

## Laurel Hill Group Sustainability Strategy

2015 - 2020

### **Executive Summary**

The nature of the relationship between Laurel Hill Group and its customers implies a long term commitment. We are a perpetual organization. Being resilient into the latter half of the 21<sup>st</sup> century and beyond requires a different management skill set than it has over the last century. A significant portion, if not a majority, of the value of an organization today can be attributed to intangibles (brand, reputation, trust). Furthermore, the complexities stemming from exponential population growth, massive increases in consumption and climate change, are creating conditions that are entirely new. Business leaders need to understand and account for these changing social and environmental factors. When the factors are not managed, they increase risk. When they are managed, they create opportunities.

Based on this understanding, the Laurel Hill Group board and executive team have initiated a process to build a sustainability plan for the organization. For this Plan, the Laurel Hill Group includes each of our operating units, Laurel Hill Cemetery, West Laurel Hill Cemetery, West Laurel Hill Funeral Home, and the Friends of Laurel Hill. The following document provides a summary of the planning process and resultant plan.

For the purposes of this effort, the term sustainability encompasses work on social, environmental and economic impacts. In this instance, economic refers to any impact that has a positive or negative effect on the local or national economy. While the organization agrees that operating in a sustainable manner is appropriate and desirable from an ethical perspective, all activities included in this plan are also intended to have a positive financial impact on the organization in the short, medium or long term. In other words, each project harbors its own distinctive business case.

### **Laurel Hill Group's Sustainability Mission Statement**

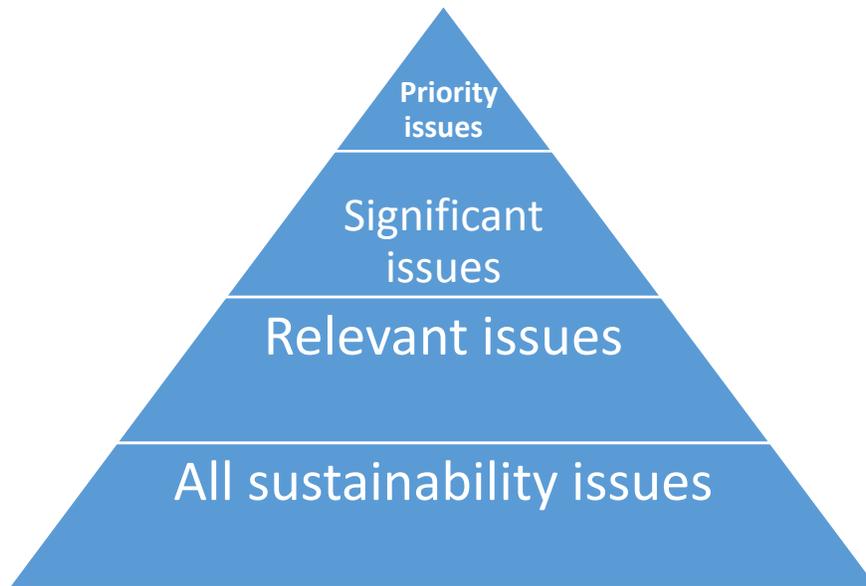
Members of Laurel Hill Group's sustainability team created the following mission statement to guide the organizations' work around creating a sustainable future:

*To embrace and implement strategies that positively exhibit our social, environmental and economic values in support of our families, employees and the community in perpetuity.*

### **Our Sustainability Focus Areas and Goals**

Through the course of the sustainability planning process (which is described in more detail below) the sustainability team made a strong effort to identify all of the sustainability issues that are relevant to Laurel Hill Group, while recognizing that certain issues and priorities will vary among each of our operating organizations. The team then prioritized the relevant issues based on how well they supported organizational sustainability or strategic plan goals. This process results in the list of the organization's "significant issues", or those that are most likely to influence business. Lastly, from the list of significant issues, the team selected the "priority issues" that would be the focus of the initial period (2016). The hierarchy is depicted in the graphic below and the lists of sustainability issues at each level can be found in Appendix A.

