

CORPORATE RESPONSIBILITY REPORT 2010



Feedback on this report is encouraged and can be directed to us via the following address:

corporate.responsibility@gcc.rsagroup.com

For further information on Corporate Responsibility (CR) please visit: www.rsagroup.com

Alternatively, if you would like to discuss our activities or have a country specific question please contact:

Group wide enquiries:

james.wallace@gcc.rsagroup.com

shafna.chowdhury@gcc.rsagroup.com

UK charitable enquiries:

olivia.thrasivoulou@uk.rsagroup.com

UK CR enquiries:

paul.pritchard@uk.rsagroup.com

Scandinavian enquiries:

dec@codan.dk

RSA Canada enquiries:

sarah.kennedy@rsagroup.ca

Johnson (Canada) enquiries:

mwatton@johnson.ca

Irish enquiries:

dave.magee@ie.rsagroup.com

Italian enquiries:

barbara.larizza@it.rsagroup.com

Asia & Middle East enquiries:

matthew.lee@hk.rsagroup.com

Latin American enquiries:

gisella.erazo@laro.rsagroup.com

CONTENTS

INTRODUCTION

- 4 CEO overview
- 7 About us - A guide to the insurance process
- 8 Business highlights
- 11 Our approach
- 16 Our value to society

CUSTOMERS

- 19 Customers
- 21 Protecting customers against risk
- 24 Product innovation
- 27 Major incidents
- 28 Customer satisfaction

COMMUNITY

- 31 Community
- 36 Our community work around the world

EMPLOYEES

- 41 Employees
- 44 Employee engagement
- 48 Employees - Health, safety and wellbeing

ENVIRONMENT

- 50 WWF Partnership
- 55 Environment
- 58 Managing our direct environmental impacts
- 64 Our environmental targets

SUPPLIERS

- 67 Suppliers

REPORTING

- 72 CR governance and management
- 75 How we report
- 76 Environmental data tables
- 78 Data trends 2006-2010
- 80 GRI Index
- 86 Independent assurance statement and commentary

ANOTHER YEAR OF CHALLENGES AND OPPORTUNITIES

The Group delivered a robust performance in tough conditions in 2010. Net written premiums were up 11% and we grew in all regions. This was despite extreme weather conditions in the UK and Canada and the operational challenges of the Chilean earthquake.

We responded well to many challenges in 2010. These included major incidents such as the earthquake in Chile in February and the storms in Canada later in the year. Our employees performed magnificently to help customers affected by these crises.

Despite the challenges, 2010 was also a year of celebration for RSA as we reached our 300th year anniversary. Such a milestone was an opportunity to reflect on what has been achieved since our business started in 1710. For me it highlighted the ongoing importance of the insurance industry in raising economic and social conditions and enabling progress. Our core focus on protecting customers against risk really is embedded in our commitment of 'Doing the Right Thing.'

To mark our anniversary, we challenged employees across the Group to get involved and support their

communities. The response was phenomenal, with employees from over 30 countries volunteering around 36,000 hours. To ensure a lasting legacy we have created an annual RSA Day to recognise the exceptional contribution our employees make to helping others.

Our anniversary also gave us an opportunity to look forward and to consider the material business issues we address through our CR strategy. These are three key themes which are discussed with stakeholders each year:

- **Safety** - This is a longstanding theme and a key focus for our business. In 2010, we sponsored a campaign with the Children's Safety Education Foundation in the UK to educate children about road safety, reaching more than 6,000 primary school children. In 2011 we will extend it internationally and launch our refreshed road safety campaign throughout the Group;
- **Environment** - Our partnership with WWF spans five countries, focusing on environmental issues of importance to RSA including flooding, marine risk and low carbon energy. As a result of the partnership we joined the Sustainable Shipping Initiative which is helping to shape the future of

the global shipping industry. It is an area where we can add value because of our experience as a leading marine insurer; and

- **Social Inclusion** - We are dedicated to encouraging inclusion of disadvantaged groups in society through our products and community work. Providing career development opportunities for teenagers is critical to the economy and we have been active through Junior Achievement in Ireland and the Career Academy in the UK.



“2010 was also a year of celebration for RSA as we reached our 300th year anniversary. Such a milestone was an opportunity to reflect on what has been achieved since our business started in 1710.”

Our strategy over the next year is to develop global initiatives on road safety, the environment and charitable activity. I feel it's important that all employees can get involved wherever they are in the Group.

Over the next few years RSA is also committed to ensuring we comply with legislation driven by social and economic trends:

- The 'Solvency II' capital requirements aim to make sure insurers have enough reserves to cover claims. Ensuring a low risk and sustainable business model will be key to thriving in this environment;
- More generally regulation arising in Europe continues to be a priority, including the changing supervisory architecture and a recent ruling on gender. We're well prepared for these developments; and
- The Carbon Reduction Commitment in the UK is a new tax on carbon emissions for 5,000 of the biggest UK companies. The scheme is complex and we need to remain on top of developments to ensure we fulfil our commitments.

As an organisation we endorse the principles of the UN Global Compact as well as being an active member of the United Nations Environment Programme Finance Initiative. We are committed to ensuring that principles enshrined in the Universal Declaration of Human Rights and the International Labour Organisation are integrated into our business.

Our CR programme is constantly developing and we have been active in embedding our CR policy framework into our newly acquired businesses in Central and Eastern Europe. Over 67% of environmental targets were met with good progress in most of the remaining areas. This is the result of hard work. For example, in 2010 we had to act swiftly to remedy a situation when we found a supplier not meeting our standards on treatment of their workers.

RSA has prospered over the last 300 years because we have maintained the trust and confidence of our many stakeholders. This is why we engage on our CR approach and performance with a range of opinion leaders from around the world. Highlights of this research are included in the report.

I am confident of maintaining our progress in 2011. Our International and Emerging Markets businesses will be an important, growing part of the Group and we will continue to embed the values that underpin what we stand for and strengthen our corporate responsibility standards.

Andy Hare





CHILDREN'S SAFETY CAMPAIGN

"Every year there are over 50,000 home fires in the UK, accounting for almost half of accidental deaths of children. A further 40,000 children are taken to hospital as a result of an accident relating to road safety."

"At MORE TH>N, we saw a unique opportunity to use our expertise on these issues to capture childrens' imaginations at an early age and bring home important lessons about safety, hopefully preventing a few accidents in the process."

"By supporting the 'Out and About' and 'Red Alert' workshops, run through the Children's Safety Education Foundation (CSEF), we have helped educate over 6,000 six to eleven-year-olds about safety issues, not only making them aware of the dangers and consequences but also teaching them to make the right choices about their own safety."

"Employees were given the chance to nominate their local schools for inclusion in the scheme. For the first phase of the programme, 40 schools were chosen from 100 nominations. We have also encouraged employees to take time away from their desks to help teachers in the classroom as part of MORE TH>N's ongoing Community Engagement programme."

Keith Maxwell, Head of Motor Insurance, MORE TH>N



ABOUT US - A GUIDE TO THE INSURANCE PROCESS

RSA is a leading general insurer, operating in 34 countries and providing products and services in over 130 countries.

Our business strategy focuses on being a pure general insurer with products in:

- Commercial insurance services for businesses (e.g. property, motor, marine and energy generation);
- Personal insurance products (e.g. household, motor and travel insurance) sold directly to consumers; and
- Personal insurance sold to consumers through intermediaries such as insurance brokers and agents.

RSA interacts with customers in a number of ways:

- Products and services sold directly, through brokers and via intermediaries;
- Premiums from customers are invested to provide capital in the event of claims;
- Claims from customers are served by our supply chain of partners to resolve situations quickly; and
- Loss adjusters help customers assess damage that has occurred and work that needs to be carried out.

RSA is a focused general insurer. Our business specialises in the management of risk:

- Our underwriting and claims teams demonstrate technical mastery to assess and respond to risks on behalf of our customers;
- Pricing is based on evidence based modelling which helps to set the appropriate price reflecting the risk faced by the customer;
- Operations and IT teams ensure we respond to customer needs quickly and effectively;

- Premiums from customers are invested in a low risk strategy to ensure capital is available for claims and financial security for the customer, and
- A comprehensive reinsurance programme is in place to make sure, in the event of large claims, the risk and financial impact to the company is mitigated.

Reinsurance

Reinsurance is normally bought on a catastrophe basis, providing protection against losses only from individual catastrophic events. RSA buys reinsurance on an aggregate basis too, which protects us from losses arising from the many smaller, more frequent events which may result from climate change.

Investments

The majority of our UK equity investments are managed by F&C Asset Management. F&C applies a responsible engagement overlay to RSA equity funds. F&C has one of the largest Governance and Socially Responsible Investment teams in Europe, enabling it to follow a policy of active engagement across its portfolios on environmental, social and governance issues. In 2010, F&C engaged with 102 companies held in our portfolios on environmental, social and governance issues.

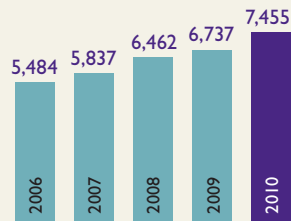


Keith Maxwell,
Head of Motor Insurance,
MORE TH>N

BUSINESS HIGHLIGHTS

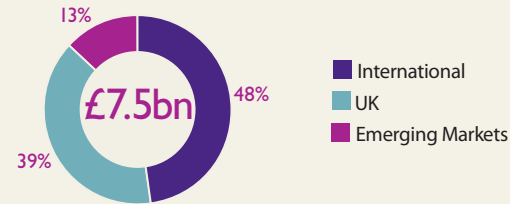
“We go into 2011 with confidence. We have built a portfolio of high performing operations with strong positions in attractive markets and exciting potential.”

NET WRITTEN PREMIUMS (£m)

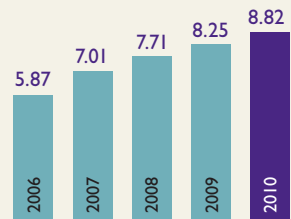


+11% Growth

2010 NET WRITTEN PREMIUM

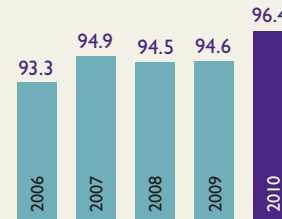


DIVIDEND FOR THE YEAR (p)



+7% Growth

COMBINED OPERATING RATIO (%)

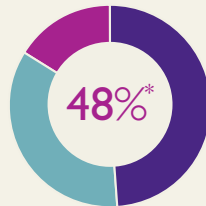


96.4%

Includes 3.5pts of worse than normal weather losses

INTERNATIONAL

NWP £3,536m



Scandinavia	£1,724m
Canada	£1,245m
Other Europe	£567m

* Of total 2010 Group NWP

- 3rd largest general insurer in Denmark and Sweden where we operate as Codan and Trygg-Hansa respectively.
- Growing presence in Norway.
- Number 2 general insurer in Ireland, up from number 5 at the end of 2008.
- Italian business focussed primarily in the north of the country.

Performance highlights

Scandinavia

- Scandinavia NWP growth of 3% driven by Personal lines, Commercial growth impacted by reduced exposures.
- Outstanding underwriting result, with a COR of 85.4% despite severe winter weather.
- Acquired Sveland in Sweden and the TryggVesta Marine portfolio.

Canada

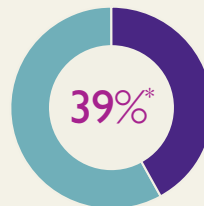
- Canadian NWP growth of 22% due to rate increases, strong retention and favourable exchange.
- Underwriting result doubled over the last 5 years.
- Acquired GCAN, a leading mid-market, large risk and specialty Commercial insurer.

Italy and Ireland

- NWP growth of 3% in Ireland offset by 1% reduction in Italy.
- Acquired 123 Money, a leading Direct platform in Ireland.
- COR of 101.5% comprises an excellent 90.9% in Ireland and the reduced Motor losses in Italy.

UK

NWP £2,925m



Personal	£1,241m
Commercial	£1,684m

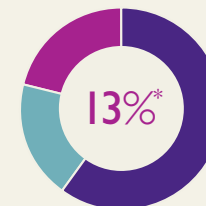
- 4th largest Personal lines insurer overall.
- 4th in Motor and Home and 3rd in Pet.
- Operate as MORE TH>N® in the Direct market and RSA in the Broker and Affinity channels.
- Largest Commercial lines insurer overall.
- Leading Marine and Commercial Property insurer and number 2 in Motor.
- Provide bespoke insurance to multinational companies through our Risk Solutions network.

Performance highlights

- NWP growth due to rate and increasing shares on targeted broker panels to market weighting.
- Pet continues to perform strongly. Tesco deal expected to generate around £100m of premiums in 2011.
- Personal COR of 103.9% impacted by severe winter weather.
- NWP growth driven by Risk Solutions in the UK and Europe and Motor.
- Commercial COR of 101.1% impacted by weather and a £22m reserve strengthening in Motor.

EMERGING MARKETS

NWP £964m



Latin America	£575m
Asia & Middle East	£187m
Central Europe	£202m

- Number 1 general insurer in Chile.
- A leading insurer in the Middle East.
- Number 1 general insurer across the Baltics and a leading Direct writer in Poland, the Czech Republic and Russia.
- NWP including Indian associate is £1,080m.

Performance highlights

- Target of £1bn of NWP by the end of 2010 beaten.
- Growth driven by Latin America and the consolidation of the Direct businesses in Poland, the Czech Republic and Russia.
- A leading insurer in Oman following the acquisition of Al Ahlia.
- Indian associate grew at 35% due to Motor.
- COR of 98.7% despite the earthquake in Chile.



DEVELOPING A WWF PARTNERSHIP ON SHIPPING

"Shipping affects the lives of billions of people by enabling trade and opening up access to global markets. But the industry faces new challenges and opportunities from issues such as climate change and carbon taxes; oil shortages; changing markets and cargoes; piracy; new ship designs and other technological developments."

"At RSA, we aim to keep our customers' business moving at all times. As a member of the Sustainable Shipping Initiative, we are helping to ensure that the shipping industry successfully navigates these challenges by working with shipping companies and others to develop a sustainable model for the future of the industry."

"The Sustainable Shipping Initiative (SSI), launched in 2010 by WWF and Forum for the Future, will identify the major sustainability risks and opportunities facing the industry over the next 20-30 years to help participants prepare for, influence and take advantage of these trends."

Richard Turner, Marine Director, RSA



OUR APPROACH TO CORPORATE RESPONSIBILITY

We are committed to doing the right thing as individuals and as a company. We seek to manage our business in a responsible and ethical manner and to make a positive impact on the environment, people and the communities in which we operate.

Employees are assessed against the RSA 'Brand Beliefs' which look for positive people using bright ideas, doing the right thing, getting the job done and providing brilliant service. Three business principles underpin these beliefs and guide employees in all their work:

Integrity: we always adhere to applicable laws, regulations and standards, acting with openness, integrity, fairness and diligence;

Performance: we promote a positive, challenging, high performance culture, encouraging personal accountability and development, measuring, rewarding and recognising success; and

Responsibility: we act responsibly in managing our business and in interactions with stakeholders.

Our CR strategy aligns with our business strategy of providing innovative general insurance products that help people to manage risks and protect against loss. We maintain a culture of responsibility and accountability and have strong relationships with business partners through which we aim to provide excellent service to our customers.

Our approach to CR is practical and focuses on three themes that we consider are important to our business, provide an opportunity to differentiate ourselves from competitors and where we can make a significant contribution: safety, social inclusion and the environment.

An annual materiality assessment by Forum for the Future helps us to understand the main impacts of our business from an external perspective (see page 73). We use the materiality assessment, together with a stakeholder engagement consultation, employee CR survey and external benchmarking to prioritise challenges and opportunities and reassess our strategy each year.

A major element in our approach is a partnership with the environmental NGO WWF, launched in 2009 in the UK, Canada, Sweden, Denmark and China. We are supporting conservation projects relevant to our business, developing new products which respond to the risks of environmental change, as well as engaging internally and externally. The partnership focuses on three key environmental issues which relate to our business: flooding, the sustainability of the seas and renewable energy (see pages 50 to 53).

Key strategic developments for CR in 2010 were:

- Development of our three year partnership with WWF;
- Our 300th year anniversary celebrations;
- Research and development for our global road safety programme; and
- Rollout of CR policies to Central and Eastern Europe businesses with support for risk managers.

In 2011 we will be looking to launch the global road safety campaign, extend our partnership with WWF and implement new global charitable schemes which will benefit all employees and their communities.

