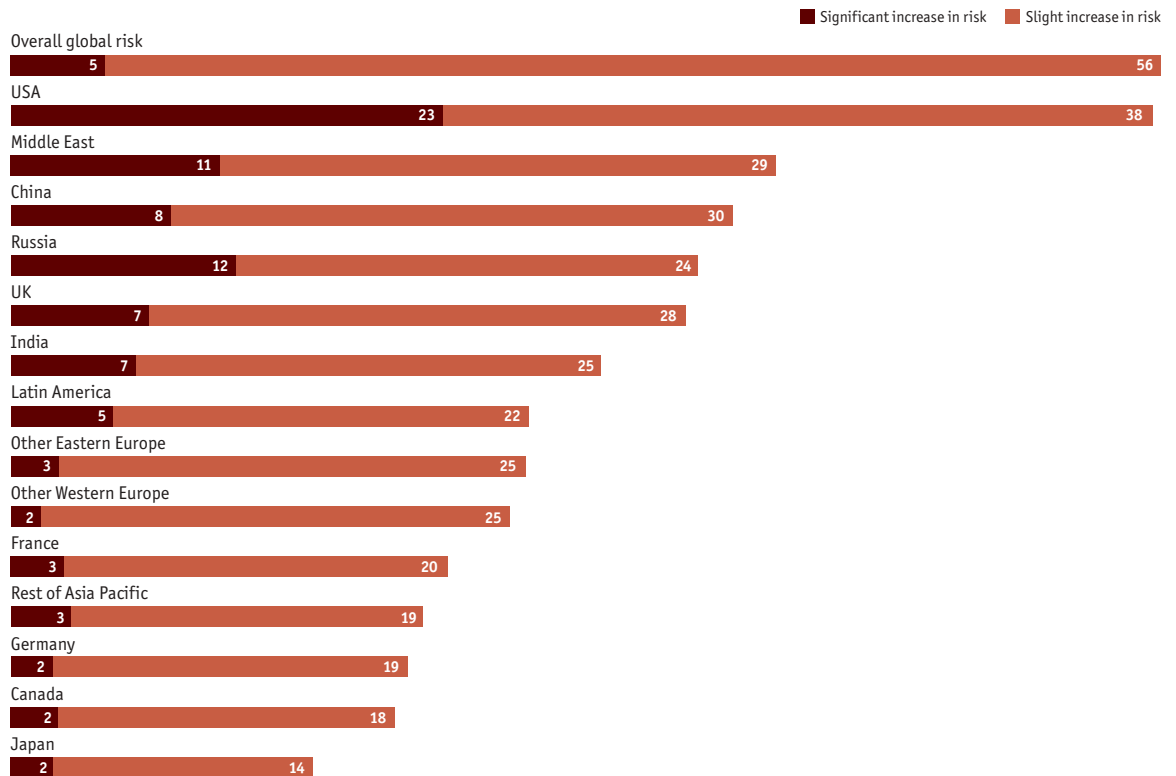
In each of the following regions, are the majority of risks to your business considered to be general (eg, likely to affect many other companies operating in the same location or industry) or specific (eg, relating to your company's internal systems, processes or people)?

(% respondents)

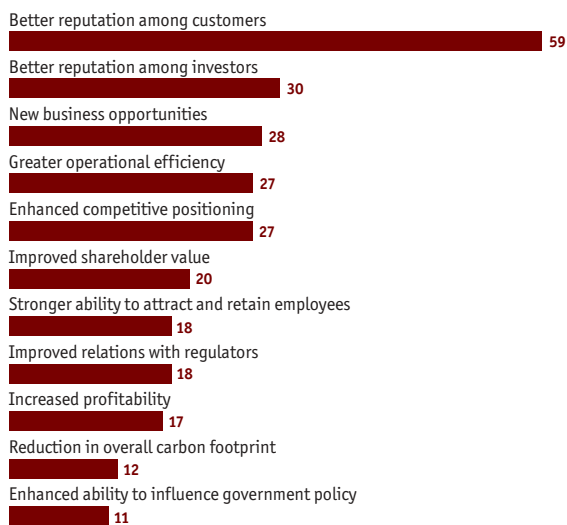


Appendix
Under the spotlight
The transition of environmental risk management

How has your organisation's assessment of risk in each of the following countries and regions changed over the last three months?
(% respondents)

