



Supplier Diversity at CNA

What is Supplier Diversity?

- Supplier Diversity at CNA is designed to forge strong and innovative business relationships with minority, women, veteran-owned business enterprises (“Diverse Suppliers”). Diversity is a core value at CNA, and Supplier Diversity ensures that our supplier base reflects our work environment, community and customer base. CNA’s Supplier Diversity commitment ensures that diverse businesses have an equal opportunity to compete for and win our business.
- CNA’s Supplier Diversity Program is administered by the Enterprise Procurement Group (EPG), and is embedded into the Strategic Sourcing process. **EPG’s mission is to enable CNA to achieve its operational and financial objectives by delivering high-quality products and services at a great value through a diverse supplier base.** These efforts contribute to the economic and social vitality of our communities, and enhance CNA’s leadership role in the property and casualty insurance industry.



Executive Support for Supplier Diversity

Thomas Pontarelli, EVP & Chief Administration Officer: “The Supplier Diversity program has support from the highest levels of the company. Craig reports to me, I report to Tom, and I hold myself personally accountable for driving this program forward.”

Thomas Motamed, Chairman and CEO: “At CNA, we are committed to exploring and acting upon all of the opportunities diversity presents in our efforts to become a top-performing company. We view diversity as a way to know and serve a broad range of customers, and to benefit from the talents of a broad range of business partners. Reaching untapped resources ... connecting with emerging market segments ... creating economic activity in the communities where we do business ... these are major opportunities, all of which will flow from our focus on supplier diversity.”

Enterprise Procurement Group (EPG) Leadership

The Supplier Diversity Program is administered through CNA's Enterprise Procurement Group ("EPG").

Aileen Velazquez, Commodity Leader & Supplier Diversity Manager: "Our goal in the Enterprise Procurement Group is to work with our customers to procure all goods and services at the most competitive total cost of ownership without compromising quality and equal access to all CNA diversity suppliers".

Craig Meadors, Vice President, EPG: "CNA Procurement has turned this into a long term focus and core process. It is not just about sending out an RFP, or just going to a vendor fair, but it is about putting diverse firms in touch with our CNA leaders on purchase decisions. We are working closely with Chicago community organizations to implement our goals."

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What is a Diverse Supplier?

A Diverse Supplier is a business enterprise that is 51% owned, operated and controlled by a minority, woman or veteran (M/W/VBE), and **certified** as such by one of the following organizations:

- National Minority Development Council (“**NMSDC**”) or Regional Affiliates
- Women’s Business Enterprise National Council (“**WBENC**”) or Regional Affiliates
- National Veteran-Owned Business Association (**NaVOBA**)

Supplier Diversity Classifications:

- African-American
- Hispanic
- Native American
- Asian-Pacific
- Asian-Indian
- Women
- Veterans

What are the Benefits of Supplier Diversity?

- Increases and improves competition and service quality
- Strengthens CNA's reputation in the community
- Establishes a foundation for penetrating emerging markets/businesses
- Delivers Shareholder Value

Corporate Sponsorships

CNA actively supports the diversification of our supplier base through membership in or sponsorship of the following organizations:

- National Minority Development Council (“**NMSDC**”) and Regional Affiliates
- Financial Services Roundtable (FSR)—a banking & insurance industry group
- Women’s Business Enterprise National Council (“**WBENC**”) and Regional Affiliates
- National Association of Women Business Owners (“**NAWBO**”)
- Illinois Hispanic Chamber of Commerce (“**ILHCC**”)
- National Hispanic Chamber of Commerce (“**NHCC**”)
- National African American Insurance Association (“**NAAIA**”)
- National Veteran-Owned Business Association (**NaVOBA**)—membership pending
- United States Pan Asian American Chamber of Commerce, Chicago (“**USPAACC**”)