Richard Turner,
Marine Director, RSA



CR policies

The Group CR policy applies to all operations, including wholly or majority-owned subsidiaries and associated companies where RSA has management control. The policy sets out commitments to:

- Improve our environmental performance and reduce our direct and indirect impacts;
- Support employees who want to contribute to their communities;
- Uphold human rights in our operations and supply chain;
- Provide excellent customer service and products that contribute to society;
- Work with suppliers to improve their social and environmental impacts;
- Engage with relevant stakeholders, including our peers and business partners and contribute to public policy debates to encourage more responsible behaviour;
- Regularly review our CR strategy, approach and performance by the Group Executive Committee and Board; and
- Provide an annual, independently verified report of our CR performance.

Individual policies cover the environment, community impacts and human rights. For more information see our website.



www.rsagroup.com/rsa/pages/responsibility/ourapproach/corporateresponsibilitypolicy

Risk management

Environmental, social and governance risks are included in our enterprise risk management framework that is designed to identify, assess, measure and manage exposures. This framework assesses emerging and operational risks across all business functions.

The main CR risks identified in 2010 were the new UK Carbon Reduction Commitment, ongoing integration of CR into the core business and the impact of disasters and our response. We are responding to these issues by:

- Ensuring early registration and compliance with the Carbon Reduction Commitment;
- Focusing on actions relating to our supply chain, products and core operations (see environment and suppliers sections); and
- Reviewing our approach to disaster risk reduction in 2011.

A Non-Executive Director, Noël Harwerth, chairs the Board Risk Committee, which meets at least quarterly. It comprises the Group CEO and other members of executive management, including one other Non-Executive Director. The Board Risk Committee sets risk limits to be observed by the Global Asset Management Committee, which oversees our investment strategy.

Insurance risk

Corporate responsibility is fully embedded in the Group's risk appetite through our recognition of risks such as damage to our reputation, non-compliance

with legislation and poor relationships with stakeholders. The insurance industry also faces specific social and environmental risks related to existing and emerging issues such as climate change. These risks present opportunities to develop products that respond to the changing needs of customers.

We manage exposure to these risks by:

- Pricing products according to the level of risk involved;
- Buying reinsurance to protect against claims;
- Developing and shaping products that encourage more responsible behaviour and appeal to previously underserved areas of the market;
- Working with customers, civil society and governments to raise awareness of the steps people can take to reduce their risk; and
- Regularly reviewing our risk models to identify exposures to new and emerging risks and ensure these are priced correctly.

Reinsurance is normally bought on a catastrophe basis - providing protection against losses from individual catastrophic events. RSA also buys reinsurance on an aggregate basis where appropriate, which protects us from losses arising from the many smaller, more frequent events which could result from climate change. This approach helps us minimise losses to our business in the event of extreme weather conditions.



“These risks present opportunities to develop products that respond to the changing needs of customers.”

Engaging stakeholders

Understanding risks and how best to respond to them benefits from engagement with a wide group of organisations and individuals. This also helps us to improve our understanding, improves other people's understanding of our approach and knowledge of the insurance industry.

The table shows examples of engagement with our main stakeholder groups.

Stakeholder group	Engagement in 2010	Details on page
Customers	Broker research	28
Communities	Local engagement to understand and respond to local needs	30 - 39
Employees	Annual employee survey	45
Investors	Analyst meetings with Jupiter	-
NGOs	WWF partnership Forum for the Future	50 - 53 73



Engaging stakeholders (cont.)

In 2010 we commissioned research with 71 stakeholders across the UK, Europe, North America, Africa and Asia to gather perceptions on the insurance industry. Participants included our investors, insurance brokers, consumer bodies, charities and other opinion leaders. We asked participants to prioritise what they considered to be the most important issues facing the industry. The top three were:

- Building transparent relationships with customers and brokers;
- Making meaningful contributions to local communities; and
- Building trust and confidence in the insurance industry.

We also asked participants to identify what they thought would be the most important issues facing the insurance industry in ten years time. Priorities shifted towards maintaining good standards of employment, working conditions, health and safety and the risks of environmental impacts/climate change. Building trust and confidence in the insurance industry also remained a priority issue.

We gather feedback on our approach and performance through a wide range of additional channels. These include:

- Discussions at the CR Steering Committee and Group Board;
- Employee CR survey and responding to any change in priorities they identify; and
- Engaging a wide range of specific functional groups including: Supplier workshops, shipping industry players, financial service companies and more.

We are committed to complying with all national laws and collaborate with a range of industry organisations and internationally agreed standards, including:

- The Association of British Insurers (ABI);
- The ClimateWise Initiative;
- The Chartered Institute of Purchasing and Supply's Financial Services Purchasing Forum CR working group;

- The United Nations Global Compact;
- The United Nations Environment Programme Finance Initiative (UNEP-FI) Insurance Working Group, including participation in the working group on the Principles for Sustainable Insurance; and
- The Intersure Diversity Forum.



“Our partnership with WWF aims to encourage action among international policy makers on climate related risks through joint research and emerging risk briefings.”

Public policy

We take part in public policy debates on issues relevant to our business, including through industry bodies such as the Association of British Insurers and the Confederation of British Industry. In our engagement with policymakers we aim to improve their understanding of the key issues facing our business and make sure the insurance industry can continue to play a valuable role in society and the economy. We always comply with local laws and with our Public Affairs Policy. We do not make political contributions and we receive no forms of financial assistance from governments.

Some of our main contributions to public policy debate in 2010 included:

- Our partnership with WWF aims to encourage action among international policymakers on climate related risks through joint research and emerging risk briefings. Our first briefing highlighted the risks facing marine environments from increasing commercial pressures. We discussed sustainable fishing with policymakers in Canada and called on

Baltic Sea governments and businesses to support an integrated sea use management model to manage conflicting demands on Baltic Sea resources;

- In Brussels, we highlighted the risks in proposals to stop insurers using gender as a criteria for assessing risk in motor policies;
- RSA hosted a meeting with the UK Government Climate Change Adaptation Minister and business leaders on the implications of adaptation to climate change. We continue to lobby the UK Government for adequate spending on flood defences, changes to planning regulations to reduce building on flood-prone areas and changes in building regulations; and
- In partnership with WWF we are working to encourage planners and local and national government to support sustainable drainage systems (SuDS) as part of a cost-effective, integrated approach to flood and waste water management. We produced a report, launched early in 2011 at the House of Commons, highlighting the risks and practical solutions. In Copenhagen, we engaged the local Government on protection from floods.

Awards

Business in the Community CR INDEX Community PLATINUM PLUS
Business in the Community

FTSE4Good
FTSE4Good investor index

Global 100
Most Sustainable Corporations in the World
Corporate Knights Global 100

CSR Arabia - winner mid-sized category

ETHIBEL EXCELLENCE
Ethibel primesized category

Corporate Responsibility Prime
rated by **oekom research**
Oekom prime investment

Dow Jones Sustainability Indexes
Member 2010/11
Silver ranked in DJSI investor index

OUR VALUE TO SOCIETY

The insurance industry is vital for thriving societies and economies, protecting individuals and businesses against a wide range of risks. RSA also plays a part in responding to climate change and other environmental risks, in meeting society's changing needs and helping to improve safety on the roads, in homes and at work.

RSA makes a fundamental contribution, like any business, by employing approximately 22,740 people and through economic impacts including £233m in tax payments (see the table for details). In conducting our business responsibly we are also working to save energy and reduce greenhouse gas emissions, developing our employees and encouraging them to be active in their communities, as well as driving higher standards in our supply chain and the companies our funds are invested in. Working with the environmental group WWF,

we are supporting conservation projects, developing new products and encouraging others to reduce their environmental footprint.

The fundamental benefit of our products and services is the security that insurance brings to people and organisations. We help them recover when the worst happens, whether that is a relatively small localised incident such as a car crash, or a major disaster such as the earthquake in Chile in February 2010. The confidence that insurance provides is as important as the financial protection - confidence for people to travel, buy a home, ship cargo or construct an office.

Beyond this basic purpose of insurance, we also bring about and support change through product and service innovation (see pages 23 to 25). Our work on flood mapping and geographic risk helps customers understand and reduce the risks they face. Advice and consultancy also helps customers to minimise risks, for example by adopting safer driving techniques and improving the security of empty properties.

Our products are also helping to tackle climate change and other environmental risks in several ways:

- Providing renewable energy insurance to support the growth of this industry globally (see page 56);
- Using our leading position in marine insurance to improve the environmental impacts of shipping, including helping to launch the Sustainable Shipping Initiative (see page 10);
- Encouraging customers to save energy and water (see page 56); and
- Requiring contractors to use products that are more sustainable, including our green home policy in Canada and our UK approach to reusing parts when repairing cars and electrical goods (see page 71 and 74).

RSA insurance products also contribute to social inclusion. We serve market segments such as social housing tenants and the over 50s with targeted products and have worked with partners to provide low-cost insurance for people on low incomes in certain markets.



Creation of Value	2010 £'m	2009 £'m
Net earned premiums	7,179	6,753
Net invested return	629	616
Other operating income	116	89
Net claims and benefits	(4,884)	(4,387)
Underwriting, policy acquisition and other costs	(1,392)	(1,394)
Additional gains, losses and other movement	149	(604)
Total	1,797	1,073
Distribution of Wealth	2010 £'m	2009 £'m
Employees	910	880
Corporate responsibility	3	3
Government (taxes and social security)	233	230
Servicing of finance	118	116
Shareholders (dividend and minority interest)	258	192
Retained for investment	275	(348)
Total	1,797	1,073
Opening shareholders' funds	3,491	3,839
Retained (above)	275	(348)
Closing shareholders' funds	3,766	3,491



PROVIDING SUPPORT AFTER A NATURAL DISASTER

In February 2010, a magnitude 8.8 earthquake - the seventh largest ever recorded - struck central Chile killing approximately 500 people, injuring over 12,000 and leaving nearly 800,000 homeless. It was followed by more than 260 aftershocks and caused tsunamis that hit coastal towns. After checking that none of our employees were injured we created a local catastrophe team with extra support drafted in from across RSA Chile. We were the first insurance company to appear in the Chilean media giving advice to customers on what to do.

Despite the fact that many employees had no power or water in their own homes they returned to work to help deal with the overwhelming quantity of customer claims, which exceeded 32,000. A major shipyard through which relief supplies were to be unloaded was badly damaged so we sent loss adjusters to survey the area first hand and a little over a week later paid out over \$8m to enable reconstruction. By the end of 2010 93% of claims had been settled.

The earthquake led to a wave of support from across the Group with employees responding to a call for volunteers. More than 20 claims handlers travelled to Chile for short and medium term secondments to support RSA customers and reconstruction efforts.

"Working in Chile provided me with a great opportunity to assist our Chilean office in dealing with the catastrophic damages caused by the earthquake. While I was able to apply my property skills, I also gained a much better understanding of the challenges faced in responding to such a significant event."

Linda Friesen, Claims Specialist, RSA Canada



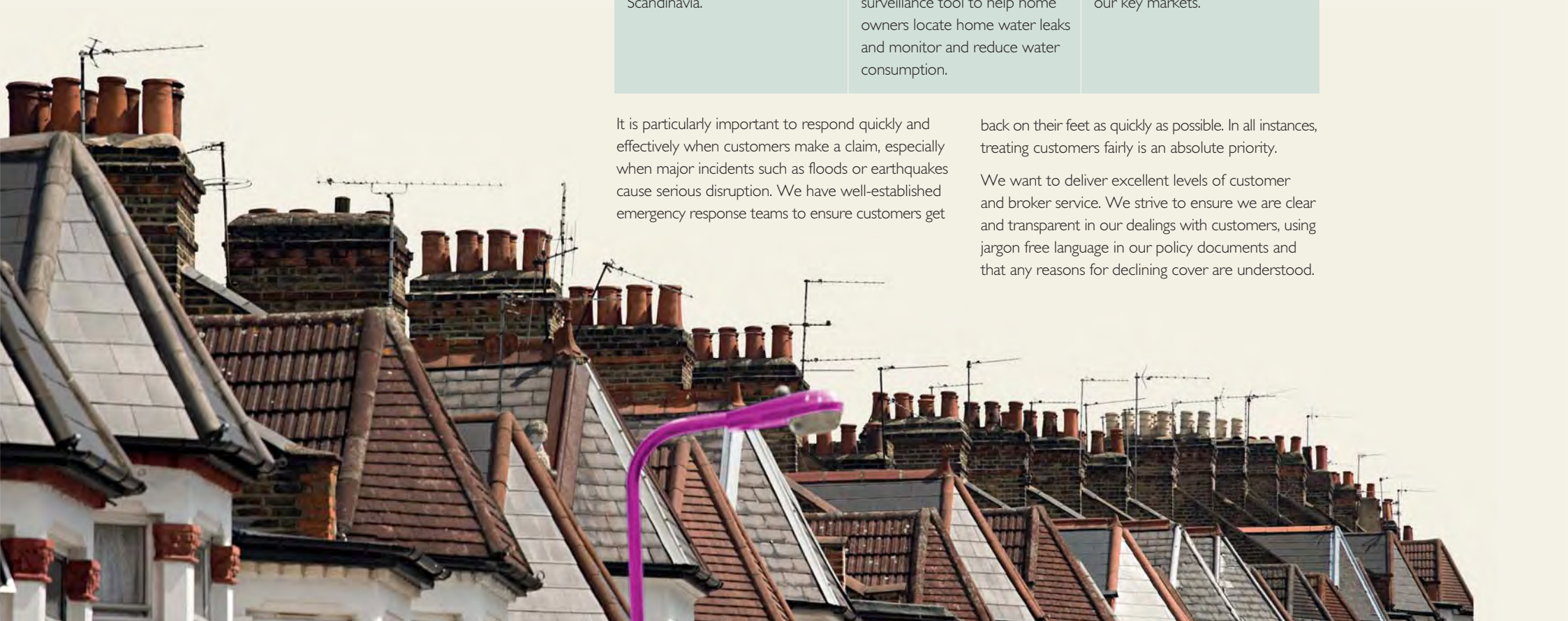
CUSTOMERS

We sell protection against risk to individuals and businesses in over 130 countries. People buy our products directly but we also sell through brokers and other intermediaries. Our main responsibility to customers is to provide products and services which meet their needs at competitive prices and reflect the risks involved. We continually innovate to develop new products and services, many of which have additional social and environmental benefits.

Customers depend on insurance for protection against risks such as losing property to floods or fire. It gives them the financial protection they need to get back on their feet and provides businesses with the security to invest without the risk of financial losses from theft, damage or litigation. We seek to help customers manage risks with targeted advice and innovations such as risk mapping.

Our products and services encourage customers to adopt behaviours that have environmental and social benefits, such as cutting energy use and promoting safer driving. Insurance products for disadvantaged groups protect those who are most vulnerable.





2010 target	Performance in 2010	2011 target
Launch new products with added CR benefits in Scandinavia.	Developed Energy Midt in Scandinavia - a digital water surveillance tool to help home owners locate home water leaks and monitor and reduce water consumption.	Continue to launch products with added CR benefits across our key markets.

It is particularly important to respond quickly and effectively when customers make a claim, especially when major incidents such as floods or earthquakes cause serious disruption. We have well-established emergency response teams to ensure customers get

back on their feet as quickly as possible. In all instances, treating customers fairly is an absolute priority.

We want to deliver excellent levels of customer and broker service. We strive to ensure we are clear and transparent in our dealings with customers, using jargon free language in our policy documents and that any reasons for declining cover are understood.

PROTECTING CUSTOMERS AGAINST RISK

Many risks can be prevented or mitigated by identifying them before they escalate. Policy documents provide essential information on managing risks and we provide additional information for customers through our network of brokers, websites and the media. For example, in 2010 our Johnson brand in Canada launched a safety website for customers with information on how to protect themselves and their belongings. In the build up to the hurricanes that hit eastern Canada in September 2010, Johnson sent email messages to key commercial customers with information on how to protect their property and an emergency toll free claims number. The same information was available on Johnson's website giving all customers tips on how to prepare for the emergency. In Canada, we also conduct safety surveys to advise customers how to protect their homes from theft, fire and other risks such as damp.

Water damage is a leading cause of home losses so in 2010 we launched a pilot initiative in Canada to provide and install water loss prevention devices for high risk customers identified in our surveys. Detecting water losses early is key to minimising damage so we created a website and brochure with practical information on preventing and detecting leaks. The website also includes information and videos on seasonal safety, fire and emergency preparedness. In 2011 we plan to launch a climate adaptation website for customers in Scandinavia with information on how to prevent damage from flooding and heavy rain.