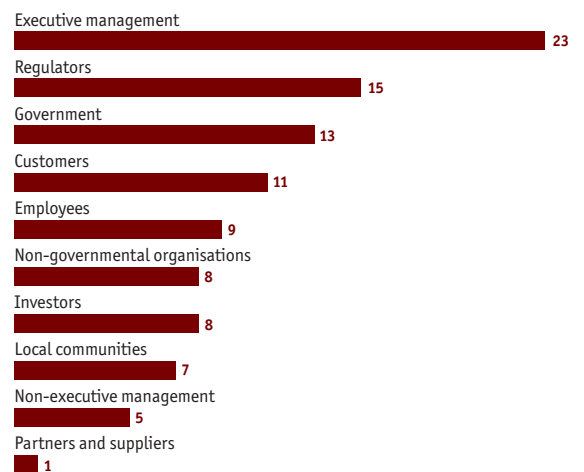


What are the biggest benefits that your company expects to derive from more effective environmental risk management?
Select up to three.
(% respondents)



Which of the following stakeholders currently exerts the most pressure on your company to improve environmental risk management?

Select all that apply.
(% respondents)



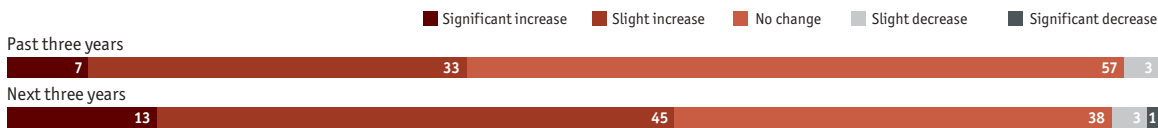
What change has there been to the amount of attention and financial resources that your company dedicates to environmental risk in the past three years, and what change do you expect in the next three years?

(% respondents)



What change has there been to the scale of your overall environmental liabilities over the past three years, and what change do you expect in the next three years?

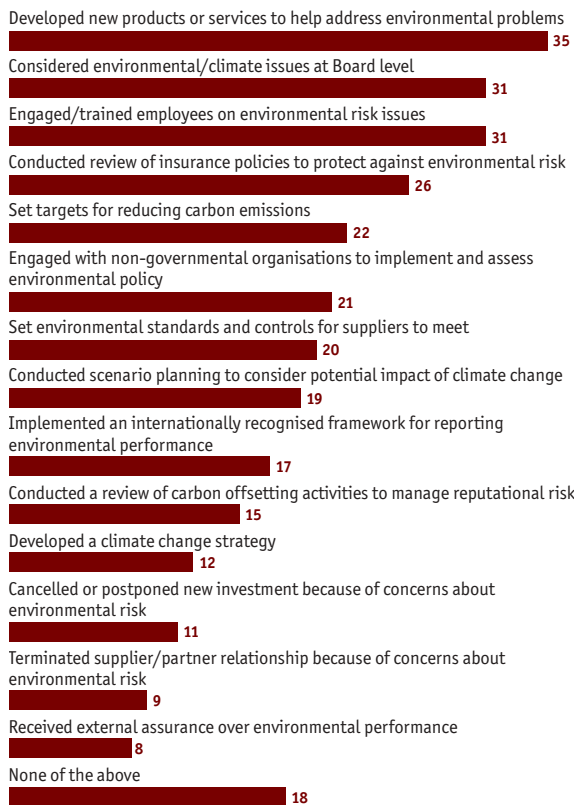
(% respondents)



Over the past three years, which of the following initiatives has your company undertaken to improve its management of environmental risk?

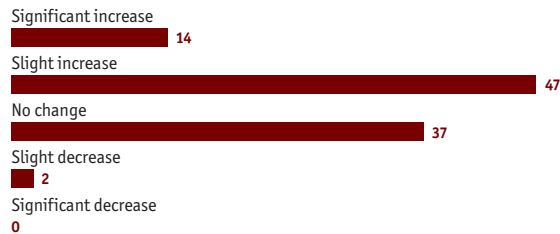
Select all that apply.

(% respondents)



In the past three years, what change has there been to the amount of time the board spends on discussing environmental issues?