2008 Diverse Supplier List

VENDOR NAME	CATEGORY
Aloha Document Services, Inc	Imaging/Printing
Arias Information Solutions (Arias-IT)	IT Consulting
Blackwell Consulting	IT Consulting
Corporate Motivation	Premium/Promotional Items
Computer Resource Solutions	IT Consulting
Corporate Concepts, Inc.	Premium/Promotional Items
Electronic Knowledge Interchange ("EKI")	IT Consulting/Development/Integration
Evanston Group	IT Consulting/Staffing
Environmental Systems Design, Inc.	Construction/Engineering
Galmont Consulting	IT Consulting
Innovative Systems Group, Inc	IT Consulting
Jean Krypton, Inc.	Legal Staffing
Pacific Rim Capital	Hardware/Software Reseller
SB Services, Inc.	Supplier Diversity Consulting
Software House International	Software Reseller
Syntel, Inc.	IT Consulting/Outsourcing
Target Group, Inc.	Construction Services/MWBE Consulting
Virtual Corporation	Disaster Recovery Solutions
Vision IT	IT Consulting

2008 Diverse Supplier List—Buck Management Group

VENDOR NAME	CATEGORY
Hygieneering, Inc.	Construction/Engineering
Creative Inks	Printing
River Rose Decorating	Construction/Painting
Everlights Recycling	Recycling

Supplier Diversity Successes!

- ✓ For the fourth year straight, CNA's Supplier Diversity Program has achieved a double-digit increase in its expenditures with Minority and Women-Owned Business Enterprises (M/WBEs). Capitalizing on our core value of Diversity, EPG identifies highly qualified M/WBEs to provide goods and services to business units such as IT, Human Resources, Marketing, and Finance (with goals for incorporating diverse suppliers into our Claims supplier base), often with enhanced services at a lower cost.
- ✓ CNA achieved phenomenal success using minority and women-owned business during our building renovation and tenant build-out. The City of Chicago required that 24% of the construction work be subcontracted to MBE vendors and 4% to WBE vendors; however, because of our commitment to diversity, CNA executives such as Tom Pontarelli, Sarah Pang, and Mark Kruse upped the ante and required 30% and 10% respectively. The prime contractors, Leopardo Companies and Executive Construction Inc. ("ECI"), rose to the challenge and delivered handily. This means that of the \$42M construction budget, \$12.4M was spent with MBE contractors and \$4.3M was spent with WBE contractors. What's more, of the \$418M corporate procurement vendor spend in 2007, \$20.6M was spent with MBE vendors and \$1.5M with WBE vendors. In the aggregate, CNA's 2007 diversity spend totaled \$26.9M (resulting in a whopping 45% increase from 2004 to 2007). Impressive!
- ✓ This spend data is significant and not only demonstrates CNA's commitment to diversity, but puts us on par with (and sometimes ahead of) our insurance industry peers. Moreover, these figures lend credibility to our Supplier Diversity process. Additionally, this data gets reported outside of CNA to national certifying organizations such as National Minority Supplier Development Council (NMSDC) and Women's Business Enterprise National Council (WBENC), and facilitates best practices benchmarking.
- ✓ Despite the success we've achieved, there's more to do. We're still a bit below the industry standard of 9% of total spend with M/WBEs (CNA is just over 5%). Therefore, it's important for each business unit to work collaboratively with EPG to identify and utilize stellar diverse suppliers in every aspect of our business, where appropriate! Not only is it the right thing to do, it simply makes good business sense, and over time, positively impacts our bottom line!



How Do Suppliers Qualify to do Business with CNA?

Qualifications for Prospective Suppliers—Minimum Requirements

Prospective suppliers must meet certain minimum qualifications in order to do business with CNA. Although requirements may vary by product and type of service, common requirements are listed below.

