



The role of responsible business in **building resilience**



2020 proved an extraordinary year for global upheaval, with unprecedented social, environmental, and economic disruption: the UK's exit from the EU brought changes to trade systems, the Black Lives Matter movement focused attention on inequalities, and catastrophic wildfires and extreme flooding around the world highlighted the impact of climate change, all alongside the global pandemic.

As the insurance industry reflects on these developments, there's growing realisation that the industry and wider economy cannot be resilient without responsible business practices. Future-proofing the economic recovery needs to involve: responsible use of energy and natural resources; consideration of human rights, employee and community wellbeing; and ensure customers are at the forefront of decision making. Achieving these ambitions requires comprehensive checks and balances to be in place on environmental, social and governance (ESG) issues.

The insurance industry is uniquely well placed to have a profoundly positive impact on matters such as climate change and human rights. As all businesses face greater scrutiny, our customers, colleagues and investors will expect to see leadership from the insurance industry. Taking steps on the path to responsible business will enable you to shape relevant and transformational conversations with your clients.

At RSA responsible business is more than fulfilling compliance requirements and meeting shareholder expectations; renewable energy and sustainable products offer considerable opportunities through the creation of new markets. Our responsible business journey is also aligned to our values as an organisation.



Environmental and social issues are some of the most complex and important challenges society faces. Tackling them requires a coordinated response across the economy, and the insurance industry has an important role to play – both in helping business and communities better understand the risks and in providing solutions.

Rob Gibbs
Managing Director, RSA Commercial Lines



The last 12 months have been amongst the most challenging most of us have ever faced. Insurance has hit the headlines, with travel being restricted and business forced to close. The right insurance is key to helping build resilience and is a highly apt theme for BIBA's 2021 Manifesto.

Steve White
CEO, BIBA

What do we mean by ‘responsible business’?

Responsible business means running your operations in a way that your employees can be proud of, ensuring financial strength and transparency for your shareholders, putting your customers first, and delivering long-term value for our environment and wider society.

Insurance shouldn’t just start with a policy and end with a claim. The industry can play an active role in managing the uncertainties and complexities of today’s world and enhance the positive impact of our business activities.



Insurance has a deep-rooted social purpose, helping people and businesses protect the things that matter to them most. That responsibility is broad and far reaching – we’re committed to sharing expertise and developing resources that help customers and communities stay safe, as well as addressing wider issues such as social inequality and climate risk.

Laura Spiers

Head of Corporate Responsibility & Policy

Why it matters

Increasingly, stakeholders recognise that the most successful businesses take account of Environmental, Social and Governance (ESG) concerns in how they run their company.

In addition to being the right thing to do, a positive approach to ESG issues is increasingly considered a good indicator of the overall quality of a business’s management practices, and therefore their likelihood of long-term success or wider risk management practices. As a result, these non-financial measures are becoming more of a factor in decision making – putting pressure on organisations to show they consider ESG issues in how they operate and behave. ESG considerations increasingly matter in procurement decisions, investments, choice of partners, employee perceptions and customer engagement.

Key ESG considerations in the insurance industry:



Helping customers improve risk management



Treating customers fairly and delivering excellent service



Attracting, retaining and developing colleagues



Improving diversity, inclusion and wellbeing



Enabling climate change resilience and low-carbon transition



Reducing the environmental impact of operations



Improving supply chain management and resource efficiency



Safeguarding customer privacy and data



Addressing human rights and modern slavery



Tackling fraud

RSA's approach

Our strategy **Confident Futures** sets out how we integrate responsible business practices into our everyday operations and our ambition to create a future in which people can be smarter and more confident in managing the risks they face.

Our Confident Futures strategy focuses on:

- **Shaping a smarter tomorrow** — Using our resources to enhance customers' and society's understanding of the risks they face, so they can manage them more effectively
- **Building stronger relationships** — we're supporting our customers, colleagues and communities by seeking to better understand and respond to their needs with clear commitments to action
- **Managing the everyday well** — integrating responsible business practices into our everyday operations, including investments and underwriting, supply chain management and reducing our environmental impact

As signatories to the UN Global Compact and UN Principles for Sustainable Insurance, we have identified seven UN Sustainable Development Goals (SDGs) to which we have the most to contribute and thus also present opportunities for our business to develop.



Environmental and social issues are equally important to address, for the purposes of this article we've focused on climate change and the many ways this can be factored into business decisions.

Climate action

Climate change threatens lives and livelihoods. Urgent action is needed to reduce carbon emissions in line with the Paris Agreement to limit temperature change to 1.5°C and build climate resilience. RSA's unique expertise and market position mean we can contribute to the transition to a low-carbon economy, minimising the environmental impact of our operations and promoting climate change adaptation.

Our actions

Underwriting

We carefully evaluate the risks we underwrite, and work with our customers to promote sustainable business practices. Our Climate Change and Low Carbon Policy position limits activities in carbon-intensive industries and our commitment to supporting technologies that enable a low-carbon future.