(% respondents)

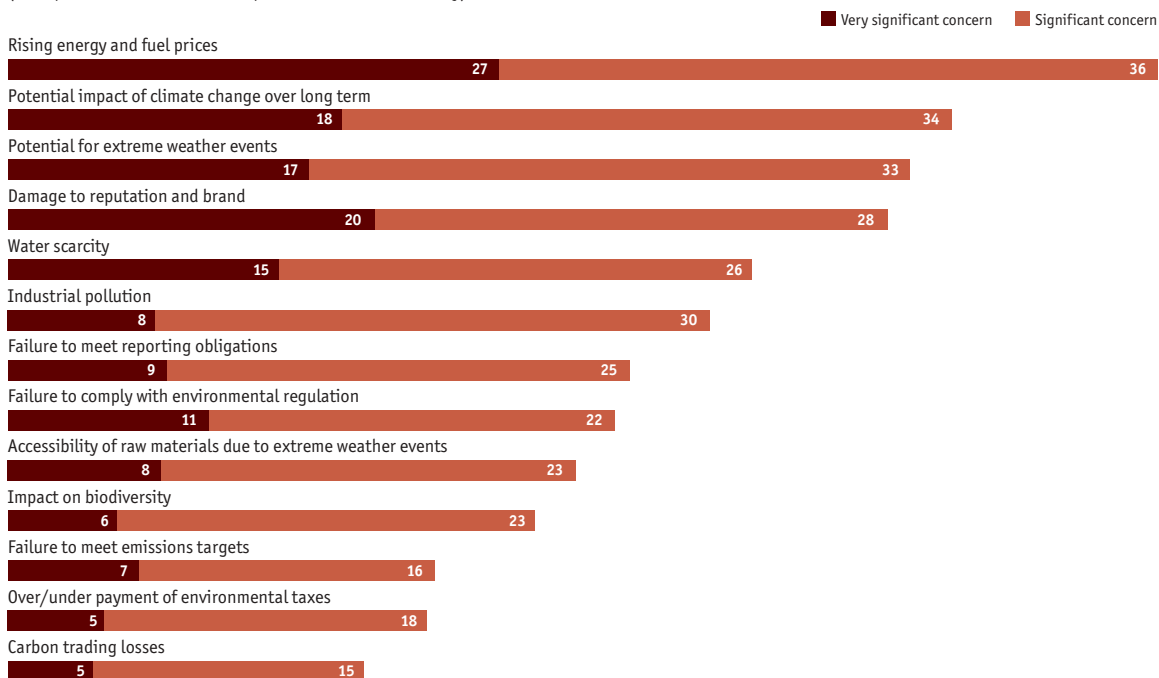


Appendix
Under the spotlight
The transition of environmental risk management

How significant a concern are the following issues associated with environmental risk for your company?

Rate on a scale of 1 to 5, where 1=Very significant concern and 5=No concern at all.

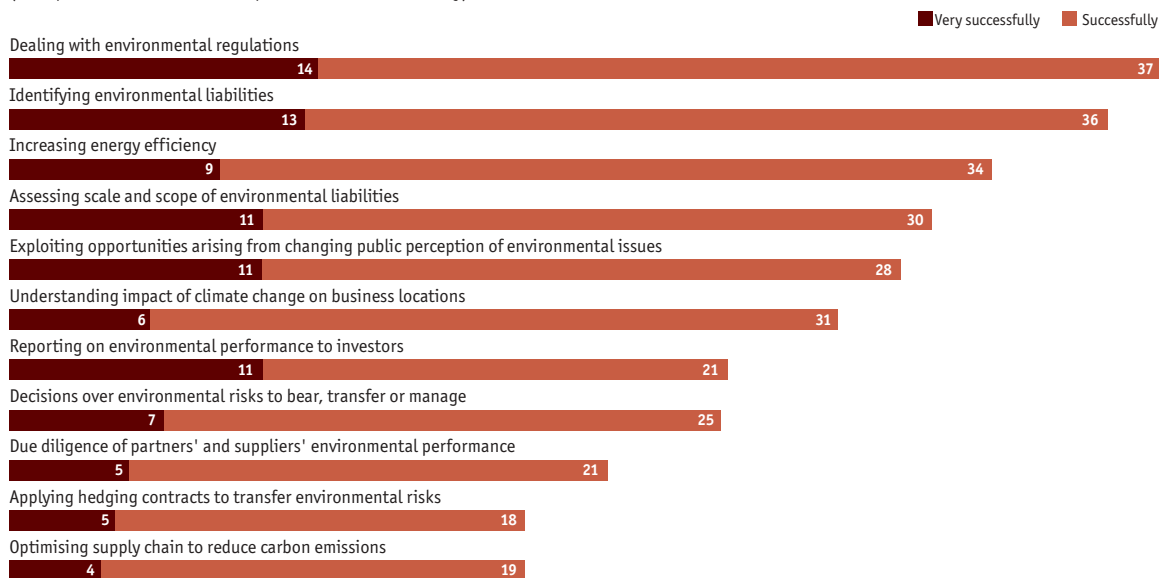
(% respondents; Charts shows responses 1 and 2 on scale only)



How successfully do you think your company manages the following aspects of environmental risk?

