

DELIVERING RISK MANAGEMENT SOLUTIONS

# ARE YOUR ENVIRONMENTAL MANAGEMENT SYSTEMS ON TRACK?



Instead of being viewed as a painful compliance and resource issue, commitment to a transparent Environmental, Social Governance (ESG) programme is viewed increasingly as an opportunity and catalyst for innovation.

Effective ESG programmes can help sharpen your competitive edge, lower operational costs, reduce fines and penalties, improve bottom line, reduce insurance spend, increase investor confidence and embed operational excellence. Marsh recognises that your ESG responsibilities will change depending on the maturity, size and complexity of your business. Whether your business is beginning its sustainability journey or has focused on refining this process over a number of years, we can support you.

## CHALLENGES ADAPTING TO THE NEW REALITY

The corporate governance function has undergone a significant evolution over the past decade in the environmental space and is now driven increasingly by the need to focus on:

- Accountability and transparency.
- Regulatory compliance.
- Stakeholder demands.
- Rapid response times.

However, we recognise there are challenges in adapting to this new reality and can develop bespoke solutions that can assist you on your journey.



# YOUR ENVIRONMENTAL SOLUTIONS

At Marsh we work with you to design Environmental solutions that are fit for purpose depending on your governance needs.

Our services include:

-  Environmental Risk Focus
-  Environmental Management System Review
-  Environmental Quantitative Risk Analysis
-  Environmental Insurance Audit
-  Environmental Insurance Placement

Our team can apply effective knowledge and tools to help you demonstrate that:

- Your Board of Directors has articulated its expectations with respect to anticipating, understanding, managing, monitoring and reporting environmental risks that could strategically impact the business.
- You have an environmental risk management system that provides an effective framework for identifying, reporting and controlling environmental risk exposures (including reporting to the Board on environmental risks that could strategically impact the business).
- Environmental risk exposures that could significantly impact the balance sheet are reliably insured (where relevant insurance protection is available), or can be otherwise provisioned should such a risk materialise.

## ARE YOU WELL POSITIONED TO MANAGE YOUR ENVIRONMENTAL RISKS?

If your answer is no to one or more of the following then you may be at risk to new and evolving exposures:

### ASSESS:

**IF THE ANSWER IS NO, CONSIDER THE FOLLOWING:**

Do you currently assess and understand your environmental risk exposures?	   
Do you have a clear protocol to respond to regulation changes with respect to your environmental risk exposures?	 
Have your industry specific regulations been unchanged in the last two years?	  
Do you currently monitor disclosure requirement with respect to your environmental risk exposures?	  
Do you have an environmental risk management strategy, governance framework, systems assurance or regulatory disclosure processes?	    
Do you have an environmental risk register?	 
Have you reviewed your risk exposures and existing controls in the past 18 months?	    
Have you reviewed your risk-based insurance strategies in the past 18 months?	    
Is your environmental spending effectively and efficiently focused?	



### ENVIRONMENTAL RISK FOCUS ASSESSMENT

Environmental Risk Focus is a proprietary method Marsh risk engineers and insurance brokers apply to:

- Profile and prioritise a client’s major environmental risk exposures and evaluating the general efficacy of existing controls.
- Compare the environmental risk profile against your insurance program to identify opportunities for optimising the insurance strategy.

Environmental Risk Focus helps inform your:

- Planning, budgeting and continuous improvement processes.
- Environmental risk management strategy, governance framework, systems assurance and regulatory disclosure processes.
- Environmental risk registers.
- Risk-based insurance strategies.



### ENVIRONMENTAL QUANTITATIVE RISK ANALYSIS

Marsh risk engineers apply quantitative risk analysis methods to assess first party, third party and environmental exposures arising from client operations employing hazardous processes and/or storing/distributing hazardous materials (where significant fire, explosion or gas dispersion potential exists).

Quantitative risk analyses help clients operating hazardous facilities:

- Give effect to their environmental due diligence obligations.
- Advocate regulatory compliance in those cases where hazard assessments using industry-recognised quantitative risk analysis methods and tools are a regulatory requirement.
- Inform their planning, budgeting and continuous improvement processes.
- Inform their environmental risk management strategy, governance framework, systems assurance and regulatory disclosure processes.



### ENVIRONMENTAL INSURANCE PLACEMENT

Marsh insurance brokers market and negotiate best available (and sustainable) insurance policy pricing, cover and terms when marketing and placing client environmental insurance covers, including:

- Premises Pollution Liability (PPL) insurance policies.
- Contractors Pollution Liability (CPO) insurance policies.
- Contractors Operations & Professional Services (COPS) insurance policies.
- When including elements of environmental cover in Material Damage/Business Interruption, General Liability, Statutory Liability and other insurance policies that the client may have purchased.