For commercial customers, RSA's Global Consulting group regularly conducts site visits and carries out risk assessments. Visits improve our understanding of clients' businesses and help protect against losses by testing and commissioning fire prevention

equipment and analysing business operations contingency plans. Our Risk Solutions team specialises in bespoke insurance products for large corporate and multinational companies. They work with clients to develop risk management procedures ranging from managing hazardous materials to simple housekeeping measures such as controlling contractors and electrical maintenance.

Risk management in action

We worked with the Insurance Bureau of Canada to develop a Municipal Risk Assessment Tool to assess sewer systems in 10 cities. The tool collects data on factors such as pipe width, maintenance history and staffing resources to determine the likelihood of a claim and help direct investment where it is needed - thus helping to lower premiums.



EMERGENCY RESPONSE TOOL

"In an emergency or when there's a catastrophic event, it's vital that we support affected customers as quickly as possible."

"RSA's Geographical Risk Assessment Unit developed the Emergency Response Tool, which allows our loss adjusters to do just that. The web-based geographical mapping tool uses existing RSA data and pulls it together in a completely new way, giving loss adjusters an almost immediate insight into the magnitude of the problem."

"They can search by address or zoom in on a specific area to see how many RSA customers are affected. It provides customers' names and contact details, as well as displaying their exact location. What's more, the map can be overlaid with risk factors such as floods, so that customers most likely to be affected can easily be identified. We can ring them to ask if they are okay and quickly start processing any claims, allowing us to control the cost of a claim very early on."

"Data quality is paramount to making this work and we are continually looking at ways to improve it. We work closely with organisations such as ESRI and Ordnance Survey to ensure we have access to the latest data and mapping expertise. We are also working with the UK's Environment Agency Flood Watch website to incorporate automatic alerts so loss adjusters have the most up to date information. With weather forecasting and flood watch alerts in place, we can warn customers beforehand and provide them with the appropriate advice."

"Ultimately, insurance is a promise to the customer so the quicker we can respond to them the quicker we can deliver on that promise."

Rob Osment, Technical Manager,
Geographic Risk Assessment Unit
Craig Monks, Loss Adjusting Services, RSA



RISK MAPPING

Risks evolve over time and we need to ensure we have an accurate picture of changing risk patterns to protect our customers. Measuring risks accurately ensures businesses and individuals are not over-paying for their insurance while allowing us to prioritise advice and claims support.

Geographical risk assessment tools help us determine insurance premiums which reflect the risks to property. They map factors such as flooding, subsidence, arson and theft down to an individual postcode. Customers living in high-risk areas can be targeted with information on how to protect themselves from risks specific to their areas.

More sophisticated mapping techniques are helping us to improve our understanding of risk factors by setting them against socio-economic indicators such as income levels and demographics which also impact risk levels. Understanding wider factors such as these is especially important in times of economic hardship when the incidents of theft can increase.



Rob Osment,
Technical Manager,
Geographic Risk Assessment Unit

In emerging markets we use geo-coding based on satellite global positioning technology to map customers' locations in areas with under-developed postal systems, or where the pace of development is so rapid that address systems have not kept up.

Geo-coding is becoming an increasingly important tool to improve the service we provide to customers and our response to disasters. In Estonia, for example, we have developed a web-based broker interface that synchronises customer and geographic information to provide accurate risk assessments on issues such as flooding and storm zones. It provides a quick and convenient tool for brokers to generate accurate quotes, issue changes or even cancel existing contracts.

In 2010, we also launched a web-based emergency response tool for loss adjusters. The tool quickens our response by providing information on the scale of the event and the number and location of affected customers. The quicker we can get this information the quicker we can direct resources to helping customers. We used similar risk mapping technology following the Chilean earthquake (see page 18). Within 10 days of the disaster we loaded 82% of claims into our system.

As part of our three-year partnership with WWF, we are working to highlight the emerging risks facing our environment. We produced a hypothetical scenario simulating what would happen if a passenger vessel ran into difficulty off the coast of Scotland and how the loss of its fuel would spread



within the space of a day. The area includes a range of biodiversity hotspots and conservation areas. There is also a large number of fish farms close by and a high volume of shipping traffic.

By mapping where commercial activity and environmentally sensitive areas overlap we can work together to make commercial activity sustainable.



See <http://www.wwfpartners.com/oil-spill-map/>



HIGHLIGHTING THE DANGERS OF DRINK DRIVING

“During 2010 we worked with employees and customers in Colombia to raise awareness about the dangers of drink driving. Every year there are 6,000 traffic accident deaths in Colombia, half of which involve alcohol.”

“Employees completed an online assessment to calculate their Blood Alcohol Concentration rate which showed how long it would take for alcohol levels to fall to a safe level after drinking. They then conducted a series of practical tests and exercises using ‘alcoview’ goggles that simulate the effects alcohol has on eyesight to raise awareness of its impact on coordination.”

“The awareness programme was extended to commercial clients including municipal bus fleets reaching over 800 drivers. In total, we reached over 1,600 drivers and 180 employees. As a result, we’ve seen a rapid reduction in alcohol related accidents among participating customers.”

Jason Valdes Sierra, Road Safety Coordinator, RSA Colombia

PRODUCT INNOVATION

Changing consumer trends and extreme weather conditions demand new approaches to protecting customers against risk. They also present opportunities to create products with social and environmental benefits.

Our approach is to develop products that respond to customers’ changing needs, encourage more responsible behaviour and appeal to previously under-served areas of the market by offering products at affordable prices.

Product innovation is led through a number of channels including the Technical Academy (our global knowledge sharing forum for underwriting, claims and actuarial experts), customer focus groups, Leadership, Executive and Graduate Development Programmes and the Fast Track programme for high potential employees (see page 46). Our Strategy, Marketing and

Customer team also look for opportunities to extend products to new markets and customer groups.

Road safety

As a leading motor insurer we are committed to improving road safety by offering a range of products and services, including discounted premiums, that encourage safer driving and road safety awareness:

- In Scandinavia, we run a training and certification programme for truck drivers in association with the Danish Transport and Logistics Association. Participating companies can qualify for lower insurance premiums. Our ‘Stop Damage’ safety and road training programme for haulage companies has cut participating companies’ accidents by up to 20%;
- In Italy, we work with the Italian Association of Insurance Companies’ (ANIA) Road Safety Foundation to encourage safer driving. Information on driver training courses and self-assessment questionnaires are distributed through brokers; and
- In the UK, our FleetActive product provides a range of training packages, workshops and ‘behind the wheel’ driver coaching to assess and improve drivers’ skills and capabilities. Technology such as in-vehicle cameras and satellite tracking captures data on driver behaviour and helps to cut costs by ensuring the most efficient routing.

Jason Valdes Sierra,
Road Safety Coordinator,
RSA Colombia



“We continue to be one of the biggest insurers of social housing in the UK, providing insurance for 170 housing associations covering 250,000 tenants.”

Social housing

We continue to be one of the biggest insurers of social housing in the UK, providing insurance for 170 housing associations covering 250,000 tenants.

We aim to make products as accessible as possible through low-cost weekly insurance premiums from as little as £1.50 per week. With-rent insurance schemes include the insurance premium in the tenant's rental payments and group schemes help to keep payments as low as possible. Customers can pay in cash removing the need for a bank account and no excess is payable when making a claim.

Micro insurance

In developing markets we work closely with government bodies and micro-finance companies to boost the number of products for disadvantaged communities. We work with microfinance experts BASIX in India to provide a range of low-cost policies such as livestock insurance, health insurance and micro-enterprise insurance for rural groups and those living below the poverty line, for example women and tribal communities.

In 2010 our Indian subsidiary, Royal Sundaram, participated in the Government sponsored Social Health Insurance Scheme designed to provide health insurance coverage for families living below the poverty line. The policy covers hospitalisation costs up to Rs30,000 (£400) for up to five family members. By the end of 2010, over one million families - reaching up to four million people - in Bihar and Arunachal Pradesh states had been covered by the scheme.

In Colombia, we work with affinity partners to provide life and accident insurance products for people on low incomes. In 2010 we launched a new death, disability and serious illness policy for low income families. The policy provides cover for utility bills, lasting up to 24 months, to ensure the supply of basic services including water and electricity.

Working with a local bank we expanded our low-income life insurance products to include serious illness cover for customers who cannot afford the high cost of health care. The product provides 24 hour tele-medicine support and consultation for all family members, dental care and educational support in the event of a disability.

50+ insurance

People in the developed world are living longer. Products such as travel insurance often demand higher premiums for older people but after retirement many are on a lower income. This expanding demographic group presents a number of opportunities for the insurance industry:

- In Canada, Italy and Scandinavia, our 50+ insurance offers affordable insurance products targeted at this age group. For example, our 50+ Assist Plan in Canada provides personal nursing, companion and housekeeping services after a hospital stay, as well as access to specialised home repair services; and
- In Denmark, we work with the Danish Age Association to develop products targeted at the over 50s. Assault insurance provides medical or psychiatric treatment for members who have suffered an assault, while accident insurance customers do not need to provide health information. Around 13% of the Association's half million members are insured with our Danish business Codan.



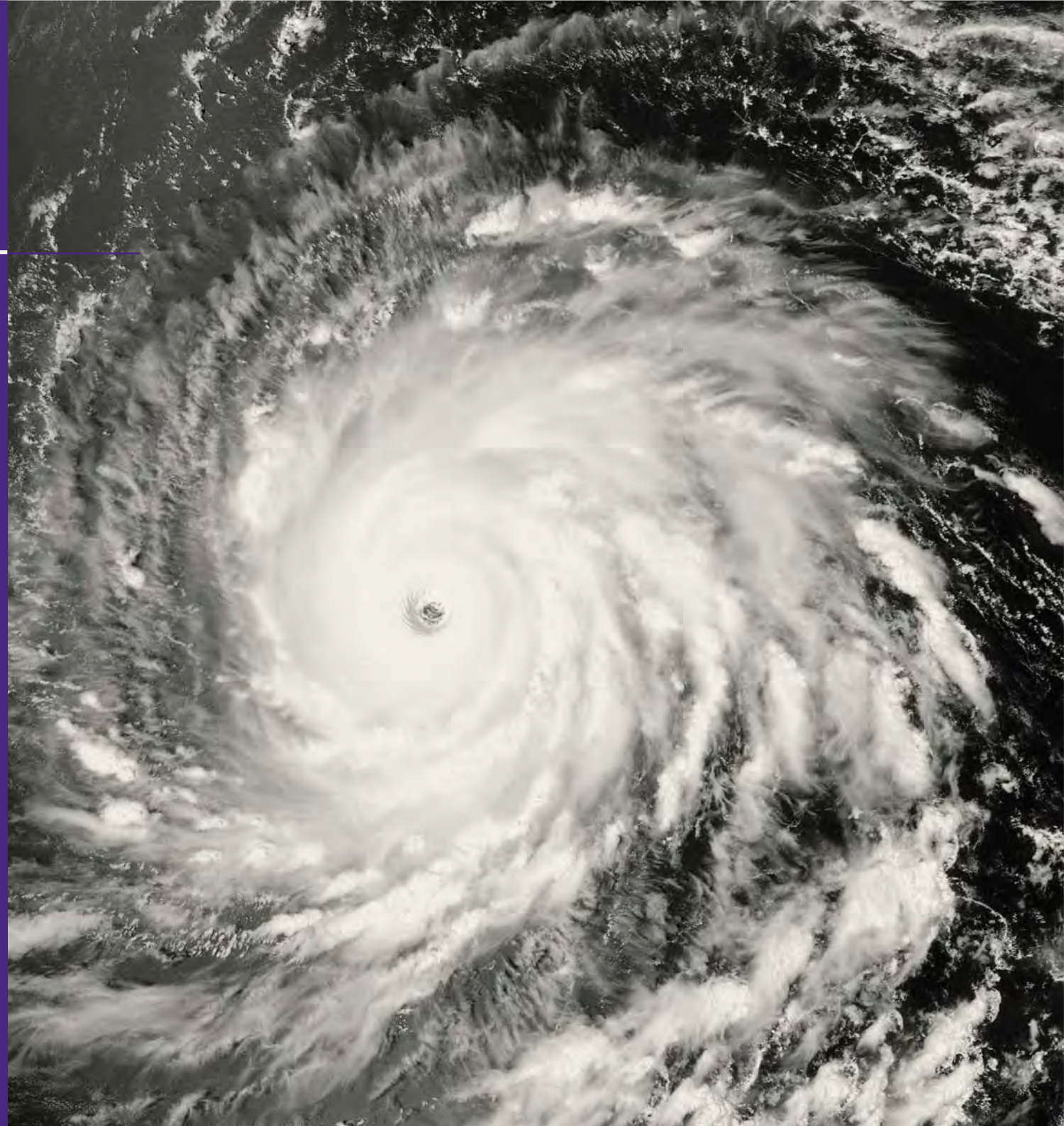
HURRICANE IGOR'S IMPACT

In September 2010, Hurricane Igor caused widespread damage to Newfoundland on Canada's Atlantic coast. Johnson's Emergency Response team tracked the hurricane's progress and started planning its response a full week before the storm reached land. A detailed communications plan was developed to keep customers informed. We sent emails to key clients with information and safety tips to help them prepare. Information on Johnson's website also helped, along with regular updates as the storm progressed. Advertisements in local newspapers immediately before the storm included safety advice and our toll-free claims number. The communications continued after the storm to give customers the information they needed to make claims.

At the height of the storm, Johnson's customer service centre lost power. Employees continued to work by flashlight and despite the chaos they took over 700 storm-related calls. The next day employees, computers, and telephone equipment were relocated so employees could continue to support customers.

Two claims response vehicles travelled to affected areas providing on-site claims support. Employees handed out emergency provisions including blankets, flashlights and water. We chartered a helicopter to reach customers stranded by washed-out roads. Johnson also brought in claims adjusters, contractors and restoration equipment from outside Newfoundland to assist with claims adjudication and repairs.

Over the course of the week following Hurricane Igor we answered over 4,500 claims-related calls from distressed customers throughout the province.



MAJOR INCIDENTS

We aim to get customers back on their feet as soon as possible in the aftermath of an emergency or natural disaster. Our emergency response teams are often the first on site offering support and advice to customers. We provide emergency payments for customers most seriously affected by large-scale incidents such as floods and earthquakes, and additional helpline support, advertising and media interviews to advise customers on claims. In the case of serious incidents like the Chilean earthquake we work to help areas that are in need of additional support and boost claims inspection teams to speed up processing times.



Canada storms

Last year was one of extreme weather in Canada. The hail storm that hit Calgary in August resulted in the largest single claims event in Canadian history. Hailstones up to four centimetres wide battered the city, causing CAD\$500m worth of damage to cars, homes and businesses.



Italy floods

Between October and November 2010, Italy's Central and Northern regions experienced their worst flooding in recent history. In Veneto, three people

died and over 2,500 residents had to be evacuated. The estimated clean up costs were around €1 billion. Using experience from the L'Aquila earthquake in 2009, our claims team immediately got to work by coordinating efforts between our Claims, Underwriting and local Sales teams. All claims had been assessed within 40 days and 20% were settled by the end of the year. We agreed to an advance payment to speed up necessary works to repair a church allowing the community to celebrate Christmas together.



CUSTOMER SATISFACTION

Treating customers fairly

Treating customers fairly (TCF) is a key part of delivering excellent service, as well as being a regulatory requirement in the UK. It relies on having the right culture in place and equipping people with the skills to deliver brilliant service and do the right thing.

An excellent service culture is reinforced through training, internal communications and recognition of outstanding performance. All UK employees must complete a TCF training module every year and in 2010 90% of employees passed the course.

We also have a network of TCF champions who work to ensure continued progress. TCF working groups monitor progress and the Executive Team and Board review performance every month.

Privacy

We have a responsibility to protect customers' information and this is vital to building and maintaining trust. We take a rigorous approach to data protection, with strong systems for the collection, use, storage and transfer of information. Our policy-based framework seeks to meet customer expectations as well as legal and regulatory requirements. We review the framework regularly to ensure employee awareness of the issues and to manage emerging privacy risks.

Insurance fraud

Insurance fraud remains a serious risk to insurers and impacts all customers through higher premiums. RSA uses an extensive portfolio of fraud detection systems to protect our customers and ensure it does not impact the business.

Customer satisfaction

Getting clear, actionable customer feedback is essential to improving performance. We conduct surveys to get customer feedback throughout the claims process, including cancellation procedures. These insights help us to improve customer satisfaction and reduce unnecessary calls.