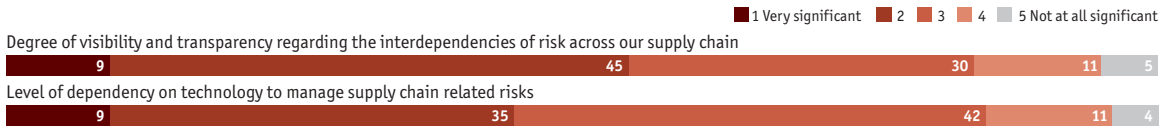
Rate on a scale of 1 to 5, where 1=Very successfully and 5=Not at all successfully.

(% respondents; Charts shows responses 1 and 2 on scale only)



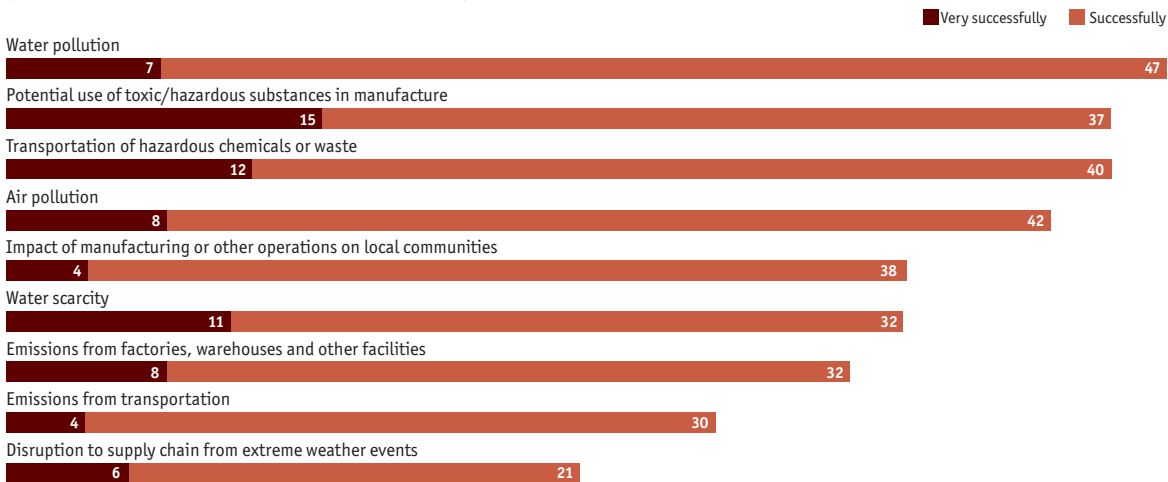
**How would you rate the following aspects of managing supply chain risk in your organisation?
Rate on a scale of 1 to 5, where 1= Very significant and 5=Not at all significant.**

(% respondents)



**How successfully does your company manage the following environmental risks related to its supply chain?
Rate on a scale of 1 to 5, where 1= Very successfully and 5=Not at all successfully.**

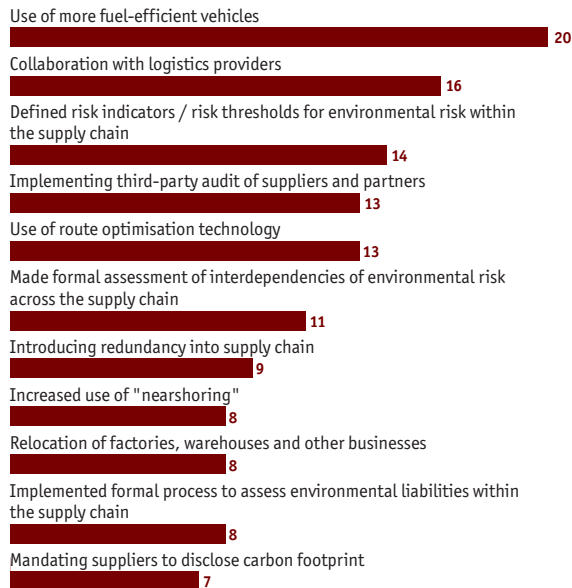
(% respondents; Charts shows responses 1 and 2 on scale only)