Spotlight On: Supporting the low-carbon transition

We are a market leader in renewable energy insurance and are well placed to support the expansion of renewable energy needed to limit the worst impacts of climate change.

Our renewables team play a major role in projects around the world, providing cover for the construction and operation of on-and offshore wind farms, solar, hydro and bioenergy installations.

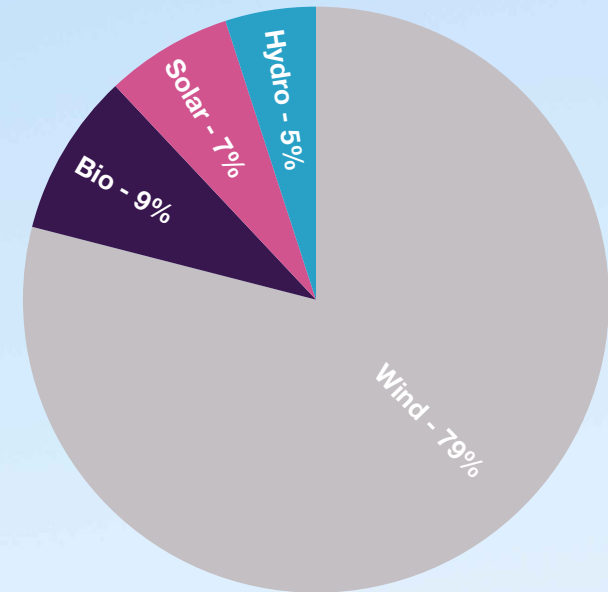
At any one time we support a diverse range of projects including:

- Construction of Scotland's largest offshore wind farm which will power 1.3 million homes
- A 600MW offshore windfarm in Taiwan
- A 70MW solar project in Malawi providing access to clean electricity

We work closely with both manufacturers and developers, advising them on how to reduce risks for upcoming projects. Our Renewable Energy Centre of Excellence offers insurance for every stage of a project's life cycle and is supporting the development of new technologies such as battery storage.

RSA is a leading renewable energy insurer.

Our mix of renewable energy underwriting



Investments

Our Investment teams consider the ESG policies of our fund managers and use specialist datasets to review investment options on the quality of their ESG management. We've also committed to ruling out investments in carbon-intensive activities.

Our Operations

We're working hard to reduce our impact by cutting carbon emissions, switching to renewable energy and using resources more efficiently. Across our UK estate, we are switching to renewable energy and have been engaging with our landlords about the transition to a low-carbon future. We're also adopting digital solutions to reduce reliance on paper, removing single-use plastics and are committed to zero waste-to-landfill at our offices.



50%

is our target carbon emission reduction by 2030



78%

of our UK estate is now powered by renewables, avoiding 1,700 tonnes of carbon per year

Supply Chain

Being a responsible business means thinking about our impact beyond our own operations. We work collaboratively with our suppliers and partners to gain their commitment to social and environmental standards and share best practice.

During supplier selection, we check their policies and management practices across information security and data protection, anti-bribery and corruption, customer treatment, labour practices, human rights and environmental management.

Claims

Our sustainable claims roadmap helps us improve the social and environmental performance of our supply chain. The roadmap has four key elements: repair over replace, encouraging innovation, operational efficiency and future resilience.

We encourage a 'repair over replace' philosophy among our suppliers and wherever possible incentivise repairers to fix parts instead of replacing them, reduce waste and use resources more efficiently. We're also measuring the carbon intensity of our supply chain and are using this to target our engagement activity in the areas we can have the biggest impacts such as car repairs and building restoration.



We are active members of the Financial Services Qualification Scheme (FSQS), an industry-wide initiative with 37 financial sector peers to collect and share supply chain information. With over 800 of our suppliers registered on the platform we have a much better understanding of supplier practices on sustainability issues and are building this into our decision making.

Mike Day

TPM Programme Lead

Communities

Our expertise in risk management and product development can support society to adapt and respond to the impacts of climate change. With our partners, we are helping communities build resilience by sharing knowledge of how they can protect their homes and businesses from extreme weather events such as floods, storms, wildfires and drought.

Take our resilience evaluator

As the focus on social and environmental issues increases, businesses are reconsidering the actions they take to support a sustainable future and whether these go far enough. Consider our simple checklist to help understand how resilient your operations are for the future:

Have you thought about your low-carbon transition plan?

How do your policies help you consider social and environmental issues?

Have you explored reducing your carbon footprint?

Have you started switching to renewable energy?

Are you reducing waste and using resources efficiently?

Have you assessed your supply chain on relevant ESG topics?

Do you engage customers on opportunities to address ESG issues?

How are you reporting on progress?

The pace of change is evolving, all businesses need to be aware of responsible business practices and how these impact the everyday decisions they make.

To find out more about our approach visit rsagroup.com/responsibility or contact us on corporate.responsibility@gcc.rsagroup.com