**Fig. 1 – Sustainability Issues Hierarchy**



**Laurel Hill Group’s Significant Sustainability Issues**

The following are the eight significant sustainability issues that will be addressed during the course of this five-year plan. The team recognized that the priority order may vary among organization units, but generally the top four are considered priority issues of each LHC, WLHC, West Laurel Hill Cemetery, and FLHC. It is also recognized that there will be scale and tactical differences in the strategies and activities to address each issue in the various locations. Every year these significant issues will be reviewed to determine if changes to the long term plan need to be made.

1. Energy Use (electric & fuel)
2. Land Conservation
3. Customer and Visitor Experience & Safety
4. Employee Wellness & Engagement
5. Water Runoff & Pollution
6. Sustainability Innovation
7. Raw Material Use
8. Greenhouse Gas Emissions

### **Priority Issues for the Current Period**

In the current period, from mid-2015 to the end of 2016, the sustainability team's efforts will focus on four primary issues:

1. Energy Use
2. Land Conservation
3. Customer & Visitor Experience & Safety
4. Employee Wellness and Engagement

The following provides details about how these issues were identified and how they will be addressed and managed between now and 2020.

## **Sustainability Strategy Background**

### **Business Rationale**

Laurel Hill Group provides funeral, cremation, and burial services to residents of the Greater Philadelphia area. The inherent nature of the business implies a long term commitment between the families that entrust their deceased loved ones to Laurel Hill Group and the organization itself. Long after all grave sites have been utilized, Laurel Hill Group must continue to provide a beautiful and welcoming place where friends and families come to remember and honor the deceased and to be an important public venue for tours, programs and parklike activity. Both cemeteries include buildings and memorials that are of historic significance. Due to the historic and cultural significance, they must not only be maintained and remain open and accessible to the public to visit, they must be appropriate to accommodate even larger groups of public visitors. Lastly, Laurel Hill Group is a business with a high degree of moral integrity that values community citizenship. We wish to build on that legacy well into the future.

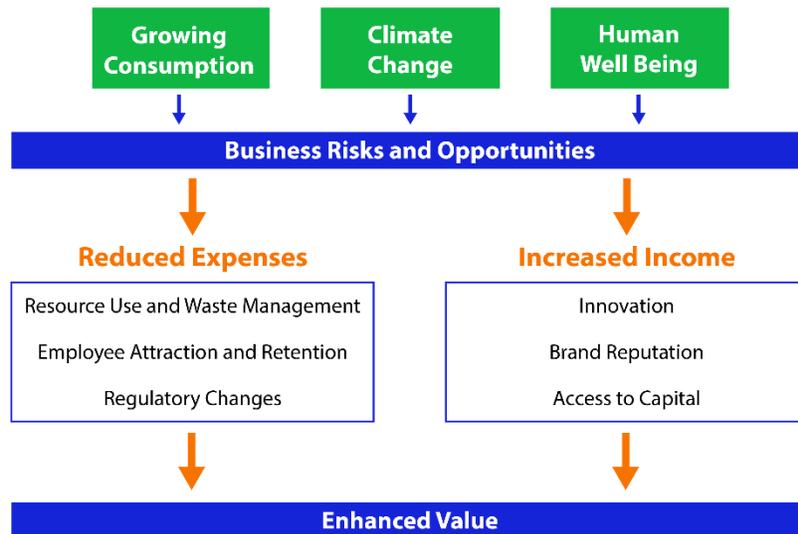
All of these factors indicate the development of a sustainability strategy for Laurel Hill Group. The sustainability team specifically identified two primary drivers for addressing sustainability: 1) To ensure that the organization continued to operate as a good citizen and steward of the environment, and 2) To manage potential future risks to the business.

Sustainability in this context can be defined as “a business approach that creates long-term value by embracing opportunities and managing risks from economic, environmental and social developments”. Planning for sustainability therefore involves looking at the business’s activities for risks and opportunities that stem from social, environmental and economic trends.