Appendix
Under the spotlight
The transition of environmental risk management

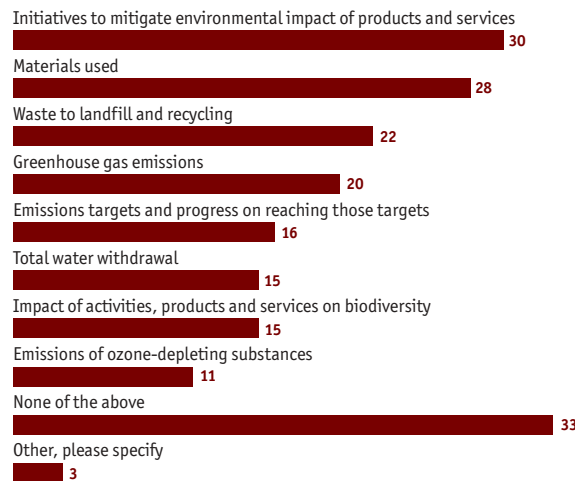
What is your company doing to improve the management of its supply chain in light of these risks?

Select all that apply.
(% respondents)



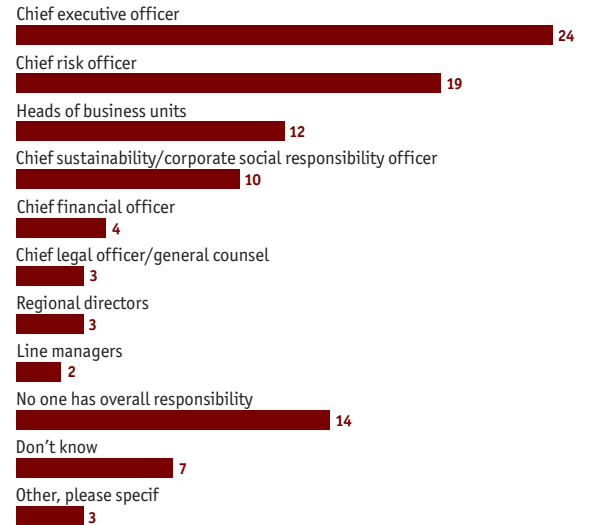
Which of the following indicators does your company use in its formal environmental reporting?

Select all that apply.
(% respondents)



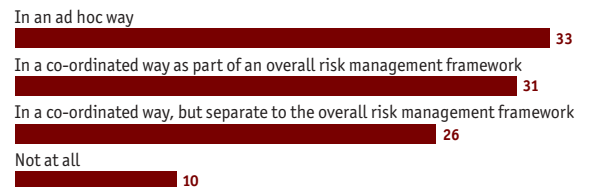
Who in your company has overall responsibility for managing environmental risks?

(% respondents)



How is environmental risk managed in your organisation?

Please select the answer that is most appropriate.
(% respondents)



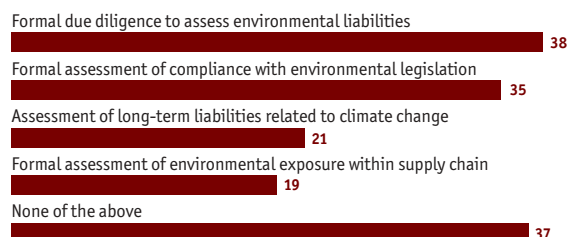
What types of supply chain risks do you perceive as having the potentially greatest environmental impact to your organisation?

(% respondents)



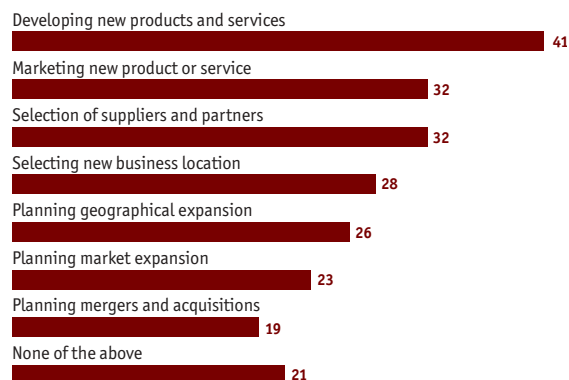
When planning an acquisition, which of the following steps do you take to evaluate environmental exposure of your target?