- **Financial Stability** – CNA reviews credit and financial reports when determining if a potential supplier has a good credit rating and is financially stable.
 - **Established Business** – Potential suppliers should be in business for at least one year and have other satisfied customers the size of CNA.
 - **Insurance Requirements** (See slide 8 for a detailed coverage list).
 - **US Federal Taxpayer ID** – Suppliers must provide this number to CNA.
 - **Quality Standards** – Suppliers must provide high quality products that are fully warranted; and must perform services professionally and to CNA's satisfaction.
 - **Competitive Pricing/Most Favored Customer** – Suppliers must offer prices for their products and services that are competitive within the industry. CNA expects pricing and any discounts to be equal to or better than that given to other customers with a comparable volume of business.
- **Background checks on employees** – Suppliers must perform background checks on its employees and warrant that there are no felony convictions (for Consulting engagements only).
 - **Compliance with CNA Travel Policy** – Suppliers must agree to use and comply with CNA's travel policy in order to be reimbursed for travel and other expenses.
 - **Email**—Suppliers must be able to transfer contract drafts and correspondence via email. (Microsoft Word preferred). This facilitates efficiency in the contracting process.
 - **Legal Counsel** – Suppliers should be able to provide CNA with quick access to their legal counsel. This enables rapid negotiations and interpretation of contract language.
 - **Legal Title** – Suppliers must have legal and marketable title to all products they supply.

Qualifications for Prospective Suppliers--Insurance Requirements

For Consulting engagements, suppliers must obtain insurance for the following coverage and limits prior to beginning work with CNA.

- **Professional Liability Insurance**
 - Includes errors/omissions/wrongful acts/etc.
 - Minimum \$1MM coverage
 - If contract exceeds \$1MM, expect higher minimums
 - **Commercial General Liability / Umbrella / Excess**
 - Includes bodily injury/property damage/etc.
 - Minimum \$2MM coverage
 - If contract exceeds \$1MM, expect higher minimums
 - **Workers' Compensation / Employers Liability**
 - \$500,000 per employee by accident/disease
 - **Commercial Business Automobile Liability**
 - \$1MM combined single limits
 - **CNA must be added to suppliers policy as an Additional Insured**
- Suppliers Must Provide Certificate Of Insurance Prior To Engagement Commencement***

Qualifications for Prospective Suppliers—Ongoing Requirements

For suppliers to be awarded continuing business, CNA requires the following additional ongoing requirements.

- **Quality Assurance** – CNA recognizes certain quality assurance standards and industry best practices, including: global telecommunications (TL 9000), information (ISO 9000), and security (SAS70). To meet our goals and client expectations, the products and services we purchase must be of the highest quality and reliability.
- **Quality Control** – CNA expects that quality control procedures will be built-in to the supplier's processes and programs. Suppliers should be able to demonstrate these programs and should adopt methods to ensure delivery of high quality products and services
- **Electronic Information & P-Card** – For products that are ordered in large volumes, suppliers should be capable of delivering them electronically; also, suppliers should have the capability for sending and receiving contracts, documents and other communication electronically. Finally, suppliers should be willing to subscribe to and be paid via American Express P-Card.
- **Technical Improvements** – Suppliers should have a research and development program to continually improve their products and services, and incorporate new technology into service delivery.
- **Cost Reduction** – CNA will work with selected suppliers to reduce their costs. We expect such costs reductions to be reflected in the provision of goods and services.



**What Goods and Services Do
We Buy?**

CNA's Supplier Commitment to Chicago

Chicago is home to CNA's corporate headquarters. Our commitment to the City includes maintaining a high percentage of overall supplier spending in Chicago. We accomplish this through partnerships with and support of organizations with a strong Chicago presence and shared diversity goals. In a small number of location-based commodities, we select suppliers who can support our national field offices or other local needs.

What We Buy

IT Commodities

- **Software**
 - Purchases, Maintenance, and Services
- **Telecommunications**
 - Carrier based
 - Services
- **Hardware/Services/Outsourcing**
- **Imaging Services**
- **Copier/Fax**

Corporate Commodities

- **Professional Services (Consulting)**
- **Information Services**
- **T&E Categories**
 - Air/Hotels/Car Rental/Meetings/Conference Services
- **Temporary Services**
- **Benefits/Administration**
- **Office/Data Supplies**
- **Vehicle Fleet**
- **Warehousing/Records**
- **Printed Material**
 - Offset/Toner Based/Envelopes
- **Freight**
- **Credit Information Services**
- **Mail Equipment**
- **Promotional Items**
- **Paper**
- **Subscriptions**

