

ESG RISK

MANAGEMENT

AVOIDANCE

Risk avoidance is a strategy that involves identifying and eliminating potential threats by changing plans or decisions to completely avoid their impact on the organization. For example, if the risk analysis indicates a high probability of a serious problem, the company may decide to abandon a particular project or activity.

MINIMIZE

Risk minimization is an approach that focuses on reducing both the effects and the likelihood of threats occurring. For example, by implementing additional security procedures or using technology, an organization can reduce the negative effects of potential problems.

ACCEPTANCE

Risk acceptance means consciously accepting potential threats without taking special corrective actions. In situations where the risks are low or the benefits outweigh the possible losses, the organization may decide to accept them and continue with the planned activities.

TRANSFER

Risk transfer involves delegating the responsibility for risk management to another party, for example through insurance. By transferring risk, a company transfers some or all of the financial burden associated with potential losses to the insurance company.