Select all that apply.
(% respondents)



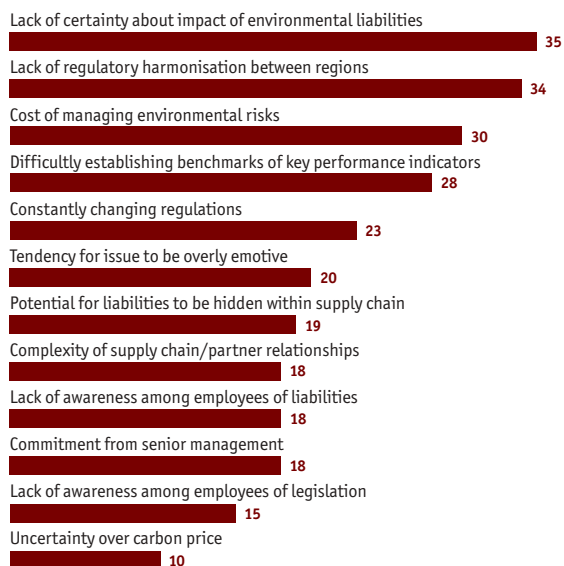
In which of the following business activities does your company conduct a formal consideration of environmental risk?

Select all that apply.
(% respondents)



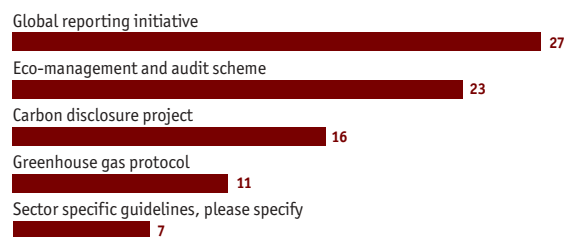
Which of the following factors most hinder your ability to manage environmental risk?

Please select up to three.
(% respondents)



In your reporting, do you apply any of the following guidelines?

Select all that apply.
(% respondents)

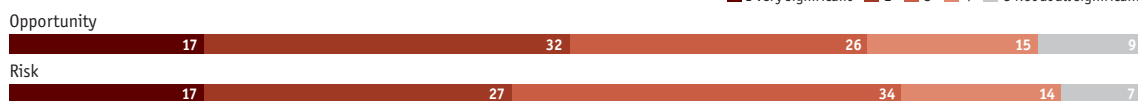


How significant does your company view the opportunities and risks associated with climate change?

Rate on a scale of 1 to 5, where 1= Very significant and 5=Not at all significant.

(% respondents)

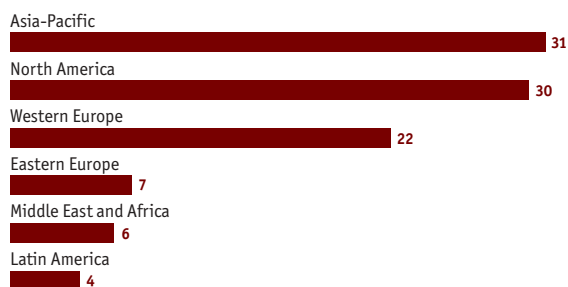
1 Very significant 2 3 4 5 Not at all significant



About the respondents

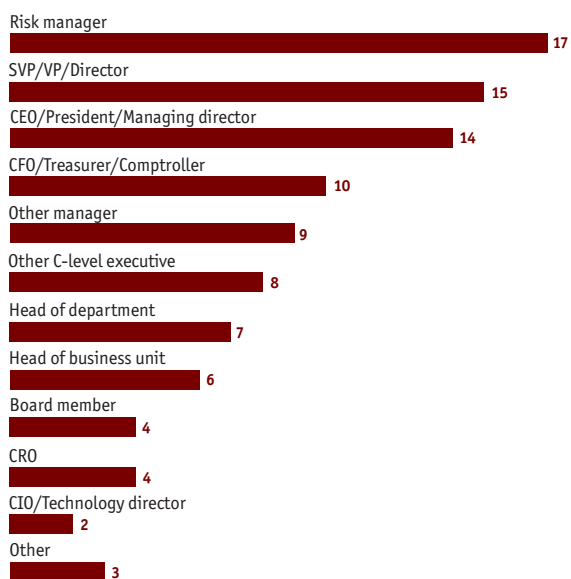
In which region are you personally based?