What We Buy

Claim Commodities

- Auto Appraisal
- Auto Glass
- Auto Salvage
- Car Rental
- Case Management
- Chiropractic Reviews
- Copy Services
- Court Reporters
- Data Investigations
- Dental Reviews
- Durable Medical Equipment
- Environmental Services
- Field Investigations
- Heavy Equipment Salvage
- Home Delivery of Medications
- Home Health Care

- Hospital/Medical Bill Review or Audit
- Independent Adjusters (Auto, Liability, Property, Workers Compensation)
- Independent Medical
- Examination Scheduling
- Medical Claim Consulting
- Peer Review
- Physical Therapy Reviews
- Prescription Drugs
- Property Appraisal
- Special investigations
- Subrogation
- Surveillance
- TENS Units
- Total Loss Title Processing
- Transcription
- Utilization Management/Review



EPG Contacts and Commodity Owners

Enterprise Procurement Group--Commodity Leads

Commodity	EPG Contact Name	Phone
Building Maintenance; Insurance/Risk Management Services; Warehousing/Records;	Craig Meadors	312-822-7491
Travel Services (Air, Hotel, Car Rental); Conference Services; Meetings	Gail Long	312-822-2387
Professional Services (General); Office/Data Supplies; Printed Material; Freight; Paper; Subscriptions; Copier/Fax; Imaging Services	Mark Riley	312-822-7728
Information Technology (Software, Hardware, Telecommunications); Credit Info Services	Mark Riley	312-822-7728
Claim Products and Services	Steve Brundridge	312-822-2281
Marketing & Advertising; Promotional Items; Benefits Administration; Human Resources Consulting	Donna Owens	312-822-4626

CNA's goal is to build strong supplier relationships with quality vendors. In doing so, we maintain high ethical business standards and seek suppliers who will adhere to our company policy, which states in part that employees are not to accept gifts or entertainment from suppliers valued at more than a nominal amount. A copy of the complete Ethics policy is available upon request.



**Frequently Asked Questions
(FAQs)**

Frequently Asked Questions (FAQs)

- **Does CNA have a Vendor Registration Database?**—Yes. Please logon to www.cna.com and register your company.
- **Will vendors receive notification from CNA that my registration has been received?**—Yes. The system will provide acknowledgement of registration; however, vendors may not receive a communication from a CNA representative until our internal customers make a request for goods or services that fall within your area of expertise.
- **What if there are no immediate opportunities available?**—Vendor profiles will remain in our database until the right opportunity arises. Vendors are responsible for updating their profile as events or activities within the company change.
- **What criteria does CNA use in selecting a minority supplier?**—Selection criteria for a project are driven primarily by our internal customers (i.e., depends on the need). Once Requirements are developed, we identify supplier candidates whose products or services can fulfill the requirements. Then we may reach out to the supplier directly, or issue a Request for Proposal.
- **What is Certification?**—Validation from a third party organization (e.g., NMSDC, WBENC, government entity) that your company is indeed 51% owned, operated, and controlled by an M/WBE.

Frequently Asked Questions (FAQs)

- **Does Certification guarantee a vendor's ability to conduct business with CNA?** No. Certification only guarantees that a company will be considered (along with other vendors) for an opportunity when the right project arises. Vendors still need to be the most qualified in all other respects to ultimately win the business.
- **Is certification required to do business with CNA as a diverse supplier?**—Yes. While all vendors are encouraged to seek to do business with CNA, only companies that are **CERTIFIED** as Minority and Women Owned Businesses are counted toward our Supplier Diversity goals.
- **Who buys specific products or services and how can I contact them?** Please see the contact list on slide 13.
- **Who may I contact for additional questions?** You may contact:

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Disclaimer

The purpose of this presentation is to promote supplier diversity at CNA by providing prospective suppliers with a general overview of CNA's current procurement process. The information provided is intended to serve only as a basic guideline, rather than an exhaustive recitation, as to the needs and requirements for CNA suppliers and does not constitute a request for proposal, a request for qualifications, or other form of solicitation or offer.

Attending this presentation does not guarantee that you or your business will be awarded any contract or purchase order to provide supplies to or perform services for CNA. CNA reserves the right to update or modify its procurement process without notice or liability.

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