We have experienced rising customer satisfaction levels across our businesses in 2010:

- In Lithuania, we began measuring customer satisfaction levels using net promoter scores - an external measure recording the percentage of customers who would recommend us to friends or family. Sixty one percent of personal customers and 57% of commercial customers would recommend us. We have the second highest broker satisfaction levels in the market and in 2010 satisfaction with speed of service increased by 17% from 2009 to 85%;

- The average customer approval rating for motor insurance holders in Hong Kong was 4.25 out of 5;
- In the UK, RSA was ranked highest for customer satisfaction by marketing information firm J.D. Power and Associates' 2010 Auto Insurance Customer Satisfaction Study;
- In Canada we experienced 99% customer satisfaction levels thanks to fast track claims handling, specialised claims and empathy training for employees, coupled with 'Voice of the Customer' telephone surveys that give customers the opportunity to provide immediate feedback;
- In the United Arab Emirates, RSA won an 'Excellent Service Award' for its claims handling efficiency from the Arabian Automobiles Company;
- In Estonia, 97% of customers are satisfied or very satisfied with our claims service. Eighty three percent of brokers are satisfied with our services and products, account managers and claims processes; and
- The RSA Ireland's Broker Academy won the Best Technical Excellence award from the Irish Broker Association. The academy aims to develop employees' product awareness and technical skills.

“Cutting the length of time taken to settle claims is a consistent focus area for our businesses as we aim to improve customer satisfaction levels.”

Customer and broker satisfaction are important to us. A reliable and consistent claims experience is essential to building trusting relationships with our brokers. We want brokers to have confidence in our claims process so in 2010 we commissioned research to identify how our processes can be improved to meet their needs.

Following this research we launched a pilot project to improve our claims service and build trust with brokers through measures such as a dedicated claims manager, guaranteed response times and weekly status report meetings.

Cutting the length of time taken to settle claims is a consistent focus area for our businesses as we aim to improve customer satisfaction levels. In Canada, our 'once and done' approach enables adjusters to confirm coverage, investigate and quantify first-time losses in a single phone call. Claims that would normally take between 21 and 45 days can be fast tracked and resolved within one to five days.

Dealing with complaints

Unfortunately, there are times when customers feel we have not met their expectations. If customers are disappointed with our products or service we

ensure it is easy to raise a concern. We take all complaints very seriously and have robust processes in place to ensure they are handled fairly and in a timely manner.

We organise mandatory training for UK employees so everyone knows how to identify and handle a complaint or refer it to the most appropriate person. Since the beginning of 2010 we have been required by the UK Financial Services Authority (FSA) to publish complaints data for our UK operations. During 2010 we received just over 8,300 complaints, equivalent to 0.27% of our customers from January to June and 0.24% in the second half of 2010. We upheld 53% of the complaints between July and December taking appropriate action to resolve them quickly and to the customer's satisfaction.

On average 92% of all complaints were resolved within eight weeks; the maximum permitted time by the FSA. We take on average only eight and a half days from opening to closing a complaint.

In the UK, if a customer is not satisfied with the way we deal with their complaint they can refer it to the independent complaints body, the Financial Ombudsman Service (FOS). 452 cases were

referred to the FOS between January and June 2010. Of these, 32% of our decisions were overturned, putting us ahead of the industry average of 44%. Half of these were cases where the Ombudsmen agreed with our decision but we were required to make additional compensation.

We use the lessons learnt from all complaints to amend our processes and improve our customer service. Following recommendations from the Ombudsman we amended policy literature to help draw customers' attention to key exclusions at point of sale.

Full details can be found on our website at:



<http://www.rsagroup.com/rsa/pages/aboutus/businessprinciples/commitments/customers>



REBUILDING GIGNANO

"While our claims team were recognised for their swift and excellent service following the devastating earthquake in Abruzzo, Italy, it was clear that repairing the damage to the community would take far longer."

"In Gignano, a small village close to the epicentre, only 40 houses were left standing so 800 of the 1,200 former residents had to relocate. RSA helped to finance the construction of a brand new community centre where locals could meet and support one another. RSA employees also volunteered to help run sport and educational programmes as part of the 'Ludobus project' which brought children from around the region to free summer camps."

"Fifteen months after the earthquake, we went back to Gignano to take part in the new 'Kamael' ('angel' in Hebrew) centre's opening ceremony. The centre is now the heart of the village and is used by the whole community as a place to socialise."

"It was fantastic to see some of those children we got to know playing and singing together again in the new centre - we played a small but important role helping them to start rebuilding their lives."

Barbara Larizza, Engagement & Communications Manager, RSA Italy



COMMUNITY

Our global presence means we operate in diverse communities and cultures. Working to support these communities engages and motivates employees, strengthens our reputation and enables us to better understand the markets we serve.

Our community programmes support our business strategy by addressing the issues that are most important to our customers. In 2010 we continued to focus on three core issues - safety, social inclusion and the environment. We engage with local communities on these issues by supporting local projects and charities through:

- Direct financial contributions;
- Practical and skills-based volunteering;
- Payroll giving;
- Matched funding; and
- Gifts in kind.

Employees are an integral part of our community strategy. We identify the projects to support through local RSA charitable committees and the annual employee CR survey.

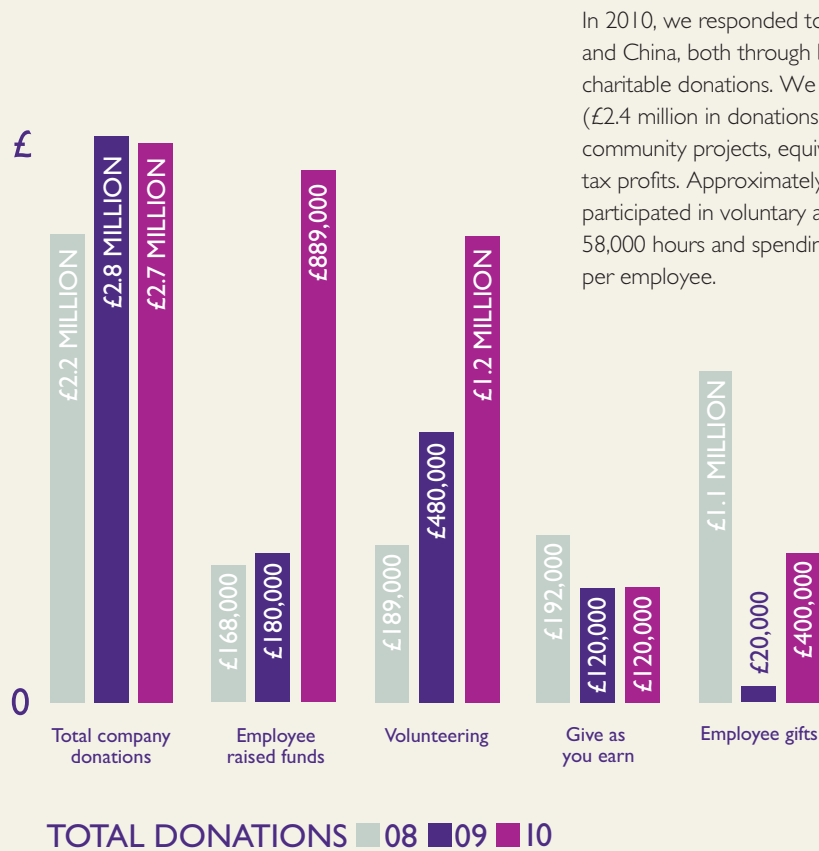
Our volunteering programmes help to motivate employees and build valuable skills which can be used in the workplace. All RSA employees are encouraged to take one day paid leave to focus on volunteering or fundraising activities. Engaging with local communities is increasingly important in attracting and recruiting the best candidates to our company.





2010 Targets and objectives	Progress	2011 Targets and objectives
Celebrate RSA 300th year anniversary with three-month volunteering and fundraising campaign.	RSA offices around the world ran a three-month campaign. Over 6,000 volunteers took part, donating around 36,000 hours and raising £700,000 in funds.	Launch of new matched funding facility across global operations. Double the amount of money available for matched funding.
Exceed 3,000 active volunteers across the business.	13,160 employees took part in voluntary activities in 2010. This included a number of employees volunteering for extended secondments to work within charities such as WWF.	Launch new charitable secondment programme to allow more employees to take the opportunity to develop their skills while contributing to their communities.
Integrate Group Community Policy in Central & Eastern European countries.	Group Community Policy successfully integrated in Latvia, Lithuania, Estonia, Poland and Russia.	
<p>Following the success of our 300th year anniversary charitable campaign we have committed to enabling the same charitable benefits for all employees across RSA. The celebrations demonstrated the power of volunteering and charitable giving in enabling employee engagement, supporting the business and contributing to local communities around the world.</p>		

“Employees from over 30 countries spent 36,000 hours volunteering, raising over £700,000 and donating over 200,000 gifts in kind to charity.”



In 2010, we responded to disasters in Haiti, Chile and China, both through business action and with charitable donations. We contributed £2.7 million (£2.4 million in donations over £1,000) to community projects, equivalent to 0.36% of pre tax profits. Approximately 58% of our employees participated in voluntary activities, giving more than 58,000 hours and spending on average 4.5 hours per employee.

Through our 300th year anniversary we supported a record level of community volunteering across all our global offices. In Central and Eastern Europe we have worked to integrate the Group community policy which provides guidance on managing community activities and sets criteria for funding.

In April, we marked our 300th year anniversary by kicking off a three-month global fundraising and volunteering competition. We encouraged every office across the group to raise money for charity. Employees from over 30 countries spent around 36,000 hours volunteering, raising over £700,000 and donating over 200,000 gifts in kind to charity. The teams that raised the most money by the inaugural RSA Day (25th June) in each region won a trip to London to tour the city and meet the Executive Team.

To ensure a lasting legacy, we will celebrate RSA Day every year to recognise exceptional contributions from employees in volunteering and fundraising activities.

Using our skills to help communities

RSA's community strategy is designed to utilise our employees' core skills and experience so that we can have a lasting impact on communities. For example, in Ireland we work with Junior Achievement to help teach youngsters about business and the value of education. Providing youngsters with access to people from the world of business gives them real insights into the opportunities that education can create.

A partnership between RSA and the charity MapAction continues to help speed up humanitarian response efforts following major disasters. Using the same satellite mapping technology we employ for our claims responses, the charity creates accurate maps to get aid to where it is needed most. Currently RSA provides financial assistance and

we plan to identify how we can use the knowledge and expertise of our employees to deliver valuable support through volunteering and advice.

Building on our success

While we understand that each of our markets have different cultures, challenges and priorities, we look to identify local programmes that have been most successful and roll them out in new locations.

In the UK, MORE TH>N sponsored a new campaign designed to educate children about

road safety and fire hazards. In partnership with the Children's Safety Education Foundation (CSEF) we ran 'Out and About' and 'Red Alert' workshops in 40 schools, providing interactive lessons to over 6,000 six to eleven-year-olds. The success of this initiative has led to plans to roll out similar schemes across other markets in 2011.

In Central and Eastern Europe we have worked to integrate the Group Community Policy which provides guidance on managing community activities and sets criteria for funding. In 2011 we aim to ensure that employees in all our markets have the same opportunities to support their communities. We are developing Group policies and systems which give access to centralised funds ensuring we can help more people in more places.



Graduate Charity Challenge team



GRADUATES IN ACTION

"It was fantastic to have an opportunity to contribute to our community through the Graduate Charity Challenge. Working with a team of six other graduates from across RSA Ireland, we managed to win the £5,000 prize for Rehab Hospice Networks, a charity providing health and social care, education, rehabilitation and employment for over 7,000 people with disabilities across Ireland. They used the prize money to buy a vehicle for Rehab's horticultural skills programme which was in desperate need of transport to ferry people and equipment to and from the various worksites."

"The project gave us the chance to develop leadership, team-working and other business-related skills. We were able to build on our individual strengths and experience to work together to meet new challenges. The final presentation coincided with heavy snowfalls, making it very difficult to coordinate meetings with other team members, so winning was a real boost."

"It was great to see how RSA puts its brand beliefs into practice and the support we received from our colleagues showed us that 'doing the right thing' is something that is important to people throughout the company."

Rhona Leddin, Claims Handler, RSA Ireland

OUR COMMUNITY WORK AROUND

1. UK

In November 2010, RSA UK supported 'A Capital Experience', a day-long event organised by business education charity Career Academies UK. The event, which helps to boost the employability skills of teenagers, gives youngsters a 'behind-the-scenes' insight into the real world of work and senior executives were on hand to answer questions from the students.

2. Denmark

In early 2010, employees began an internal fundraising effort to support Red Cross activities following the devastating earthquake in Haiti. In less than a week, staff in the Nordic region had donated more than DKK100,000 which RSA matched. In total, DKK250,000 went to the relief effort.

3. Sweden

More than 600 employees supported RSA Sweden's first volunteer week. Employees worked with the Swedish Red Cross, WWF and Swedish NGO, Myroma, to make a difference in their communities.

4. Latvia

This year 53 RSA employees spent time with disadvantaged children to teach them cookery skills. Working with Chefs' Club, employees visited a number of children's homes across the country.



THE WORLD



5. Chile

Staff in Chile worked tirelessly to raise funds and build a replacement kindergarten in the town of Dichato following the earthquake. They also donated money to buy food and clothes.

6. Canada

In December 2010, Johnson once again lined the halls of its offices across Canada with mountains of food items for its second annual food drive. In total, Johnson donated over 35,000 items to Canadian food banks last year, topping its 2009 record of 30,000 items. RSA Canada employees turned out in force to volunteer for United Way's Day of Caring. Employees took part in a number of activities from gardening and putting together picnic benches to painting community facilities.



7. Hong Kong

Employees arranged a series of events to raise funds for the Hong Kong Down Syndrome Association. A number of staff also took time to volunteer with the organisation.

8. Colombia

Employees raised over £1,000 and volunteered 100 hours to provide food and shelter to vulnerable elderly members of their local community.



OUR COMMUNITY WORK AROUND

9. Russia

In partnership with WWF Russia, the company adopted five endangered tigers, helping to raise awareness of the plight of these animals.

10. Poland

Staff in Poland helped save lives in their community by donating blood at their local hospital.

11. Singapore

Our team swapped their buckets and spades for refuse bags and gloves to clean a local beach. Family members also pitched in to help make the beach safe.

12. Argentina

Employees took part in a hugely successful clothes campaign in Buenos Aires. They donated more than 500 items of clothing which were distributed to several organisations and schools across Argentina.



THE WORLD



13. Mexico

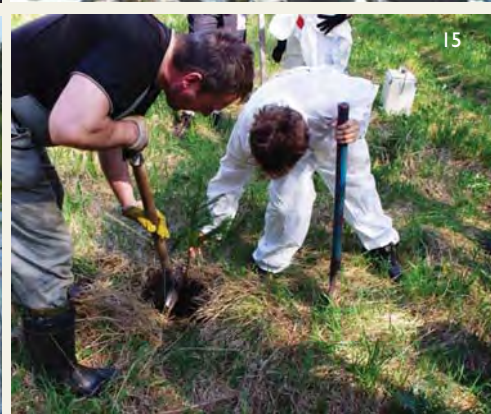
An impressive 724 toys were donated by RSA team members in Mexico and taken to local children's homes where some employees spent the day playing with the children.

14. China

Just days after the tragic Yushu earthquake, employees in China raised over CNY100,000 to support the Chinese Red Cross relief efforts.

15. Estonia

RSA Estonia was recognised for its outstanding volunteering and charitable efforts during our 300th year anniversary. The team took part in events across Estonia to help protect and improve the country's natural environment and heritage including tree planting, beach clearing and taking to the waterways to ensure that habitats were clean and safe for local wildlife.





