

What is Environmental, Social and Governance (ESG)?

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An explanation of the importance of ESG and
what it means to Aviva and our customers.



What is Environmental, Social and Governance (ESG)?



Introduction

According to the Cambridge Dictionary, Environmental, Social and (corporate) Governance (ESG) is a way of judging a company by things other than its financial performance, for example, its policies relating to the environment and how happy its employees are.

Why is that Important for Aviva?

The United Nations has stated that from shifting weather patterns that threaten food production, to rising sea levels that increase the risk of catastrophic flooding, the impacts of climate change are global in scope and unprecedented in scale. Without drastic action today, adapting to these impacts in the future will be more difficult and costly.



For over 300 years, Aviva have been protecting clients today in the hope of providing a better tomorrow. Our ‘prevention led’ approach is all about making sure that you have the awareness, tools and solutions to ensure that you and your business are able to face these new challenges.

While we are working towards our sustainability ambitions, we acknowledge that we have relationships with businesses and existing assets that may be associated with significant emissions. More information can be found at <https://www.aviva.com/sustainability/climate/>

How Can Aviva Help?

Many of the challenges posed by this changing world are broadly similar to those we at Aviva have traditionally addressed and can be encompassed in a single word; ‘resilience’. **Whatever aspect of ESG we are discussing whether it’s the environment, the workplace, mental health or compliance, resilience is not just about your ability to bounce back, but also your capacity to adapt in the face of challenging circumstances.**

Aviva plan to keep ahead of these challenges so that we can share with you both what they might be and how best to prepare for them.

We have already published a range of Loss Prevention Standards (LPS) covering relevant topics and will be building on them as new challenges arise. Existing LPS include:

- Business Continuity
- Electric and Hybrid Vehicle Awareness
- Flood Guidance and Mitigation (Global)
- UK Flood - Guidance and Mitigation
- Mind Health and Wellbeing
- Photovoltaic Solar Panel Systems
- Physical Health and Wellbeing
- Supply Chain Risk Management
- Windstorm – Protection of Buildings

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We also recognise that we can help you most when we work with other interested parties, both to share their expertise and to try to make sure we spread the message as widely as possible. As an example, Enterprise Nation, supported by Aviva, have developed a [sustainability tool](#) and a [business flood plan](#). The sustainability tool has been produced to help you understand how sustainable your business is, it will evaluate your sustainability status and provide you with recommendations to help you plan for the future.

The flood plan is aimed at showing your business why and how to prepare, act and adapt. It looks at how floods could affect your business, what are the hazards and how can you stay informed, actions to take at different flood warning levels and the key elements of an emergency flood plan.

Finally, if there's one thing we can be sure of, it's on-going change and that the key to rising to the challenge that change brings is 'change management'. This means not responding to one sort of change in a way that creates a different or wider threat to the business; recognising the impact of proposed changes and putting necessary additional controls in place before the changes are made.

Aviva have two LPS specifically covering Change Management:

- Change Management – Liability
- Change Management – Property

Summary

The Intergovernmental Panel on Climate Change (IPCC) 2021 report (AR6) makes it clear that human activity is **changing the Earth's climate** in 'unprecedented' ways, with some of the changes now inevitable and 'irreversible'. Within the next two decades, temperatures are likely to rise by more than 1.5C bringing widespread devastation and extreme weather.

The report highlights that only rapid and drastic reductions in greenhouse gases can prevent such impacts, with every fraction of a degree of further heating likely to compound the accelerating effects.

In an ever-changing environment, the risks businesses face are wide-ranging. As we strive to create a more sustainable tomorrow, we must also consider that there are emerging risks that include managing reputation and your corporate responsibility.

Aviva is here today to help you navigate the transition to a more sustainable tomorrow.

Checklist

A generic Environmental, Social and Governance Checklist is presented in Appendix 1 which can be tailored to your own organisation.

Specialist Partner Solutions

Aviva Risk Management Solutions can offer access to a wide range of risk management products and services at preferential rates via our network of Specialist Partners.

For more information please visit:

[Aviva Risk Management Solutions – Specialist Partners](#)

Sources and Useful Links

- IPCC reports: [The Intergovernmental Panel on Climate Change](#)

Additional Information

Relevant Loss Prevention Standards include:

- Change Management – Liability
- Change Management – Property
- Business Continuity
- Electric and Hybrid Vehicle Awareness
- Flood Guidance and Mitigation (Global)
- UK Flood - Guidance and Mitigation
- Mind Health and Wellbeing
- Photovoltaic Solar Panel Systems
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To find out more, please visit [Aviva Risk Management Solutions](#) or speak to one of our advisors.

Email us at riskadvice@aviva.com or call 0345 366 6666.*

*Calls may be recorded and/or monitored for our joint protection.

Appendix 1 – Environmental, Social and Governance (ESG) Checklist



Location	
Date	
Completed by (name and signature)	

	Environmental, Social and Governance Checklist	Y/N	Comments
1.	<p>Have you thought about introducing an ESG strategy for your business?</p> <p><i>Even if you don't plan to do anything about it yet, understanding how ESG may affect your business is key to creating resilience.</i></p>		
2.	<p>Is the tone and direction set from the top of the organisation?</p> <p><i>Failure to demonstrate your purpose and short and long term commitments will almost certainly mean your goals won't be met.</i></p>		
3.	<p>Is ESG a 'standalone' activity or is interconnected throughout the business?</p> <p><i>If it is not interconnected the company will not be able consistently integrate ESG factors into its risk management framework.</i></p>		
4.	<p>Does the business have the necessary (and dedicated) resources to address ESG challenges?</p> <p><i>Too often ESG is a 'side-of-the -desk' activity. At the very least, someone at senior level must take ownership.</i></p>		

	Environmental, Social and Governance Checklist Contd.	Y/N	Comments
5.	<p>Where you are replacing or up-skilling, are you taking the opportunity to also increase ESG-relevant talent and resources?</p> <p><i>Knowledge and awareness of ESG issues is going to be increasingly important for all businesses – start planning now to make sure you have the right resources in place. Diversity in business is also essential. Take this opportunity to ensure that you have a workforce that is representative of the diversity of your customers and your business partners.</i></p>		
6.	<p>Have you set targets and measurable outcomes from the strategy?</p> <p><i>If you are not able to measure your outcomes, how do you know you are on target to meet your aims/timescales.</i></p>		
7.	<p>Do you understand if/how work and the workplace can/will change to support ESG?</p> <p><i>Lacking a plan that delivers on your goals and meets the needs of your colleagues and culture will almost certainly mean that ESG will not be properly embedded in the organisation.</i></p>		
8.	<p>Have you provided employees with the tools, knowledge and skills they need?</p> <p><i>By not taking everyone with you on the journey you risk failing to meet your goals because people are confused by what ESG means to them and what the business is/isn't willing to do to meet its goals.</i></p>		
9.	<p>Do you have formal process for managing change?</p> <p><i>If change is not managed, a change in one part of the business could threaten other business activities.</i></p>		

	Environmental, Social and Governance Checklist Contd.	Y/N	Comments
10.	Do you have a mechanism for reporting on your ESG impacts and performance? <i>ESG reporting enables the company to be more transparent about the risks and opportunities it faces. It can also help to convince sceptical observers that your actions are sincere.</i>		
11.	Additional comments:		

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