(% respondents)



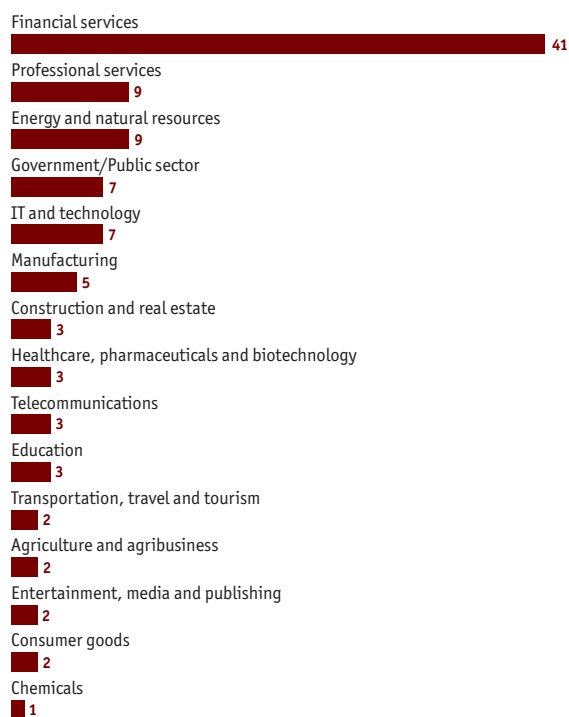
Which of the following best describes your title?

(% respondents)



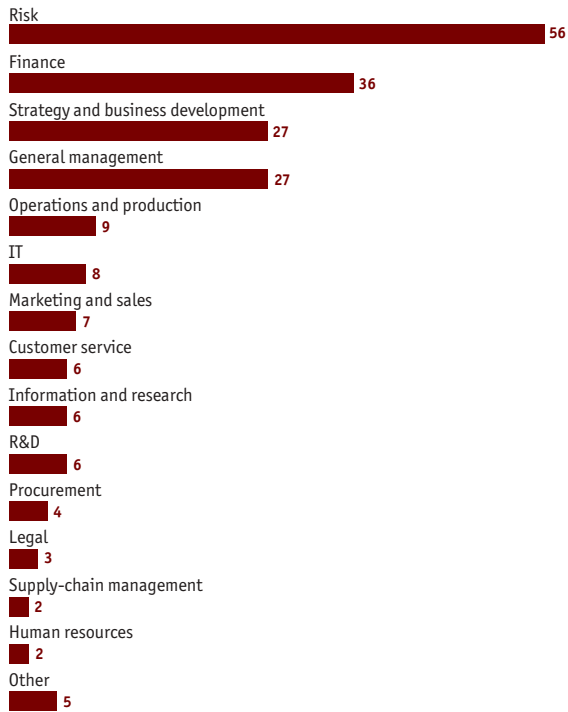
What is your primary industry?

(% respondents)



What are your main functional roles?

Please choose no more than three functions.
(% respondents)



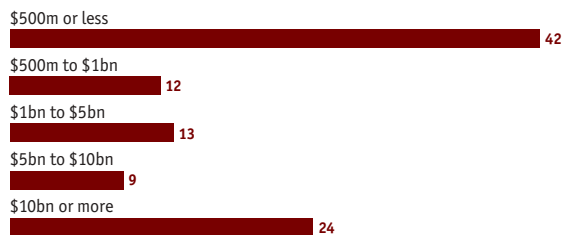
Do you have responsibility for, or influence over, strategic decisions on risk management in your company?

(% respondents)



What is your organisation's global annual revenue in US dollars?

(% respondents)





CREATE A CLEANER FUTURE. MAKE PROGRESS.

Pollution no longer presents the impossible risk management problem it once did. ACE offers a full range of environmental liability solutions with expert underwriting, superior claims handling, and local market experience. Now you can focus on the possibilities, not the liabilities, to make progress in your business. For more on the ACE Group of insurance and reinsurance companies, visit insuringprogress.com



▲ PROPERTY & CASUALTY ▲ ACCIDENT & HEALTH ▲ LIFE

INSURING PROGRESS®



ACE Environmental Risk

ACE is among the largest and most advanced global underwriters of environmental liabilities and pollution risk, with ACE Environmental Risk units in North America, Europe and Asia.

ACE European Group offers a full range of environmental liability solutions across Europe; from traditional risk transfer for simple operational exposures, to bespoke programmes specifically designed for complex merger, acquisition or liability relief transactions.

ACE's environmental coverage offers a range of options including:

- Coverage for gradual as well as sudden and accidental pollution conditions
- Coverage for historic conditions and operational exposures
- On-site clean-up of pollution conditions.