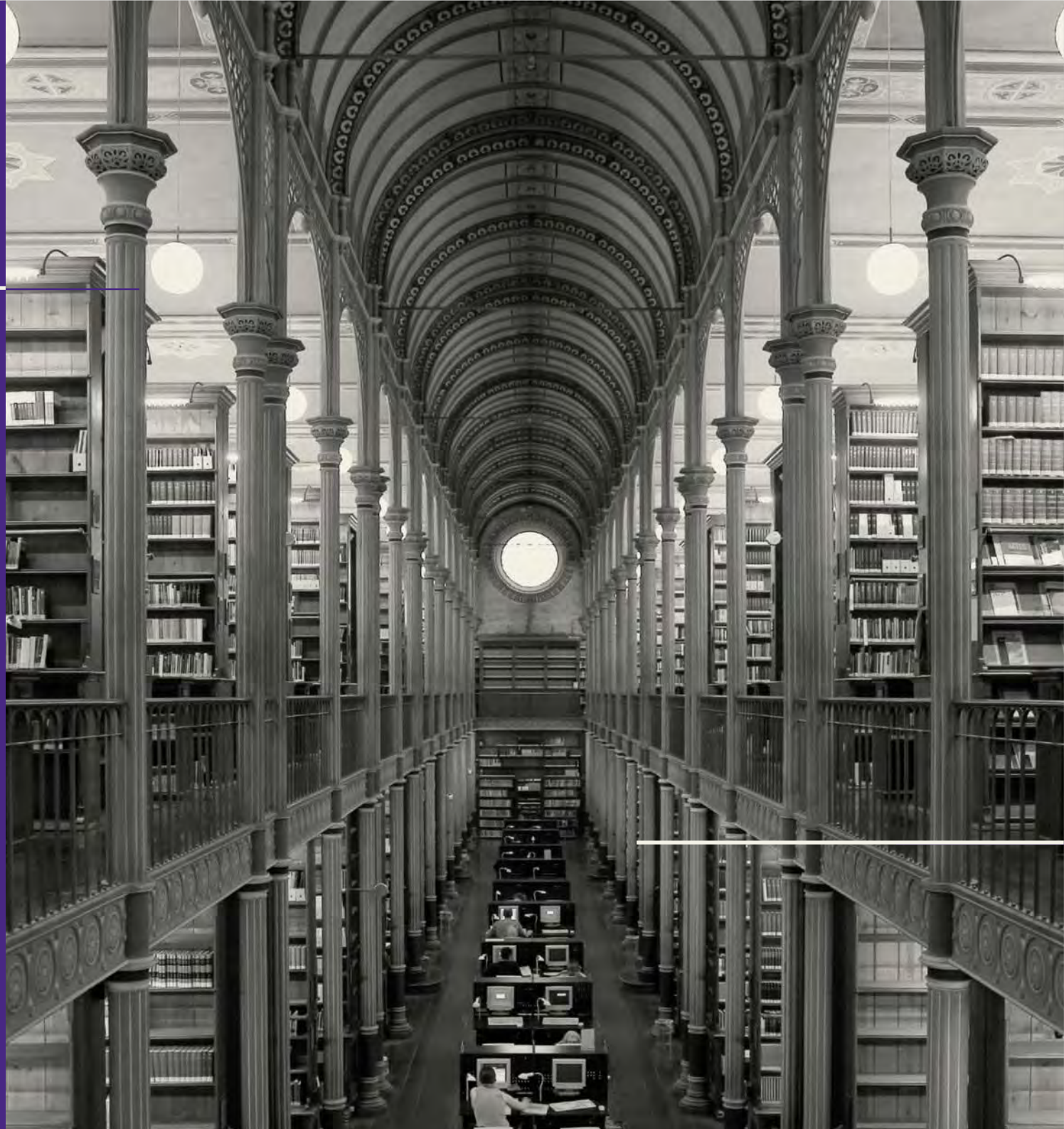
ENSURING A TALENT PIPELINE IN SCANDINAVIA

Recruiting the best graduates is critical to the long term success of RSA, yet we face increasing competition for a relatively small pool of people. We conduct regular 'People Reviews' across our business units to identify areas facing skills and human resourcing challenges. We can then tailor our talent pipeline programmes to help meet these business needs.

For example, we developed an actuarial student programme to meet growing competition for Actuaries across Scandinavia. Every year, promising students join our actuarial team to build experience and learn about the industry. The initiative supports wider attempts to promote RSA among top graduates, such as academic support and participation in recruitment events at the universities of Copenhagen and Stockholm.

"Developing our people is an essential part of ensuring we retain the skills to meet future challenges. Our Talent Review Board meets regularly to discuss emerging talent, succession planning and development needs. The Board also works with the Group level Talent Review Board to ensure that the best individuals from across the Group are filling the most important roles in Scandinavia and elsewhere."

Sheila Dinsen, Nordic Talent & Performance Manager,
RSA Scandinavia



EMPLOYEES

Our business depends on the knowledge, experience and creativity of our employees. They are a vital source of innovation, helping us create new products and services. We expect the highest standards from them. In return, we encourage their professional development, provide attractive benefits and support their wellbeing. Engaged employees are motivated employees so we regularly seek their opinions and feedback to ensure they continue to provide an excellent customer experience.

Sheila Dinsen,
Nordic Talent &
Performance Manager,
RSA Scandinavia



2010 Targets and objectives	Progress	2011 Targets and objectives
Provide every employee with a guide to conduct and RSA policies which underpin our Brand Beliefs.	Pilot guide rolled out to employees in Canada and Ireland.	Roll out guide to all markets.
Achieve an upper quartile score in our global employee survey by 2011.	We saw a significant improvement in our engagement score (from 3.99 to 4.21), putting RSA in the 70th percentile in the Gallup database.	Achieve an upper quartile score in our global employee survey by 2011.
Carry out second CR Survey and exceed 3,000 responses.	Our second CR survey was completed by around 2,000 employees from across the Group.	Carry out 3rd annual CR Survey and exceed 3,000 responses.
Maintain 90% of personal performance linked to rewards.	Maintained.	Ongoing.

The Bribery Act is a major new piece of legislation which ensures UK organisations are held accountable to high standards of business conduct in all their operations. RSA's ongoing Code of Conduct training programme has increased in importance with the legislation and will continue to be a key feature of employee training each year.

Following the 300th year anniversary celebrations engagement saw a dramatic increase with our global volunteering and fundraising campaign. We are developing a new employee campaign to celebrate RSA Day in 2011.

The response rate to our internal employee survey fell slightly lower as attention focused on major events in the market. We expect an increase in take up next year.

In 2010, we employed 22,600 people in 34 countries. Over 7,400 are based in the UK, 8,200 in our International business (Scandinavia, Canada, Ireland and Italy) and 7,000 in our Emerging Markets business (Latin America, the Baltics, Central and Eastern Europe, Asia and the Middle East).

Ethics

RSA's Group Employment Policy outlines our commitment to promoting ethical conduct throughout the workforce. This goes beyond adherence to all applicable laws, regulations and standards wherever we do business. We expect employees to act ethically and with integrity and take responsibility for their behaviour and actions.

All new employees are trained on our Brand Beliefs (see page 11) which set out what we stand for, how we should behave towards each other and the actions we must take to meet our customers' needs. In 2010 we produced a booklet explaining our policies and Brand Beliefs outlining our expectations for employees to reinforce awareness of them.

The Beliefs are supported by our Business Principles and specific policies covering fraud, confidentiality, market abuse, competition and money laundering. They are translated into all local languages where we operate.

Our whistle-blowing policy encourages employees to report any breaches of our policy and illegal activity. We operate a 24 hour, anonymous and confidential hotline for employees to raise concerns.

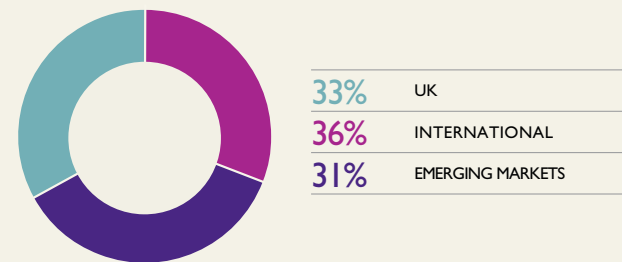
We are making progress to ensure that appropriate policies and procedures are in place to comply with the UK's Bribery Act 2010 (due to come into force in 2011). The Group has conducted a global assessment of the nature and extent of the risks relating to bribery that it faces and is designing and implementing proportionate systems and controls in response.

The Group's Anti-Corruption policy has been updated to reflect the Bribery Act and additional guidance is being produced for staff on gifts and hospitality, which will supplement existing materials. A detailed training programme for all staff is also being rolled out.

Human rights

As a signatory of the United Nations Global Compact we are committed to eliminating discrimination and protecting human rights internally and in our immediate sphere of influence. We regularly review all countries to ensure they comply with our human rights policy and identify those which may pose a major risk to our employees or reputation. We have identified no risk of child or forced labour in any of our operations due to the nature of our business. For more information on how we work with our business partners and suppliers to ensure this, see Suppliers (page 67).

TOTAL WORKFORCE



Diversity

As a global business, we want a diverse workforce which reflects the range of customers we serve. We are committed to encouraging diversity and equal opportunities by fostering an inclusive culture which values different ways of thinking and backgrounds, helping us to better understand and anticipate customers' needs. Employees are recruited and rewarded based on their professional merit regardless of race, gender, age, sexual orientation, religion or disability.

In 2010 women made up 48.57% of our global workforce and 29% of managers. Improving female representation in management positions across the Group remains a focus for us.

We offer a wide range of programmes to encourage and support female employees, including flexible working, equal pay reviews and childcare support. During 2010 we continued to work with Opportunity Now, a UK based diversity charity, to benchmark diversity performance and support female employees. We continue to seek out partners around the world to help promote equality. In Scandinavia, we are planning to partner with a future female leaders' forum. The forum will provide support for female employees through mentoring, workshops and peer groups designed to help them get the most from their career.

MANAGEMENT GENDER SPLIT AS A PERCENTAGE MALE ■ FEMALE ■



EMPLOYEE ENGAGEMENT

Involved and motivated employees who enjoy their work, share our culture and support our business by contributing ideas and opinions are essential to our continuing success. We support a culture of open and honest dialogue in all our markets and actively encourage employees to provide feedback through formal and informal channels. In 2010, RSA Canada received the I Love Rewards' 50 Most Engaged Workplaces Award in recognition of our commitment to improving employee engagement.

Our annual European Consultative Forum brings together employee representatives and management to discuss issues of concern and business developments. In 2010, delegates discussed a range of issues including approving the new external secondment policy for employees. Our World Cafes are a less formal opportunity to bring employees together to discuss matters that impact our business such as at our Liverpool Green Day (see 62).

We recognise the right of employees to freedom of association and collective bargaining. We seek constructive dialogue with recognised independent trade unions, ensuring a regular and open dialogue on business issues and early consultation on changes affecting the workforce. In the UK, Unite is formally recognised through a partnership agreement which covers collective consultation and bargaining on

behalf of non-management employees. Managerial employees are represented under a separate consultative agreement.

In the UK, our Liverpool operations were awarded an Investors in People Bronze award for our commitment to training and development. The award recognises our impressive performance in areas such as employee motivation, working practices and leaders' communication skills.

Employee engagement surveys

Employee surveys are our most important tool for measuring employee engagement levels. They provide important feedback and we use information gathered to help guide our corporate strategy. Every year we undertake three Group wide surveys:

The Global Employee Survey

The annual Global Employee Survey, developed in partnership with Gallup, is an opportunity for employees across the business to provide anonymous feedback. The survey enables us to track and benchmark our performance against the global Gallup database of over five million responses.

Building on our success in 2009, engagement levels increased by 0.22 points from 3.99 to 4.21. Our result puts us in the 70th percentile of the Gallup database and we will continue to work to meet our goal of being in the top quartile in 2011.

Across the Group we made meaningful (0.2) progress against a number of key questions, including:

- "The mission and purpose of my company makes me feel that my job is important."; and
- "There is someone at work who encourages my development."

The questions in which we performed best included:

- "In the last six months, someone at work has talked to me about my progress."; and



“This year, over 15,000 people completed the survey, giving us a strong insight into employee perceptions. The results highlight some key strengths on how we manage performance at RSA.”

- “In the last seven days, I have received recognition or praise for doing good work.”

Despite our overall improvement our focus areas for further improvement are the following questions:

- “I know what is expected of me at work.”; and
- “At work, I have the opportunity to do what I do best every day.”

While we are proud of the progress made we aim to build on this success. Every manager and team leader with five or more employees responding to the questionnaire received a report on their team’s performance and was encouraged to create a plan for tackling low scoring areas.

Performance Management Survey

The Performance Management Survey provides an opportunity for employees to express their views on management performance. Our overall score was 78% favourable, marginally down from 79% in 2009.

This year, over 15,000 people completed the survey, giving us a strong insight into employee perceptions. The results highlight some key strengths on how we manage performance at RSA:

- 94% of respondents say they have documented personal goals/objectives related to their work;

- 93% of respondents have had a formal review in the last twelve months; and

- 92% have had 1:1 meetings to discuss performance with their leader.

We also made progress addressing some of the priority areas identified in the 2009 survey, including:

- 78% of respondents say they have SMART (specific, measurable, achievable, relevant and have clear timescales) targets, up from 73% in 2009; and
- 67% of respondents agreed with the statement: “My leader helps me improve my performance by coaching me through the year”, up from 59% in 2009.

Areas in which we would like to improve our performance include:

- 73% of respondents understood how the Brand Beliefs applied to their work, this is up slightly from 2009;
- 57% of respondents agreed with the statement: “My training/development plan helps me to develop for future roles.”; and
- 60% of respondents agreed with the statement: “My training/developmental plan helps me develop in my current role.”

CR Employee Survey

Our CR Employee Survey provides an opportunity for employees to give feedback on how they think we are performing as a responsible business and what they consider to be the most important CR issues for RSA. As one of our key stakeholders, employees are an important part of our corporate responsibility strategy and their feedback helps to shape our future goals. For example, our new partnership with MapAction (see page 34) was developed in response to employee feedback to our 2009 survey. In 2010, over 2,000 employees in more than 26 countries completed the survey. Key findings include:

- Over 90% of respondents recognise that RSA is active in helping charities and community organisations;
- Employees identified disaster relief as the most important charitable area for an insurance company; and
- Training was identified as the most important issue to people at work, this was followed by ‘reward’ and ‘health and wellbeing’.

Reward and recognition

Remuneration plays a critical role in employee engagement. In order to attract, retain and motivate the best employees our benefit packages are designed to be fair and competitive, based on recognising professional merit. The pay of approximately 90% of employees is linked to their performance.

We also offer non-financial incentives that recognise employees who have performed particularly well. In the UK, managers can use an online 'recognition shop' where they select a variety of rewards for successful employees and teams. Rewards include gift vouchers, away days and wellbeing trips. Our annual Platinum Awards recognise individual employees at all levels who have performed exceptionally well.

We also have a flexible benefits website where employees can pick from a number of benefits, including critical illness cover, discounted shopping vouchers and the option to buy or sell holiday time.

Training and development

We want employees to realise their full potential. Continuous learning and development opportunities ensure they have the skills and qualifications needed to provide technical know-how and excellent customer service.

Launched in 2009, our intranet-based learning portal is available in 28 countries. The site provides employees with information about the company's development programmes and full details on all training available to them. It includes a section to help employees improve their core skills, such as effective planning and communication, as well as a project management toolkit and external links to some of the leading personal development websites.

Global graduate development

Our Global Technical Graduate programme aims to create a strong talent pipeline in our core disciplines of Underwriting, Claims and Actuarial. Twenty four graduates joined the programme in 2010. The programme provides a comprehensive introduction

to the business covering topics from global strategy to engagement, finance and corporate responsibility. This year participants took part in RSA's charity challenge with the winning team from Ireland supporting the Rehab Hospice Network (see page 35).

Fast track

Fast Track is a two-year leadership development programme for high performing employees. The programme provides training, coaching and networking opportunities across the company. It is open to both internal and external candidates and there are currently 38 Fast Trackers globally.

Technical Academy

The Technical Academy aims to continually enhance the technical capability of our Underwriting, Claims and Actuarial employees. Online and offline training develops knowledge sharing platforms on global best practice and improves technical skills. The Academy also helps us to identify talent and develop structured career paths for technical staff, enabling them to build the skills and qualifications they need to succeed.

“The Technical Academy aims to continually enhance the technical capability of our Underwriting, Claims and Actuarial employees.”

Global Marketing Academy

Over 200 marketers from 12 countries attended RSA's second Global Marketing Academy in 2010. The Academy focuses on the latest marketing techniques, tools and industry know-how and covers a number of marketing topics, including customer insight, brand management, proposition development and marketing communications.

In 2010 we launched the Global Capability Framework which identifies the skills and capabilities required for individual marketing positions. Employees can self-assess their current capabilities against the framework and target development plans for other positions that they may be interested in.

Leadership Development Programme

RSA's Leadership Development Programme (LDP) seeks to identify, develop and equip the Group's future leaders with the skills and mindset to drive business growth. In 2011 we plan to expand the programme to include senior insight sessions designed to generate ideas and solutions that address environmental and social challenges.

Executive Development Programme

The Executive Development Programme is a seven-month course for senior leaders that aims to develop their leadership, team working and project management skills. Participants work on projects that look at key business challenges facing the company. In 2011 we are sharpening our focus on our 'graduate EDPers' and what we can do to use their skills more effectively to improve business performance.



HEALTH, SAFETY AND WELLBEING

Health and safety is managed as part of our Operational Risk Management framework. The Human Resources team is responsible for developing our health, safety and wellbeing policies and ensuring that workplace safety is managed effectively. Responsibility for day-to-day health and safety management varies according to individual sites. Each site has at least one health and safety coordinator.