The following are a few examples where social, environmental and economic trends have the potential to converge and impact LHG in the future:

1. Changing regulation and climate conditions due to climate change
  - Increase in the price of fossil-fuel based energy (electricity and fuel)
  - Increases in droughts and flooding, making cemetery maintenance more difficult and expensive
2. Growing public focus on the responsibility and sustainability of companies where they work, shop, or invest
  - Greater scrutiny over sustainable business practices, such as in the use of chemicals, purchasing, carbon emissions, water use, land use, etc.
  - Greater demand for more sustainable products and services (nature sanctuary, green products for cremation and burial, natural burial, etc.)
3. Changes to the availability of resources due to population growth and demand
  - Greater scrutiny and concern over land use
  - Cost and availability of certain products and materials
  - Greater accountability for supplier/partner practices (BP oil spill example)

The business rationale for sustainability management can seem complex, but in actuality is fairly simple. By understanding and managing the risks and opportunities associated with these changing conditions, the business can become more efficient, enhance its reputation, gain access to new markets, and grow its ability to attract and retain talent. Each of these changes has the effect of either decreasing expenses (such as reducing electricity use) and or growing revenue (such as new business into the nature sanctuary). The combination of the initiatives therefore will ultimately increase the financial value of the organization overall and enhance its resilience.



### Organizational Structure

Cliff David and Pete Hoskins are responsible for sustainability management at board and the executive level.

The Sustainability Team is comprised of a cross functional group of senior individuals who represent key aspects of the organization. Current team members include: Jennifer Anderson (consultant), Deb Cassidy, Chris Conti, Cliff David (board member) Nick McAllister (added September 2016), Billy Doran, Pete Hoskins (President), Gino Merendino (strategic partner), Patricia Quigley, Alisa Natalone, and Steve Pastore.

### Identifying Organizational Impacts

Initially the economic, environmental and social impacts of Laurel Hill Group’s current activities are identified. To better understand this, the team first listed each of the business functions that exist at Laurel Hill Group. Then, for each business service (funerals, burials, cremation) and function (grounds maintenance, marketing, administration), the team identified the activities carried out in that function. From the list of activities, team members then identified any social, environmental and economic impacts those activities created, positive or negative.

The following is an example of the impact analysis conducted by Laurel Hill Group for Burial Services:

Line/Function	Economic Impacts	Environmental Impacts	Social Impacts
<b>Burial Services</b>	<ul style="list-style-type: none"> <li>▪ Provide revenue and jobs</li> <li>▪ Hire local and regional vendors</li> <li>▪ Service to families &amp; community</li> <li>▪ Employees reside on site and buy from local community</li> <li>▪ Funeral attendees purchase from local community</li> <li>▪ Trust funds provide millions of \$ of capital that serve to support growth in business</li> </ul>	<ul style="list-style-type: none"> <li>▪ Purchase caskets                             <ul style="list-style-type: none"> <li>▪ Use wood/metal</li> <li>▪ Concrete vault/case</li> </ul> </li> <li>▪ Use land</li> <li>▪ Use electricity</li> <li>▪ Use equipment (impacts of manufacture)</li> <li>▪ Use fuel (for grave preparation/process)</li> <li>▪ Green burial option – natural habitat restoration                             <ul style="list-style-type: none"> <li>▪ Shroud burial</li> </ul> </li> <li>▪ Reuse of topsoil</li> <li>▪ Carbon sequestration</li> </ul>	<p>Employees</p> <ul style="list-style-type: none"> <li>▪ Minimal control over the flow of business – creates stress</li> <li>▪ Physical exertion</li> <li>▪ Potential for injuries</li> <li>▪ Safe practices</li> <li>▪ Noise pollution from gas motors</li> <li>▪ Emotional stress of working with grieving families</li> </ul> <p>Customers</p> <ul style="list-style-type: none"> <li>▪ Family safety before, during and after services</li> </ul>

Each identified activity or impact was aligned with a sustainability issue. For example, “use electricity” was aligned with the sustainability issue “Energy Use”, and “physical exertion and potential for injuries” was aligned with “Employee Health and Well Being”.

