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Closing the gap on the S of ESG

Being preoccupied with defining and measuring the 'S' in environmental, social and governance risks decelerating progress

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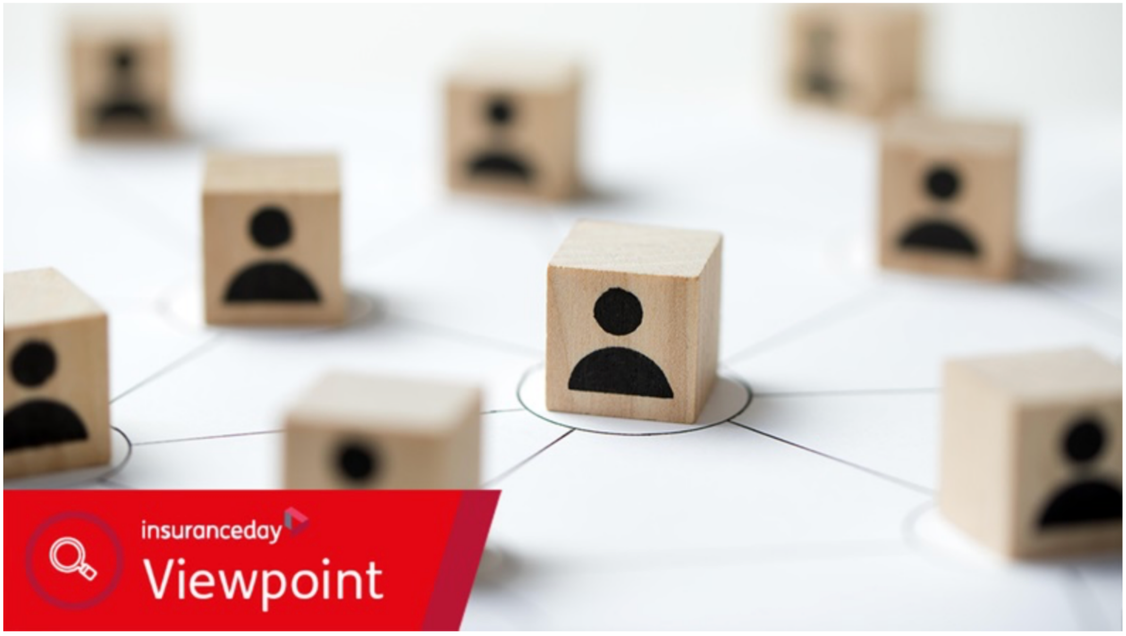
by Wendy Wilder

By incorporating social mobility into social impact initiatives, companies can make meaningful contributions to reduce inequalities



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Many insurers are embedding environmental, social and governance (ESG) strategies into every facet of their organisation – determining how meaningful action will be taken, measured, and reported.

The social pillar – about how a company manages relationships with its employees, suppliers, customers, and communities – creates immense opportunities for insurers. Whether that is to develop innovative products or to provide services that address emerging risks and benefit underserved populations. Yet in a recent study, only 32% of global insurers cited mature or leading social capabilities and only 35% are significantly focused on all three pillars.

Is the S harder to define? Is it seen as too difficult to measure? Or that the impact is less tangible? Being preoccupied with these questions seems to decelerate progress. Regardless of the answers, action must be taken.

Integral part of ESG strategy

The social pillar needs to be treated as an integral part of a company's ESG strategy when you consider the value it brings to business. For instance, businesses can:

- Attract and retain employees by creating diverse, inclusive and purpose-driven workplaces;
- Enhance business reputation and relationships with customers, suppliers, and investors by demonstrating responsible and ethical business practices; and
- Drive new business opportunities and innovation by addressing emerging social risks, supporting economic mobility, and enabling communities to prosper.

Not only does the industry benefit, but it also has a great deal to offer in return. The insurance industry has an inherent social purpose and a key role to play in driving positive, sustainable social change. Likewise, insurance brings financial stability and peace of mind to individuals, households and businesses.

The Insurance Industry Charitable Foundation UK (IICF) is a unique non-profit that brings this social purpose to life by connecting companies in insurance and underserved populations through grants and volunteering to improve social mobility.

Did you know the UK has one of the poorest rates of social mobility in the developed world? It takes an average of five generations for children from low-income families to reach the average income level in the UK (Organisation for Economic Co-operation and Development report, 2018).

IICF is working to change this by raising funds for grants to charities advancing social mobility and convening insurance leaders to drive collective industry action and community impact. Since 2015, the foundation has changed the lives of more than 8,000 people facing adversity in communities across the country while creating access to diverse talent for companies and helping to build a more socially responsible and inclusive industry.

To share two examples:

1. IICF has awarded several grants to Key4Life, a non-profit delivering real social value by rehabilitating young men through an award-winning employability programme. Our support of Key4Life has sparked a five-year corporate partnership with a global professional services firm and inspired one insurance chief executive to hire a young man from Key4Life after hearing his story at an IICF event.

2. In April of this year, we connected our corporate and charity partners to collaborate on breaking down barriers to create career pathways in insurance for people with sight loss, a significant untapped talent pool. Since this time, we have formed a steering group to drive practical action, including a session at DiveIn to raise awareness and an industry-wide initiative to hire graduates with sight loss in the new year.

Social mobility helps deliver on the S

So how does this relate to the S of ESG?

On the one hand, each company must choose how it will deliver social impact in a way that is relevant to the business and the communities in which it operates. IICF has chosen social mobility, recognising this focus can help change lives in our local areas as well as add value for the industry.

At the same time, by incorporating social mobility into social impact initiatives, companies can make meaningful contributions to reduce inequalities. By helping underserved communities to prosper, we can come full circle to the industry's inherent social purpose. Through cohesive ESG strategies we can create significantly more impact on society.

Interested in strengthening the social pillar of your ESG strategy? Join the IICF and its 20 corporate partners in volunteering, raising funds for grants and strategic, industry-wide initiatives to advance social mobility and amplify the industry's collective social impact.

Wendy Wilder is the head of Insurance Industry Charitable Foundation UK