We believe safety is a shared responsibility and employees are expected to behave responsibly and be accountable for maintaining a healthy and safe environment. To ensure that all new employees understand our policies and procedures we provide health and safety information as part of our induction. An intranet site contains everything employees might need to know about safety, health and wellbeing in the workplace.

Health and safety programmes are tailored by region to ensure they address issues most relevant to local employees. We form partnerships that help us identify and address the most pressing health and safety issues. For example, in Hong Kong, we have worked with the Department of Health to develop the Health@Work project. The programme enhances employees' health awareness through a series of health assessments, talks and workshops.

We measure progress through the number of injuries and fatalities. In 2010, the number of accidents per 1,000 employees decreased from 18.99 in 2009 to 16.5. There were 34 serious injuries and no fatalities. The majority of injuries were minor non-reportable incidents e.g. minor cuts and strains. The reduction in reportable injuries was due to countries aligning the categorisation of injuries.

Group	2010	2009	2008	2007	2006
Reportable injuries	34	88	85	84	81
Minor non-reportable injuries	348	352	340	352	340
Accidents per 1,000 employees	16.5	18.99	9.05	11.14	14.30





JOHNSON WELLBEING PROGRAMME

Wellbeing

The health and wellbeing of employees can have a significant impact on performance. By protecting and promoting wellbeing we reduce absenteeism rates and improve productivity.

Our online health portal, FirstAssist, provides access to a wide range of programmes to enable employees to make simple changes to develop a healthier, more balanced and productive lifestyle. For example, employees can:

- Sign up for weekly motivational emails, daily activity guides, recipes and diet tips;
- Have their health scored and progress monitored; and
- Create customised workout plans to suit their goals.

In the UK we also offer access to a free and confidential 24-hour counselling service to help with personal and work-related problems.

In 2010, Johnson launched an employee wellness programme to give all employees the tools and resources to live a healthy lifestyle at work and home. Johnson also held its first wellness week when employees received information about healthier lifestyles and diets.

Similar health weeks are held in Scandinavia, Latin America and the UK.

"I have always been a health conscious person, so I jumped at the chance to lead the implementation of the Johnson Wellness Programme. Launched in 2010, the programme provides Johnson employees with the tools and resources necessary to live healthy lifestyles at work and at home. Employees are eligible for up to CAD\$500 towards a range of activities and equipment to improve their health and well-being. It includes gym membership, home gym equipment and extended health and dental cover."

"Communicating the benefits of healthy living is an important part of the programme. In December, we ran our first week to raise awareness of the issues. Employees in our main site were given the opportunity to meet one-on-one with a healthcare professional to discuss options for improving their health. The programme also enables people to share their stories and motivate each other to keep wellness a priority."

"I believe that wellness should be an important part of everyone's everyday life. Unfortunately, most of us just get too busy to think about it. Through this programme we can make a positive impact on the lives of Johnson employees."

Colleen Laite, Human Resources Analyst, Johnson

Colleen Laite,
Human Resources Analyst,
Johnson



PARTNERING WITH WWF TO PREPARE THE INSURANCE INDUSTRY FOR CLIMATE CHANGE

Understanding emerging risks

A series of regular reports published by RSA and WWF aim to improve opinion formers, organisations and the global insurance industry's understanding of risks to water supplies, energy and biodiversity.

Published in 2010, our first emerging risks briefing - Insurance and the Marine Environment - highlights the risks from ever growing commercial pressures on these fragile ecosystems. By indentifying these risks and how they interact, organisations can mitigate them and capitalise on new business opportunities while contributing to sustainability.



Protecting marine ecosystems

As one of the largest global marine insurers, we are acutely aware of increasing pressures on fishing, shipping and resource extraction and we are working to develop sustainable shipping operations. In Canada, we are establishing marine protection areas to help safeguard the long-term future of the fishing industry and in Scandinavia we are collaborating with governments to better manage commercial use of the Baltic Sea.

The Baltic Sea is one of the world's most threatened ecosystems facing increasingly fierce competition for space and resources from industry, fishing, tourism, cargo and energy generation. Our joint WWF report - Future Trends in the Baltic Sea - calls for an integrated and coordinated approach to managing these conflicting demands.

Flood and water management

Flooding remains a key issue for RSA. Changing weather patterns mean flooding and drought are more frequent events than ever. With increased pressure on flood defence budgets, insurers need to find environmentally-sensitive and cost-effective solutions.

Research by RSA and WWF is exploring ways to cut water use in the home and identify how natural solutions can reduce the risk of flooding in towns and cities. Published in 2011, our joint report - Dealing with the deluge: Urban water management in a changing climate - argues that sustainable drainage systems (SuDS) can form part of a cost-effective, integrated approach to flood and waste water management while improving urban spaces and benefitting wildlife.





Sustainable insurance

The insurance industry can play an important role in promoting more sustainable behaviour in society and the economy. RSA and WWF are investigating how the industry can help remove the barriers facing renewable energy generation and are assessing the business case for integrating environmental risks into our investments and employee pensions.

As a leading insurer of this risk, our Global Renewables business is uniquely placed to help with the transition to a low carbon economy. In China, we have been working with WWF and a range of stakeholders to develop renewable energy usage and energy efficiency.

The partnership will also look at RSA's indirect impacts, reviewing carbon emissions in the claims supply chain and investigating how to incorporate

climate risk into our own investment and pension portfolios to encourage responsible behaviour.

Raising awareness

Our employees can be ambassadors for change both among their colleagues and with our customers. We have launched a secondment programme for RSA employees to spend time working at WWF. Our Seeing is Believing competition takes winning employees to the Arctic to see first-hand the impact of climate change (see page 54).



In the long-term, the partnership will be looking at developing and promoting products that provide incentives to customers for reducing their environmental footprint - for example, making their homes more energy and water efficient.



Visit our partnership website to find out more: <http://www.wwf-rsa-partners.com/>






PARTNERING WITH WWF

We launched our three-year partnership with WWF in the UK, Denmark, Sweden, Canada and China in 2009. The partnership focuses on investigating emerging environmental risks facing the insurance industry.






Over the next two years, we will work together to help the industry adapt to climate change and strengthen its understanding of the link between environmental and insurance risk. We will encourage action through joint research, emerging risks briefings and product development in five areas:






CANADA

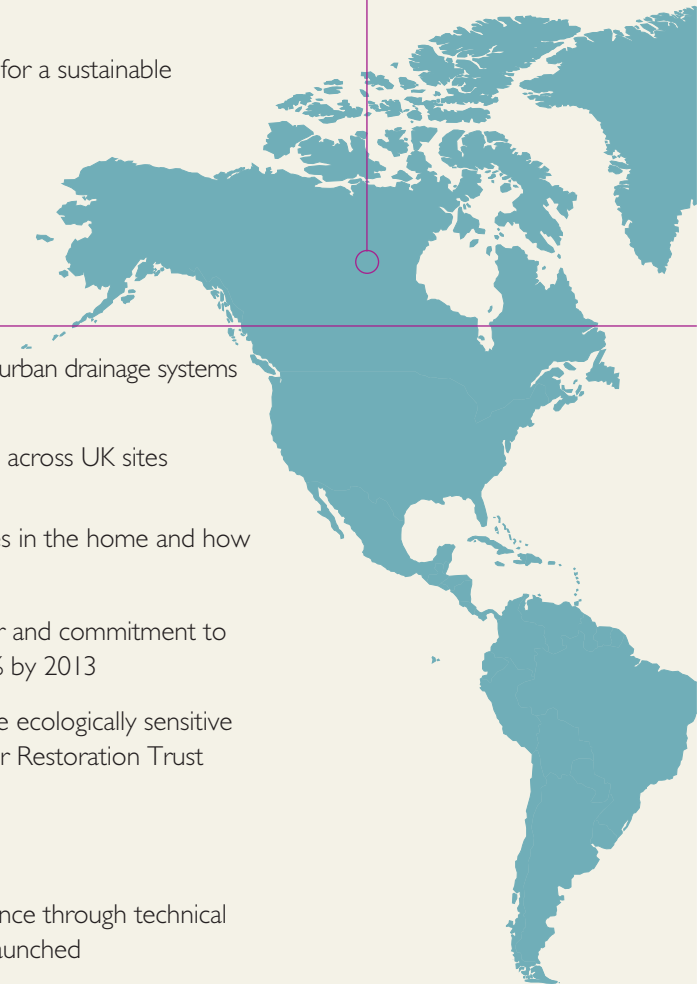
-  Mapping threats to ecosystems to minimise risk and engage local stakeholders in workshops
-  Developing Marine Protection Areas for a sustainable fishing industry
-  Seeing is Believing Green Employee Idea Competition

UK

-  Developing a roadmap on sustainable urban drainage systems
-  Environmental Education road shows across UK sites
-  Analysing the impact of water escapes in the home and how to minimise risk and water scarcity
-  Lead sponsors of WWF's Earth Hour and commitment to reduce carbon in homes policies 15% by 2013
-  Restoring an urban river to investigate ecologically sensitive flood defences with the Thames River Restoration Trust




GROUP

-  Researching emerging risks for insurance through technical briefings twice a year - marine risks launched
-  Assessing the business case for integrating environmental risk into bonds, fixed income and pensions
-  Assessing environmental risks in the Arctic through mapping human activity and biodiversity hotspots







SWEDEN

-  National competition in schools raising the importance of climate issues with children
-  Establishing a regional forum in the Baltic Sea to use resources sustainably
-  WWF's Earth Hour employee volunteering week, raising the profile of climate change in schools
-  Sponsorship of national environmental website to show support of Trygg-Hansa
-  Climate risk research programme for businesses




CHINA

-  Research of barriers to renewable energy and energy efficient buildings in China

RUSSIA

-  Sponsorship of Siberian Tiger conservation programme

DENMARK

-  Lead sponsors of WWF's Earth Hour with 450 volunteers encouraging businesses to sign up
-  Climate challenge schools programme with winning school researching climate risk in Greenland
-  Launch of Energi Midt energy and leak reduction device for homes in 2010





SEEING IS BELIEVING FOR SYLVIE PARADIS

Three days of beautiful weather in the middle of November would be welcome news for most visitors to Churchill in Canada's far north. For RSA Canada employee, Sylvie Paradis, it was a warning sign that life is getting tougher for Churchill's most famous residents - the polar bears.

"Everyone was amazed with how lucky we were. Even those who had been many times before had never seen such warm conditions. While the weather was great for us, it wasn't so great for polar bears," explains Sylvie.

For bears, no ice means no food. Every year the ice forms later in the year and thaws earlier, making the polar bears' feeding period increasingly shorter. This has led to physical changes with the bears. Cubs are becoming smaller and have a reduced survival rate in the first year. They can die from malnutrition, the cold, or even be killed by a male bear.

Sylvie spent five days in Churchill learning first hand the impact of climate change on this iconic species as the lucky winner of a competition organised with WWF to get employees thinking about the steps they can take to reduce the environmental impact of our business. Sylvie and her team developed a paper reduction strategy that has the potential to save the equivalent of hundreds of trees while making it easier for brokers to do business with us.

The competition was one of a number of events we organise to raise environmental awareness among employees, encouraging them to cut their footprint at home as well as work. For Sylvie, the lessons from her trip are clear: "The good news is we can all, as individuals, communities, families and businesses start to make ecologically sound decisions that together will make a difference."

Sylvie Paradis,
Solutions PME, RSA Canada



ENVIRONMENT

We take climate change and other environmental issues seriously, believing they present risks and opportunities for our business and society. We minimise the impact of our operations, develop products and services that support low-emission technologies and work with high profile partners such as WWF to encourage customers to adopt climate-friendly behaviour.

For our 2010 targets and performance, plus our 2011 targets please see pages 64 and 65.

Climate change, environmental products and services

We believe that climate change poses a serious risk to our business. As an insurer, any change in the intensity or frequency of extreme weather conditions is a significant risk, greatly increasing claims from, for example, flooding or wind damage.

Worldwide energy demands are expected to increase by 50% over the next 20 years and the renewable energy industry is set to play an increasing role in meeting this demand. Without adequate insurance, the planning, construction and operation of mid-to-large-scale renewable energy projects would not be viable.

Climate change is also an opportunity to create products that support and encourage consumers to tackle their environmental footprint.



Renewable energy

We are a leading insurer of the renewable energy industry with a significant share of the global market. Our main propositions include wind, bioenergy, solar and small hydro insurance and we are expanding into emerging technologies such as tidal, wave and geo-thermal energy.

Three Centres of Excellence support 15 renewable energy teams around the world. They provide underwriting, claims and risk management support, based in London (bioenergy and solar), Toronto (small hydro) and Copenhagen (wind). In 2010 we re-launched our renewable energy business in Italy - Europe's third largest renewable energy market - insuring wind, solar and hydro generators and manufacturers.

Wind accounts for 80% of our renewables business and has grown by over 50% per year since we launched our Global Renewable Energy business in 2007. We insure the manufacturers of 50% of the world's wind turbines, enough to power 40 million homes. Our clients include Vestas, Siemens, Suzlon, Gamesa and Alstom. Codan, our Danish subsidiary, is involved in 80% of all offshore wind projects in the world. In 2010, Codan was appointed lead insurer

for the world's largest offshore wind farm, the London Array, with over 340 turbines generating up to 1,000 megawatts of electricity - enough to power a quarter of London's homes.

Nearly one third of renewable energy projects are in developing countries. We have grown our presence in emerging markets to cover wind power insurance in China, India and Chile to meet this demand. In China, our Clear Sky Solutions proposition provides wind power insurance and we have relationships with leading manufacturers, as well as key power providers, specialist intermediaries and insurers.

Securing access to finance is a significant barrier to renewable energy projects in developing countries. We are working with WWF to explore how the insurance industry can help remove this barrier and we are a partner in insurance4renewables, along with German reinsurer Munich Re, specialist carbon insurer Carbon Re and the United Nations Environment Programme (UNEP). It offers standard and customised insurance products and services to streamline financing. In 2010 we hosted a seminar with UNEP, WWF and Munich Re to discuss how governments and the insurance industry can help to mitigate political and economic risks to encourage investment.

Encouraging green behaviour

We offer a range of services that encourage customers to adopt more environmentally friendly behaviour. For example, in the UK and Ireland, we provide discounted car insurance for fuel efficient vehicles. In Scandinavia our subsidiary Trygg-Hansa provides online training for personal and commercial customers on fuel efficient driving techniques. Trygg-Hansa also offers discounted premiums for companies that hold environmental certificates, demonstrating improved environmental management practices. In Denmark, Codan offers customers free environmental health checks for their cars.

As part of our three-year partnership with WWF we are working to develop and promote products that support customers who want to reduce their environmental footprint, for example by making their homes more energy and water efficient.

We launched a Greener Home Endorsement policy in Canada that gives customers the option to replace damaged property with more environmentally friendly alternatives. For CAD\$10 customers can have damaged property replaced with materials of similar quality that have been certified as environmentally friendly or energy efficient. See page 74 for more information on tackling the environmental impact of our supply chain.



MAPPING THE CARBON FOOTPRINT OF HOME INSURANCE

"Perhaps it's rather abstract to think of the environmental impact of an insurance policy, but that's exactly what we are doing."

"A number of products already carry a carbon label and this is something we're keen to develop further. Ultimately, we want to help our customers understand the carbon impact of our services to help them make informed decisions about their carbon footprint. But the immediate potential is much more practical. By understanding where the biggest impacts are we can target our reduction efforts and see the benefit through lower energy bills and more efficient processes."

"In 2010 we were proud to be the only insurer invited to participate in a global pilot of the GHG Protocol Product Life Cycle Accounting and Reporting Standard. That sounds complicated but it's about assessing the overall impact of a product. We mapped out the whole process of a MORE TH>N home insurance policy from end to end, including our own operations and our suppliers'."

"The analysis showed the average carbon footprint of a MORE TH>N home insurance policy is equivalent to 8.4kg of CO₂. The greatest contributions are the energy and equipment used in our call centres and external claims providers, followed by the materials used in our policy packs."

"We are working closely with WWF to see how we can use the findings to develop a green insurance policy and have set a target to reduce the carbon impact of the average home insurance policy by 15% by 2013."

Andy Home, RSA Global SRM Excellence Manager

Also in Canada, we launched a new insurance policy for homeowners and small businesses that generate their own renewable energy. The policy covers renewable energy equipment against physical damage and loss of income up to CAD\$5,000. It is designed for participants in the Ontario government's microFIT programme which allows home and small business owners to sell renewable energy generated from their properties back to the electricity grid at stable prices under long-term contracts.