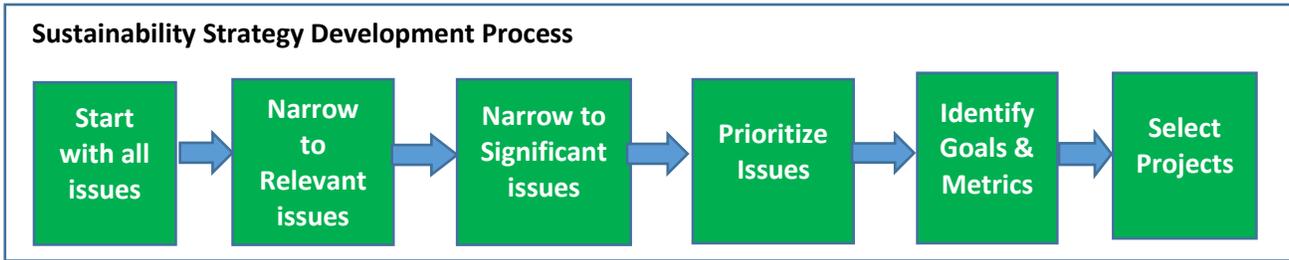
The resulting list of sustainability issues was de-duplicated so each issue was represented only once. The result was a list of 30 “relevant sustainability issues” that have the potential to impact the viability of Laurel Hill Group in the future.

**Significant Sustainability Issues**

Working on thirty issues all at once does not make good business sense, nor is it feasible. Some areas are inherently of greater value to the business than others. To prioritize the issues, all thirty were rated by the team from the perspective of how working on that issue could:

1. Support LHGs interest in being a good citizen/steward to the earth
2. Reducing future risk to the business
3. Align with the strategic plan and budget

On this basis, each relevant sustainability issue received a score on a scale of 1 to 3. Any issue with a score of 2.5 or higher was identified as a “significant issue.”



## Goals

Based on identifying the significant sustainability issues, the next step was to identify specific goals for each issue area. The goals that were identified for Laurel Hill Group for the five year period are as follows.

### Energy and Waste Management

**NOTE: Even though Waste Management was not one of the key issues identified, it was a project the team had already begun pursuing during strategy development phase so it was added to this committee.**

- Reduce electricity use over 2014 baseline by 2020 at each location
- Reduce fuel use [can be further defined as gasoline, natural gas or other] over 2014 baseline by 2020 at each location
- Decrease the total amount of waste going to the landfill at West Laurel Hill by 20% over a 2014 baseline by 2020
- Reduce greenhouse gas (carbon) emissions (desired outcome based on efforts - not currently measured)

### Land Conservation

- Decrease the amount of mulch, top soil and stone purchased as a result of the separation and reuse of fill from graves over 2015 baseline. Yearly reductions expected until system is fully matured in 2020.
- Establish a tree plan for each location by mid-2017
- Identify/implement most effective erosion control methods at each location by end of 2018
- Protect biodiversity and promote natural habitats as extensively as possible (desired outcome based on efforts – not measurable at this time)

### Customer & Visitor Experience & Safety

**NOTE: This committee/issue has been re-evaluated and it was determined that the identification and prioritization system currently in place is effective and sufficient. The committee is currently not active.**

- Identify, prioritize and eliminate safety hazards annually from 2015 baseline to reach 100% safety prevention by 2020

- Identify, prioritize and work on aspects that customers have rated poorly to improve customer survey score by 2020 over 2015 baseline.

Employee Wellness & Engagement

- Conduct yearly surveys on employee satisfaction and address any identified areas for improvement
- Help employees to improve their general emotional/mental health (desired outcome of projects - not measurable)

In addition to the 5-year sustainability issue related goals, the sustainability team also identified additional goals related to the Quick Wins projects it was undertaking already. These include:

1. **Waste:** Decrease the total amount of waste going to the landfill by 20% over a 2014 baseline by 2020.

For any of the goals above, the responsible committee will identify interim goals that will represent project milestones over the next five years. These interim goals will be represented in the action plan.