Environmental insurance policies marketed and placed by Marsh help clients:

- Protect their balance sheet.
- Apply risk-based insurance strategies.
- Align insurance policy wording with the risk exposures that they are intended to cover.
- Inform their environmental risk management strategy, governance framework, systems assurance and regulatory disclosure processes.
- Achieve best available insurance policy pricing, cover and terms when marketing and placing environmental insurance covers.



### ENVIRONMENTAL MANAGEMENT SYSTEM REVIEW

Marsh risk engineers apply elements of the ISO 14,001:2004 “Environmental Management Systems” standard to benchmark your Environmental Management (EMS) Systems against recognised industry good practice. A risk-based approach is used to assess the impact of system deficiencies on EMS maturity and effectiveness.

Assessments against ISO 14,001 help you:

- Understand the effectiveness of your environmental management systems and the integration of these systems within the corporate risk management framework.
- Identify environmental obligations that are not being met, and the impact this might have on regulatory compliance in those cases where compliance with ISO 14,001 is a regulatory requirement.
- Benchmark environmental management systems against recognised industry good practice standards.
- Inform planning, budgeting and continuous improvement processes.
- Inform environmental risk management strategy, governance framework, systems assurance and regulatory disclosure processes.



### ENVIRONMENTAL INSURANCE AUDIT

Marsh risk engineers and insurance brokers conduct environmental insurance exclusion audits to identify environmental exposures that could be excluded from existing client environmental liability insurance policies. An exclusion in insurance terms is a provision within the insurance policy wording that eliminates coverage for losses involving specified locations, assets, types of exposures, or types of losses.

Environmental insurance exclusion audits help clients:

- Assess the efficacy of their environmental insurance policy covers.
- Give effect to their environmental due diligence obligations.
- Inform their environmental risk management strategy, governance framework, systems assurance and regulatory disclosure processes.
- Achieve best available insurance policy pricing, cover and terms when marketing and placing environmental insurance covers.

## NEXT STEPS

We can help develop your Environmental Programme based on your needs and our experience.

Contact your Marsh Client Executive or phone us on 0800 627 744.

## INCREASED GOVERNANCE AND REGULATORY CHANGES ARE REAL

Organisations that seek to embed effective Environmental Management programmes into core business activities have an advantage with real benefits, including:

- Improved asset protection for companies, Directors and Officers.
- Sharpened competitive edge.
- Lowered operational costs.
- Reduced fines and penalties.
- Improved bottom line.
- Reduced insurance spend.
- Increased investor confidence.
- Embedded operational excellence.

Marsh can help by assisting you to deliver on cost savings through:

- An integrated approach with deployment of multidisciplinary teams.
- Flexible resource solution can be leveraged in busy cycles.
- Leverage on knowledge of your business in operational support to drive higher-value insights and services.

Marsh can help by delivering value and giving you the:

- Third party validation of your environmental framework and governance.
- Confidence that you will be compliant with statutory and regulatory requirements.
- Single service provider approach with deep knowledge.
- Gateway to other services within MMC and a proactive approach to client service.

“An issuer should provide non-financial disclosure at least annually, including considering material exposure to environmental, economic and social sustainability risks and other key risks. It should explain how it plans to manage those risks and how operational or non-financial targets are measured”

NZX CORPORATE GOVERNANCE CODE  
FROM 1 OCTOBER 17

This is already the case in other jurisdictions outside of New Zealand.

## CONTACT

We help you identify, develop and deliver strategies that address risk and opportunity while measuring their effectiveness. Whatever the Environmental challenges are, we're here to help you.

Contact your Marsh Client Executive or phone us on 0800 627 744.

**About Marsh:** A global leader in insurance broking and innovative risk management solutions, Marsh's 30,000 colleagues advise individual and commercial clients of all sizes in over 130 countries. Marsh is a wholly owned subsidiary of Marsh & McLennan Companies (NYSE: MMC), the leading global professional services firm in the areas of risk, strategy and people. With annual revenue over US\$13 billion and more than 60,000 colleagues worldwide, MMC helps clients navigate an increasingly dynamic and complex environment through four market-leading firms. In addition to Marsh, MMC is the parent company of Guy Carpenter, which develops advanced risk, reinsurance and capital strategies that help clients grow profitably and pursue emerging opportunities; Mercer, which delivers advice and technology-driven solutions that help organizations meet the health, wealth and career needs of a changing workforce; and Oliver Wyman, a critical strategic, economic and brand advisor to private sector and governmental clients. Follow Marsh on Twitter @MarshGlobal; LinkedIn; Facebook; and YouTube, or subscribe to BRINK.

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