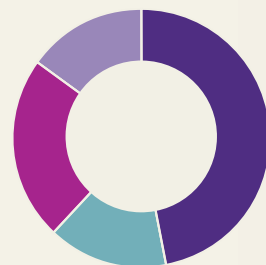
Environmental clean up

We provide products that help protect against the risk of accidental pollution damage at sites protected under European Union or local conservation laws. The EU Environmental Liability Directive seeks to

protect special sites, known as Natura 2000 sites, from environmental damage. Operating on the 'polluter pays' principle, it makes operators financially liable for damage to habitats and species, land and water resources.

The service, available in Denmark, Sweden, Italy and the UK provides cover for cleaning up damage and restoring ecosystems to their original condition. It goes beyond traditional 'clean-up' policies, extending to the management of the restoration projects. Environmental professionals help our claims teams to develop remediation plans. This expert advice means we can better manage incidents and our risk is covered by a dedicated reinsurance programme, eliminating any exposure to unknown long-term environmental risks.

HOME POLICY CARBON FOOTPRINT



47% Call centres

15% Claims supplier travel

23% Policy packs

15% Other

Based on data from 1,000 claims



Andy Home,
RSA Global SRM
Excellence Manager

MANAGING OUR DIRECT ENVIRONMENTAL IMPACTS

Reducing greenhouse gas emissions from our buildings and travel is a high priority. We are also targeting other environmental impacts that are significant to our business, such as paper use.

Our environmental strategy is to:

- Measure and report our CO₂ emissions and other impacts;
- Set targets for reducing them;
- Improve energy efficiency, waste disposal, travel impacts and resource use in our buildings and daily operations;
- Offset remaining CO₂ emissions in countries achieving the previous steps; and
- Work with suppliers to improve the environmental footprint of our supply chain (see page 67).

We have set a long-term Group target for a 40% reduction in gross tonnes CO₂ per £m NWP by 2020 against 2006 levels. Individual countries set additional targets covering key environmental impacts relevant to their circumstances.

Energy and emissions

Our biggest direct environmental impact is the carbon dioxide emissions from energy we use in our offices and from travel, especially emissions from electricity. Emissions from travel are significant and come mostly from cars but air travel has increased because of the Group's growing international presence.

Absolute CO₂ emissions are not comparable over time because we have been extending the data to cover newly acquired businesses. Total gross emissions per £m net written premiums (NWP) reflect underlying performance and this measure fell by 0.6 tonnes per £million NWP in 2010, demonstrating the progress made in efficiency programmes across the Group.

Almost half of Group emissions are in the UK and these fell by around 1% compared to 2009. This is primarily due to reduced electricity use in our offices. In addition, combined heat and power and other lower-carbon sources of energy provide half the electricity we use nationwide. Our Group head office uses 100% renewable energy and in 2010 Codan began purchasing renewable energy to power its headquarters in Denmark.

Despite this overall decrease, we did record an increase in gas consumption at our UK motor repair centres due to a higher volume of vehicles being processed. There were also two separate incidents in 2010 involving significant leaks from refrigerant systems. Both have been investigated and inspection regimes introduced to give early warning of any future problems.

We offset carbon emissions in the UK and Ireland, which have been carbon neutral since 2006 and 2008 respectively, by investing in renewable energy projects in India that comply with the robust, internationally recognised Voluntary Carbon Standard (www.v-c-s.org).

“Our Group head office uses 100% renewable energy and in 2010 Codan began purchasing renewable energy to power its headquarters in Denmark.”

In 2010, total offsets remained stable and a marginal decrease of 0.2 in net emissions of CO₂ per £million of net written premium was achieved.

Many individual countries have introduced steps to cut their energy use by installing energy efficient measures such as automatic sleep modes for computer monitors and switching off lights. Johnson's new head office features a number of energy saving technologies including programmable heating and cooling, motion-activated and energy efficient lighting and extra windows to increase natural light. Ceiling tiles, carpet and floor surfaces are made from recycled materials and all of the waste generated during its construction was segregated and recycled.

A key change in the business is the growing percentage of emissions that Emerging Markets account for. As data systems with suppliers continue to improve, more accurate assessment is possible, which is part of the reasons for increases in this part of the business.

GREENHOUSE GAS EMISSIONS FOR RSA INSURANCE GROUP (TONNES OF CO₂E*)

	2010	2009	2006 (baseline)
Scope 1 ¹	16,544	15,153	–
Scope 2 ²	32,441	33,616	–
Scope 3 ³	19,250	15,890	–
Total gross	68,236	64,659	77,247
Gross tonnes CO ₂ per £m NWP	9.0	9.6	14.1
Carbon offsets	34,000	32,887	–
Total net emissions	34,236	31,772	77,247
Net tonnes CO ₂ per £m NWP	4.5	4.7	14.1

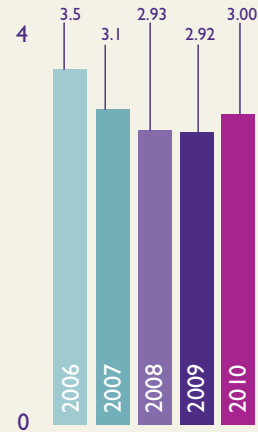
GEOGRAPHIC BREAKDOWN OF CO₂E EMISSIONS FOR 2010 (TONNES CO₂)

	Scope 1	Scope 2	Scope 3
UK (including GCC)	7,904	16,093	7,317
International	3,097	7,518	6,144
Emerging Markets	5,543	8,830	5,789

* Group carbon dioxide equivalent emissions (tonnes).

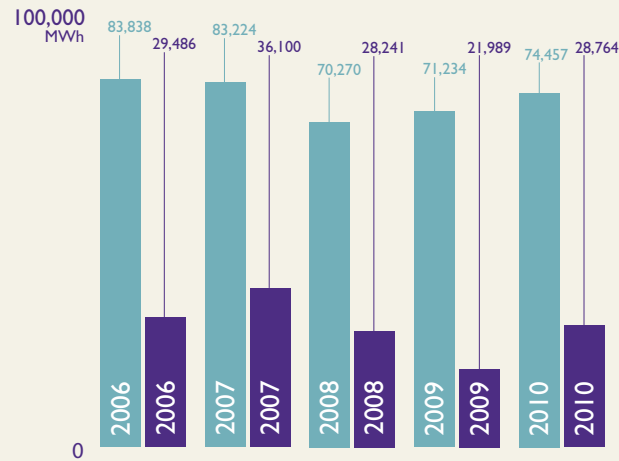
1. Scope 1: All direct GHG emissions.
2. Scope 2: Indirect GHG emissions from consumption of purchased electricity, heat or steam.
3. Scope 3: Other indirect emissions.
4. CO₂ baselines 2006-08 restated in accordance with revised emission factors from DEFRA and GHG Protocol.
5. 2009 data includes Czech Republic, Poland and Russia for first time.

CO₂ EMISSIONS PER CAPITA
(tonnes per employee)



ENERGY CONSUMPTION IN OUR OFFICES (MWh)

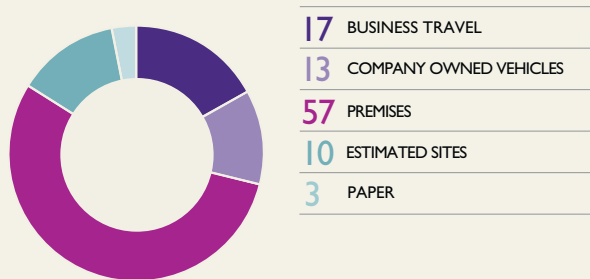
Electricity use Gas use



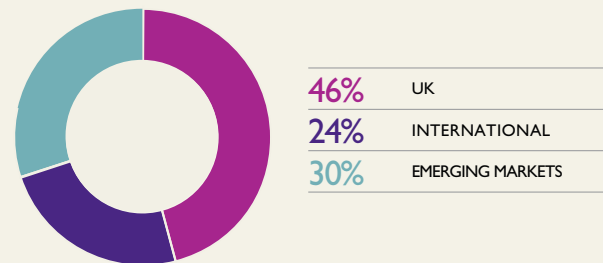
Note: Includes additional sources of energy for 2010 (Steam and heating fuel).

Waste recycled	Tonnes	% of total waste
2006	914	18%
2007	776	17%
2008	943	26%
2009	775	23.4%
2010	1,380	35%

CO₂ EMISSIONS BY SOURCE 2010



CO₂ EMISSIONS BY REGION



Travel

In 2010, business travel (including company vehicles, road, air and rail) accounted for approximately 30% of our total carbon footprint, up from 23% in 2009.

We seek to reduce the environmental impact of travel by encouraging the use of video and teleconferencing, monitoring employee travel and setting reduction targets for air and car use. For example, Johnson reduced air travel equivalent to 579,536km by installing video conferencing technology in its head and regional offices in 2010. The move has cut travel costs by CAD \$290,000 and improved engagement levels as employees are able to spend more time with their families.

Resource use

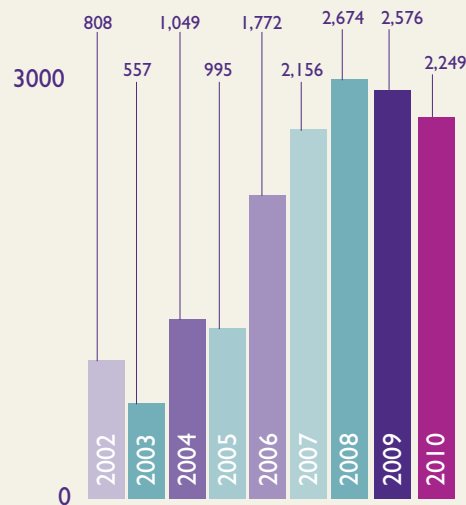
Cutting water consumption and other resources and cutting waste helps reduce demand on the environment as well as saving money. It also helps reduce emissions because of the energy involved in producing materials such as paper, providing clean water and managing waste.

Paper is the main resource we consume as an office-based organisation. In 2010, Group paper consumption fell from 2,552 tonnes in 2009 to 2,249 tonnes. We also achieved significant savings in water use, cutting our consumption from 260,950m³ in 2009 to 198,739m³ in 2010. These reductions are due to the introduction of a range of water and paper saving initiatives across the Group such as electronic communications and more efficient printing (see

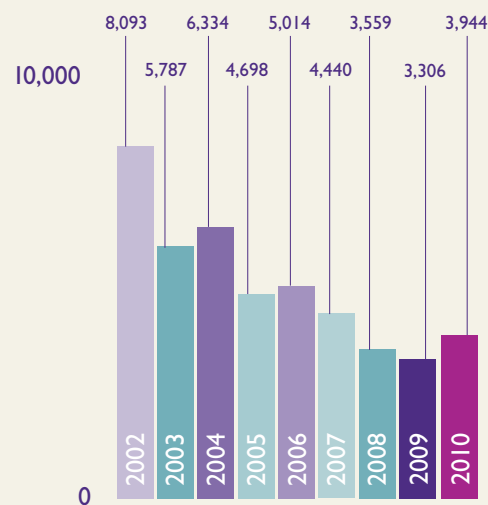
below). Despite these falls, Group waste increased from 2,709 tonnes in 2009 to 3,944 tonnes in 2010 due to improved data capture in Emerging Markets.

Performance in our largest market - the UK - continues to improve where we achieved a 22% reduction in paper use and a 5% reduction in waste to landfill, meaning we met our targets of 4% and 3% respectively. These were achieved due to the installation of new print management hardware (see page 66), increasing employee awareness about cutting paper use and an improvement in overall office recycling rates. The rollout of a new waste recycling programme in our motor repair centres has also contributed to the reduction in waste to landfill and we expect this to continue in 2011.

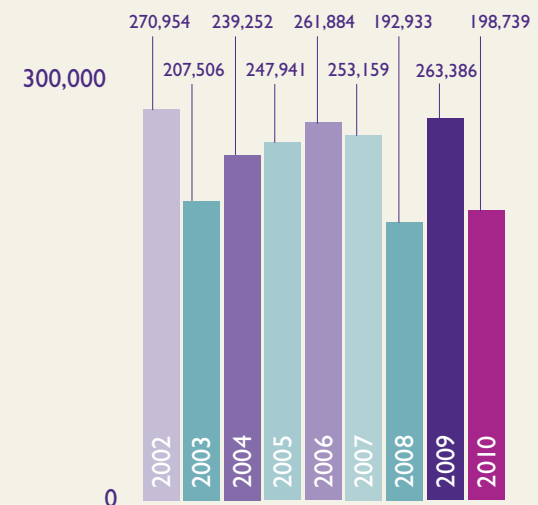
PAPER USE (tonnes)



TOTAL WASTE GENERATED (tonnes)



WATER USE (cubic metres)



Note: Leak in Mexico caused a major increase in water consumption in 2009.

Across the Group, individual countries are taking steps to cut resource use and increase recycling:

- We introduced paperless billing in Estonia. All policies, invoices and contracts are sent to customers electronically and most claims are handled by email;
- In Mexico, we installed water saving features in office bathrooms. We also introduced recycling facilities for paper, card, plastic and batteries with all electronic waste sold to a recycling company;
- Recycling facilities for paper and printer cartridges are available in our Hong Kong office. Employees are reminded to turn off computers, lights and other equipment before leaving the office. We have been awarded the Wastewi\$e logo by the Environmental Protection Department since 2000 for meeting waste reduction targets;



- In Colombia, more concise policy documents have cut paper use by 67%. We saved 120,000 disposable cups by replacing them with glass mugs and recyclable waste is now sent to a recycling company that is run by and provides work for low income families;
- In Chile, all office paper is recycled and double sided printing is the default setting for printers. Computer monitors are programmed to automatically switch to sleep mode after inactive periods and office lights are turned off at lunch times;
- In Lithuania, all electronic waste is sent to an electronic waste processing company for safe disposal; and
- In the UK, we are supporting a Royal Mail initiative to reduce the environmental impact of direct mail marketing. Sustainable Mail sets standards covering the use of recycled material and aims to encourage consumers to recycle more by including recycling messages on the documents. Companies that meet this standard benefit from lower postage costs.

Embedding a green culture

We promote an environmentally responsible culture among employees, encouraging them to cut their footprint at home as well as work.

Green Teams and local champions around the Group drive activity by organising Green Days and supporting international events such as WWF's Earth Hour. Raising employee awareness is a key goal of our partnership with WWF:



- RSA's Liverpool office played host to our first UK Green Day. Organised with WWF, the event showcased the work RSA and WWF are doing to tackle environmental issues such as climate change, marine conservation and flooding. Employees were

“RSA Canada’s Green Team have already made impressive progress helping to cut our environmental footprint, including saving more than 10 million sheets of paper.”

encouraged to get involved through environmentally themed activities, competitions and games. A Green World Café generated a number of interesting ideas for reducing the environmental impact of RSA’s operations and services, including new products and ways of working.

The event included a number of our key suppliers and partners as well as showing how they’re working with us to manage our energy consumption, reduce our waste and increase our levels of recycling;

- In 2010, we organised a Green Day for RSA Canada employees. The Green Team in Canada have already made impressive progress, helping to cut our environmental footprint, including saving more than 10 million sheets of paper, diverting more than a tonne of food waste through composting initiatives and saving almost 9,000 water bottles by replacing them with pitchers of water and glasses during meetings;
- Also in Canada, Johnson’s Green Committee organised a Green Week to help embed awareness of green issues among our employees. The week, which coincided with WWF’s Earth Day, showcased some of the steps employees can take to reduce

their environmental footprint at work and home. Employees were encouraged to submit feedback and ideas to support Johnson’s environmental strategy. In recognition of WWF’s Earth Day, Johnson employees were given a checklist with over 50 activities that they could do to make their day environmentally-friendly;

- Scandinavia’s Green Team organised a range of activities during Climate Week to raise employees’ awareness about how they can adopt more climate friendly behaviour at home and work. One of the activities was an eco-driving course for

40 employees and a driving simulator at our head offices. A competition to generate ideas on how the company can cut its emissions received around 130 suggestions. The Team has also helped to develop climate friendly insurance products for customers such as a free energy report highlighting how much customers can save if they replace broken windows with newer and more efficient ones.