**Metrics and Key Performance Indicators**

The following metrics will be used to track progress relative to goals for Laurel Hill Group’s sustainability program from 2015 to 2020. As the program evolves, additional metrics may be added to this list.

Sustainability Issue	Goals	Metrics
<b>Energy</b>	<ul style="list-style-type: none"> <li>- Reduce electricity use</li> <li>- Reduce fuel use</li> </ul>	<ul style="list-style-type: none"> <li>- kWh utilized/year</li> <li>- Gallons of fuel consumed /year</li> </ul>
<b>Land Conservation</b>	<ul style="list-style-type: none"> <li>- Decrease product purchase</li> <li>- Maximum tree coverage</li> </ul>	<ul style="list-style-type: none"> <li>- Pounds or yards of product purchased, \$ spent on product</li> <li>- # of trees</li> </ul>
<b>Customer Experience &amp; Safety</b>	<ul style="list-style-type: none"> <li>- Identify, prioritize and eliminate safety hazards</li> <li>- Improve customer survey score</li> </ul>	<ul style="list-style-type: none"> <li>- # of safety hazards</li> <li>- Customer satisfaction survey score</li> </ul>
<b>Employee Wellness &amp; Engagement</b>	<ul style="list-style-type: none"> <li>- Improve employee engagement survey score</li> <li>- Improve employee ability to cope with grief</li> </ul>	<ul style="list-style-type: none"> <li>- Employee engagement survey questions</li> <li>- (May include new questions pertaining to emotional health)</li> </ul>
<b>Landfill Waste</b>	<ul style="list-style-type: none"> <li>- Reduce waste to landfill</li> </ul>	<ul style="list-style-type: none"> <li>- Cubic yards of waste to landfill</li> <li>- Cubic yards of recyclables</li> </ul>

Strategy Implementation

This plan runs from 2015 to 2020 concurrently with the Laurel Hill Group strategic plan. The work involved in carrying out the plan will largely be done by the members of the sustainability team. Five committees have been established to cover the work entailed. They include: Energy &, Land Conservation, Customer Safety & Experience (inactive as of 9/2016 – see notes above), Employee Engagement & Wellness, and Communications. The work of the committees may change over time and

additional committees may be added. Support from others in the organization and outside consultants or vendors will be relied upon as necessary.

## **Communications**

Internal and external communications are a critical factor in the success or failure of any sustainability strategy. Laurel Hill Group is no exception. For sustainability to truly create a positive and lasting financial impact, employees, contractors, customers and event attendees will need to be educated and engaged in the organization's sustainability activities. The communication goals for the five year period are as follows:

- 100% of the staff at Laurel Hill and West Laurel Hill understand what sustainability means, how it relates to Laurel Hill's business, and their job in particular
- Laurel Hill's current and prospective customers know that sustainability is a priority to Laurel Hill Group and how it benefits them as customers.

Current efforts to educate and engage employees include providing sustainability-related educational presentations at monthly staff meetings and surveying employees regarding their perspectives, ideas, and desire to be involved. Over the next few months, the communications committee will be formalizing its plan for employee engagement. Included in this will be a discussion about how to provide incentives to current employees to influence behavior (such as for improvements to energy use or waste reduction) and in recognition for ideas generated.

On the external side, one of the key benefits of a sustainability program is brand and reputation enhancement. The value of transparency and keeping organizational stakeholders informed should not be underestimated. From an external communications perspective, five areas were identified as outlets for messaging externally about sustainability. They include: The website, the newsfeed, the e-newsletter, Facebook, and Twitter. Going forward, all outlets across all sites will need to be considered and systems should be put in place to ensure that messaging and communications are consistent. In 2016 a comprehensive external communications plan will also be developed by the communications committee.

## **Data and Information Collection and Management**

Each aspect of the plan will require data and information management.