ACE's environmental liability offerings go well beyond the limits of traditional casualty insurance coverage. Through global expertise and experience, ACE can help its clients identify potential risks and create solutions to minimise bottom line impacts. We can provide comprehensive hands-on management for environmental liabilities from start to finish. In many cases, working with ACE to lessen the risk of environmental issues can actually free up assets and return idle properties to productive use.

Key contacts

UK

Wayne Harrington
wayne.harrington@ace-ina.com *email*
+44 (0)207 173 7354 *tel*
Tom Hillier
tom.hillier@ace-ina.com *email*
+44 (0)207 173 7157 *tel*

Continental Europe

Dorothee Prunier
dorothee.prunier@ace-ina.com *email*
+33 (1) 55 91 47 17 *tel*

About ACE

ACE European Group has established branch offices in 19 countries across Europe, Freedom of Services permission to provide insurance services to clients in 30 European countries and affiliates in Egypt, Bahrain, Pakistan, Russia and South Africa.

Part of the ACE Group of Companies, ACE European Group comprises the operations of ACE Europe, ACE Global Markets and ACE Tempest Re Group. ACE Europe provides a range of tailored Property and Casualty, Accident and Health and Personal Lines solutions for a diverse range of clients. ACE Global Markets (AGM) is ACE's specialty international business, underwriting through ACE's Lloyd's Syndicate 2488 and ACE European Group Limited. Specialty lines include excess and surplus lines business, Marine, Aviation, Energy and Political Risk as well as Property, Financial Lines and Accident and Health. Additional information on ACE European Group can be found at www.aceeuropeangroup.com.

The ACE Group of Companies is a global leader in insurance and reinsurance serving a diverse group of clients. Headed by ACE Limited (NYSE: ACE), a component of the Standard & Poor's 500 stock index, the ACE Group conducts its business on a worldwide basis with operating subsidiaries in more than 50 countries. Additional information can be found at www.ancelimited.com.

ACE European Group offices

Austria

Teinfaltstrasse 4
Vienna 1010 Wien
(43-1)710 93 55 tel
(43-1)710 95 20 fax

Belgium

Avenue des Nerviens 9-31
1040 Brussels
(32-2)516 9711 tel
(32-2)513 0884 fax

Czech Republic

International Business Centre
Pobrezní 3
Praha 8
(420)222 351 251 tel
(420)222 351 291 fax

Denmark

Vestergade 2C
1456 Copenhagen K
(45-333)22 517 tel
(45-333)22 547 fax

Finland

Mannerheimintie 12B
FI-00100 Helsinki
(358-0)6969 2626 tel
(358-0)6969 2627 fax

France

Le Colisée
8 Avenue de l'Arche
92400 Courbevoie Cedex
Paris
(33-1)5591 4545 tel
(33-1)4788 4510 fax

Germany

Lurgiallee 10
60439 Frankfurt
(49-69)756 130 tel
(49-69)746 193 fax

Gibraltar

Suite 825/6
Europort
(350)751 22 tel
(350)751 29 fax

Hungary

Regus House
Budapest Kálmán Imre
ucta
1054-Budapest
(36)1 475 1230 tel
(36)1 475 1530 fax

Ireland

5 Georges Dock
International Financial
Services Centre
Dublin 1
(353-1)440 1700 tel
(353-1)440 1701 fax

Italy

Viale Monza, 258
20128 Milan
(39-02)27095-1 tel
(39-02)27095-333 fax

Netherlands

Marten Meesweg 8-10
3068 AV Rotterdam
(31-10)289 3575 tel
(31-10)289 3599 fax

Norway

C J Hambros plass 2c
0164 Oslo
(47)2331-5440 tel
(47)2331-5441 fax

Poland

85-87 Ul.Chmielna
00-805 Warsaw
(48)22 581 0750 tel
(48)22 581 1133 fax

Portugal

Av.Da Liberdade, 110
1269-046 Lisbon
(351)21 340 46 75 tel
(351)21 340 45 75 fax

Spain

c/Francisco Gervás, 13
Madrid 28020
(34-91)837 49 77 tel
(34-91)837 67 76 fax

Sweden

Klarabergsviadukten 90
Box 868
101 37 Stockholm
(46-8)692 5400 tel
(46-8)692 5410 fax

Switzerland

Mainaustrasse 30
CH-8008 Zürich
(41-43)456 7600 tel
(41-43)456 7601 fax

United Kingdom

100 Leadenhall Street
London EC3A 3BP
(44-0)20 7173 7000 tel
(44-0)20 7173 7800 fax