**Projects** – The specific status of the project will be tracked in the Action Plan. Detailed notes about the project, its history, where it stands, etc. can be found in the individual Action Plans in the online shared files. Each committee will be responsible for entering project updates

**Metrics** – All energy related metrics will be tracked through EPA's Energy Star Portfolio Manager. This is a very robust and free system that will allow Laurel Hill Group to track energy use and expense over time on a meter by meter (source by source) basis. Should Laurel Hill Group choose to track water use, this can also be done through Energy Star Portfolio Manager. For metrics related to waste, customer safety and revenue from sustainable land use, a spreadsheet system will be set up on the Laurel Hill Group file server and maintained by a Laurel Hill employee.

At the end of each quarter, each responsible party will present the metrics related to the project that he/she is managing to the sustainability team, including the relative progress toward the goal. A sustainability dashboard will be compiled where progress toward each goal will be tracked.

## **Continuous Improvement**

It will be important to establish feedback loops that will provide the sustainability team, and others involved, with important information about what is working well and what is not relative to the plan and goals.

## **Evaluating New Projects**

The team has devised a form to help evaluate the sustainability of new projects proposed or planned at either location. Using the form, the team can identify negative social, environmental and economic impacts of the project, and can brainstorm how to minimize or eliminate these impacts by using alternative processes, inputs or providers. The team will need to work with others in the organization to complete the form, and by doing so, will further the sustainability education and thinking of all employees. The intent is for consideration of sustainability impacts to become embedded in standard processes over time.

## **Plan Iteration**

Progress toward goals and quantified targets stated above will be reviewed periodically throughout the year according to the following schedule:

Spring – validate that the correct and complete information is being collected

Mid-Year – evaluate progress being made towards stated objectives

Fall – review numbers, budgets, resources and priorities to plan for the upcoming year

The reviews will assess how well the plan is meeting the stated goals. The reviews will also consider whether or not the goals themselves need to change due to changing circumstances. Changing circumstances could be a result of changing priorities due to new information (such as customer demand), new opportunities (such as new innovations or ideas for services), changes in financial circumstances, changes in external factors (new regulations), or changes in organizational structure or scope.

In the fall, the sustainability team should review and re-rank of all relevant sustainability issues as listed in Appendix A. The process will follow a similar process to the one used for this plan as described above. Laurel Hill Group will have access to all of the tools necessary to carry out this assessment via the Sustrana online sustainability management platform.

The team will also benchmark itself relative to its competitors from a sustainability perspective annually. Members of the team will focus on keeping abreast of best practices in sustainability for cemeteries and funeral homes and will be responsible for updating the team on what they have learned. This benchmarking can also be done via the Sustrana platform.

## **Appendix**

### **Appendix A: Relevant, Significant and Priority Sustainability Areas in Rank Order**

<b>Relevant Sustainability Issues</b>	<b>Significant Sustainability Issues*</b>	<b>Current Areas of Focus</b>
Energy Use (electric & fuel)	Energy Use (electric & fuel)	Energy Use (electric & fuel)
Land Conservation	Land Conservation	Land Conservation
Customer Safety	Customer & Visitor Experience &	Customer & Visitor Experience
Employee Wellness & Engagement	Employee Wellness & Engagement	Employee Wellness & Engagement
Water Runoff & Pollution	Water Runoff & Pollution	
Sustainability Innovation	Sustainability Innovation	
Raw Material Use	Raw Material Use	
Greenhouse Gas Emissions	Greenhouse Gas Emissions	
Hazardous Waste		
Fostering Community		
Business Ethics & Training		
Landfill Waste		
Sustainable Investment		
Organic Waste		
Employee Diversity		
Sustainable Purchasing		
Customer Wellness & Satisfaction		
Board Oversight of Sustainability		
Water Use		
Employee Safety		
Flooding & Erosion		
Job Creation		
Severe Weather & Sea Level		
Supply Chain Management		
Proposed Industry Regulations		
Certifications		
Employee Recruitment & Retention		
Policy Coordination and Oversight		
Increased Mortality Rates		
Noise Pollution**		

\*Anything that scored a 2.5 or higher out of 3, excluding items that were deprioritized

\*\*This issue was added to the relevant issues list late and therefore not voted on