Targets and progress

2010 target	Performance in 2010	2011 target
Develop green proposition initiatives in Canada and Scandinavia to launch products during 2011.	Launched Greener Home Endorsement policy in Canada that gives customers the option to replace damaged property with more environmentally friendly alternatives.	Continue to develop and roll out products with environmental benefits in our main markets including the UK, Canada and Scandinavia.
Launch construction of urban flood water management scheme in partnership with the Thames River Restoration Trust.	Project partners confirmed and planning permission secured during 2010. Official project launch in March 2011.	Construct urban river restoration.
Review Group CO ₂ aggregation and calculations of system with full audit.	New Group CO ₂ reporting system implemented.	Carry out due diligence for global energy procurement contract.
Reduce by 40% gross tonnes CO ₂ per £m net written premiums (NWP) by 2020 against 2006 baseline.	In 2010 we reduced gross CO ₂ per £m net written premiums by 3% against 2006 baseline (a total reduction of 35% since 2006).	Reduce by 40% gross tonnes CO ₂ per £m net written premiums (NWP) by 2020 against 2006 baseline.
UK (against 2009 data) - Reduce electricity 2% - Reduce water 2% - Increase office recycling to 50% - Reduce office paper 10% - Increase QRC recycling to 60% by 2011.	All targets were met.	- Reduce electricity 3% - Reduce water 3% - Reduce gas 3% - Reduce office paper 4% - Reduce office waste 3% - Increase QRC recycling to 65%.
<p>Progress continues to be made on delivering products which contribute to environmental impact reduction.</p> <ul style="list-style-type: none"> • A range of new propositions are scheduled for launch in 2011 as well as continuing to tackle the underlying impacts of core products in the claims supply chain. • RSA continues to invest in tangible strategic research into climate change which supports employee volunteer participation. • The urban river restoration project at Mayesbrook Park in London will help assess whether environmentally sensitive flood defences will help reduce flood risk and support adaptation to a changing climate. • Substantial progress has been made towards our 2020 CO₂ reduction target with a 35% reduction to date. • We are on track to achieve our target ahead of schedule through operational improvements to our facilities, travel and internal behaviour change. • Commentary on national targets is included in this section. 		

2010 target	Performance in 2010	2011 target
Group Corporate Centre (against 2009 data) <ul style="list-style-type: none"> - Reduce electricity 4% - Reduce gas 4% - Reduce paper 6% - Reduce waste 3% - Increase recycling 4% - Increase video conference use 10%. 	Paper and video conference targets were met. An increase in number of employees due to Solvency II work contributed to an increase in environmental impacts.	<ul style="list-style-type: none"> - Reduce electricity 3% - Reduce paper 2% - Reduce waste 4% - Increase video conferences 5%.
Ireland (against 2009 data) <ul style="list-style-type: none"> - Reduce rail 10% - Reduce electricity 5% - Reduce gas 5% - Reduce paper 10% - Reduce waste 3% - Increase recycling 5%. 	Rail, gas and waste targets met. Good reductions on electricity and paper with recycling remaining at the same level.	<ul style="list-style-type: none"> - Incorporate newly acquired 123 business into environmental reporting system. - Ensure rail, electricity, gas, paper, waste and recycling remain at same levels.
Scandinavia <ul style="list-style-type: none"> - Reduce Denmark paper 5% - Reduce Denmark paper waste 5% - Reduce Denmark air travel 1% - Reduce Denmark car travel 2% - Reduce Sweden paper 5% - Reduce Sweden air travel 1% - Reduce Sweden car travel 5%. 	All targets were achieved except air travel for both countries which increased.	All targets for completion by 2013. Targets apply to Denmark, Sweden and Norway individually. <ul style="list-style-type: none"> - Reduce CO₂ 5% - Reduce electricity 5% - Reduce paper 5% - Reduce waste disposed 3% - Reduce air travel 3% - Reduce road travel 7% - Maintain gas and water at present levels.
N/a	N/a	All targets for completion by end of 2011 (RSA Canada unless stated). <ul style="list-style-type: none"> - Increase Johnson recycling 1% - Reduce paper 2% - Increase recycling 1% - Reduce waste 2% - No increase in water, electricity and travel - Use 100 video conferences.

Note: Full environmental data on pages 76 onwards.



A SPECIAL RELATIONSHIP

Working with key supplier, Kyocera Mita, RSA managed to reduce its office paper consumption by over 20% in 2010.

Project SPEC (Simplifying Print through Enhancement and Consolidation) is a major initiative to rationalise, modernise and improve the eco-efficiency of our document management services in the UK. Over five years, the project aims to reduce RSA's fleet of over 3,000 printers, managed by a number of vendors, to just 282 high performance and efficient machines operated through a centralised system.

Environmental considerations were an influential component in the drafting of the tender and supplier selection, and have played a key part in the roll-out, reporting and management of the project.

The project has already delivered quantifiable benefits in terms of resource efficiencies, carbon reductions and cost savings. Over five years we expect to reduce energy use by 25% and cut costs by over £4million.

At our September supplier workshop, Kyocera gave a presentation on their experience in collaborating with RSA. The talk outlined how suppliers can help support RSA's corporate responsibility goals, reduce costs and increase efficiency.



SUPPLIERS

We work to promote sustainable business practices beyond our immediate business operations. A significant proportion of the environmental and social risks we face come from the way our suppliers operate. Selecting the right suppliers and developing relationships that deliver long-term sustainable benefits is an integral part of our corporate responsibility strategy.

Commentary: Approximately 85% of our supply chain spend is covered by our corporate responsibility assessments. We target the largest and highest risk categories of procurement to ensure we minimise risk and maximise opportunity for additional benefits in the supply chain. During 2010 one supplier in Scandinavia was found to be employing labour below minimum wages. Upon detection immediate action was taken to ensure the appropriate salaries and compensation were paid by the supplier. In the UK we established a new supplier workshop and collaboration charter programme. The approach will enable a shared commitment to reducing risks in the supply chain and enable us to reduce CO₂ by 15% in our MORE TH>N home policy by 2013.

We will continue to extend our responsible procurement programme through our business to ensure ongoing reductions in supply chain impacts.

2010 Targets and objectives	Progress	2011 Targets and objectives
Launch first supplier workshop in the UK.	We ran two supplier workshops in the UK and one in Canada.	Run four supplier workshops and two virtual workshops in the UK. Review opportunities for workshops in Scandinavia.
Continue to extend our approach, creating a responsible supply chain across the countries in which we operate.	Globally, over 250 of our key suppliers were monitored for their CR performance.	Ensure 85% of supply chain assessed with CR module.
	We rolled out the RSA Collaboration Charter for UK suppliers.	Reduce the amount of CO ₂ in MORE TH>N home policy by 15% by 2013.
	In Scandinavia we relaunched our supplier Codes of Conduct for our subsidiaries Codan and Trygg-Hansa. We also extended our supplier assessment and engagement programme to these countries.	
	In Canada, questionnaires were sent out to 11 suppliers to assess ethical, social and environmental performance.	Extend the number of suppliers in Canada being assessed on CR to 30.

In 2010, total spend with our suppliers was £5.5 billion. The majority of this is handled by our claims teams who, through a global network of over approximately 80,000 suppliers, provide motor, household and other services on behalf of our customers. The rest of our supplier spend relates to our direct operations including IT, consulting, travel, maintenance and security.

The scale and diversity of our supply chain presents a variety of challenges, some common across the Group, and some unique to specific markets. To manage these risks we are developing systems and procedures which promote responsible business practices throughout our supply chain. In cases where we identify a supplier as high risk we make our concerns known and work with them to address any issues.

The nature of our industry means suppliers are extremely unlikely to be complicit in serious environmental and social abuses such as child labour.

Key performance indicators	
Number of CR related questionnaires sent to suppliers globally	184
Number of markets with supplier assessment and engagement programmes	c.80%
Number of companies attending supplier workshops	21

Supplier standards

We demand high standards from the companies we work with and believe that they should expect the same from us. We work to develop transparent partnerships built on fairness and integrity which support our commitment to responsible business practices. Our Responsible Procurement Principles govern our interactions with our suppliers and set out the social and environmental standards we expect them to meet. They commit us to:

- Treat suppliers in a fair and reasonable manner;
- Reduce the environmental and social impact of RSA and influence business partners through the choice of procurement;
- Work with existing suppliers and partners to establish and then reduce environmental and social impacts;
- Work where possible with companies, charities, social enterprises or not-for-profit organisations which will enhance the community and environment;
- Reduce the life-cycle impact and cost of products and services (in particular waste disposal) where possible; and
- Engage with suppliers to work towards joint solutions where suppliers or products used by RSA have a high risk of environmental impact.

“We demand high standards from the companies we work with and believe that they should expect the same from us.”

This year in the UK we developed the RSA Collaboration Charter. The Charter sets out what potential business partners should expect from their relationship with RSA. By signing it, suppliers commit to supporting RSA's corporate responsibility strategy. They also commit to developing their own policies for managing their impacts and responsibilities towards the environment, people and the communities in which they operate. The Charter is designed to develop stronger working relationships which build mutual understanding of each party's business priorities without compromising quality, cost or service.

The Charter builds on our Procurement Principles and commits suppliers to:

- Continue improving environmental performance and reducing direct and indirect impacts of climate change in accordance with individual environmental policies;
- Agreeing targets and working together to achieve them;

- Measuring and centrally reporting their impact on the environment;
- Sourcing goods and services from responsible suppliers; and
- Improving or developing new products and services which reduce these impacts.

In Scandinavia, we relaunched our supplier code of conduct for our Trygg-Hansa and Codan subsidiaries which ensure strong action on environmental and social issues.



Engaging and assessing suppliers

By engaging with our suppliers we can help overcome risks within our supply chain, communicate our goals and work together to improve our service.

Through our engagement programme, suppliers are assessed from an early stage in the procurement process. Our assessments not only identify whether they represent significant environmental or social risks but also how they can help us improve our performance. We encourage suppliers to communicate their position and capabilities on CR issues in detail.

Our procurement teams receive regular training and guidance on CR issues in their assessment of supply chain risks. CR specialists also work with regional procurement managers to ensure that environmental and social standards are incorporated into buying decisions and existing supplier relationships.

In 2010, we conducted our first corporate responsibility supplier forums. Representatives from a number of key suppliers discussed how our businesses can work together to strengthen our corporate responsibility strategy and goals. Participants were able to highlight and share best practices from their own experiences and outline potential improvements and the benefits that can be realised from improved CR performance.

For the second year running our UK procurement team conducted an assessment of suppliers' CR credentials. A CR questionnaire was sent to 184 suppliers representing around 85% of our supply chain based on spend. Produced in partnership with the Chartered Institute of Purchasing and Supply's Financial Services Procurement Forum, the questionnaire covered a range of CR issues including labour standards, environmental management, and human rights. This year assessment surveys were also sent to suppliers in Scandinavia and Canada. It came to our notice that a contractor supplying temporary workers for a Danish office was paying employees below the minimum wage. Rather than terminate the contract we have worked with the supplier to ensure workers received their lawful remuneration.

Industry collaboration

As a signatory to the United Nations Global Compact we are committed to eliminating discrimination and protecting human rights internally and in our immediate sphere of influence, including our suppliers. We also work with partners and industry organisations to improve supply chain standards and practices surrounding environmental and social impacts:

- As a member of the UNEP Finance Initiative we are working to identify and promote best environmental and corporate responsibility practice within the finance industry;
- Through our membership of the Association of British Insurers' (ABI) ClimateWise initiative, we are working with the insurance industry to help respond to and raise awareness of the challenges presented by climate change; and
- We are members of the Chartered Institute of Purchasing and Supply's Financial Services Purchasing Forum CR working group which works in managing social, ethical and environmental issues in our supply chain.

In September, RSA joined the Sustainable Shipping Initiative (SSI). Developed by WWF and Forum for

the Future, the initiative seeks to identify the major risks and opportunities facing the shipping industry. Working in collaboration with some of the world's largest shipping companies RSA is helping the industry develop a sustainable model which reduces the risks from issues such as climate change, carbon taxes and oil shortages.

Sustainable claims

One of the key ways that we can help to promote positive behaviours beyond our immediate operations is through our claims procedures. Through our network of service providers, such as motor vehicle repairers and construction companies, we support and encourage sustainable practices. We are also developing new products and services which encourage our customers to make responsible choices following their claims.

In the UK we are working with service provider, EVS, to move away from automatically replacing damaged electrical goods towards a system of repairing what can be saved. EVS's new repair capabilities for electrical goods means our household content claims service is able to reduce purchases of new goods, lowering the environmental impact and saving money.

Through our motor claims teams we repair thousands of vehicles every year. While our goal is to get our customers back on the road as quickly and as safely as possible we are also working with suppliers to reduce the environmental impacts of our services. In the UK we are working with service provider, AVS, to increase the amount of recycled parts we use in vehicle repairs. Not only do recycled parts reduce waste but they are cheaper which could mean fewer vehicles being written off. Using AVS's extensive network of dismantlers in the UK and overseas, parts can be found readily and inexpensively and the results have been impressive. In 2010, 43% of our vehicle repairs used recycled parts.

Our partnership with WWF is helping to identify ways to promote environmental protection through our products and services. In Canada, we have developed a new policy, covering electrical appliances, lighting, water fitting, insulation and heating systems, which enables claimants to get additional funds towards energy efficient alternatives for stolen or damaged goods. The policy costs just CAD\$10 and pays up to an additional CAD\$9,000 towards environmentally friendly replacements. Products are selected according to their performance in third party accreditation schemes such as Energy Star.



CR GOVERNANCE AND MANAGEMENT

Overall responsibility for CR lies with the Group CEO Andy Haste. The Board routinely discusses CR issues affecting the Group and conducts an annual review of performance and future strategy.

The Group Executive Committee acts as the CR Steering Committee, supported by a Group CR team. The Steering Committee meets twice a year to oversee development, implementation and progress of the CR strategy and monitor compliance with our global CR, Environmental, Human Rights and Community policies. It provides a common reference point for regional businesses, where CR managers or coordinators are in place in all operating countries. Country and site-based community and environment committees determine and respond to local priorities.

CR targets and objectives are included in the CEO's goals, which are then cascaded to other executives and relevant business functions. They include compliance with Group CR, Human Resources, Environment and Community policies. Individual country operations set social and environmental targets in line with local market conditions with challenges from the central function (see Targets and objectives on pages 76 to 85).

See our annual report for coverage of corporate governance.

Material issues

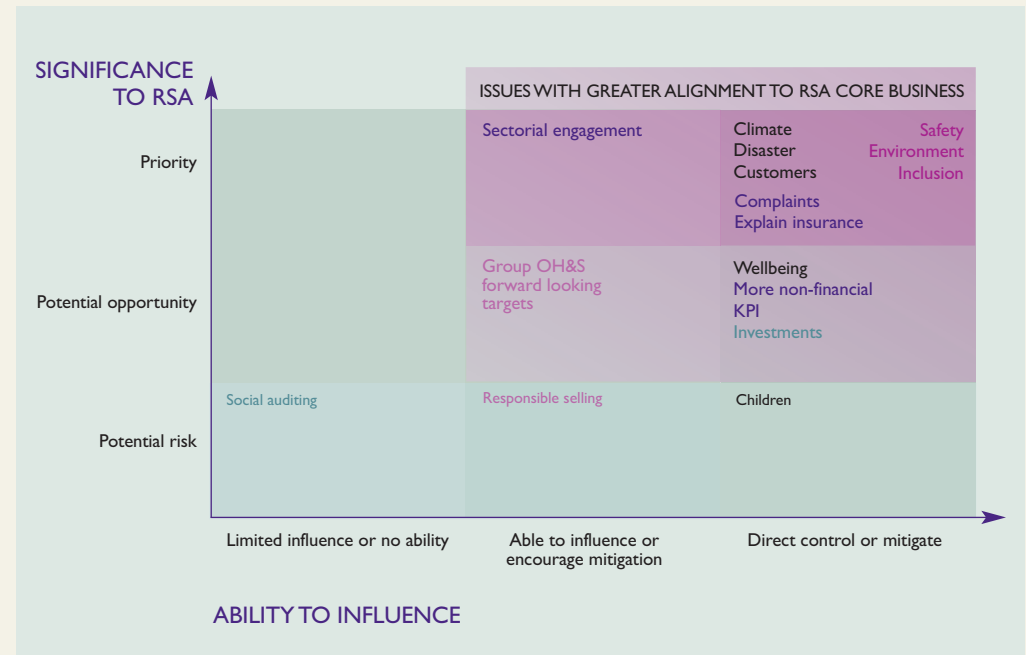
Material issues for our strategy and reporting are assessed through a variety of channels. These include our stakeholder engagement process, a materiality review by Forum for the Future, external benchmarking and a detailed employee survey.

Issues being flagged in any of the processes are assessed against:

- Significance to RSA (including importance to stakeholders);
- Alignment to our core business; and
- Ability to influence.

Issues are highlighted on our materiality risk matrix which help determine where the priorities for CR should lie. During 2010, the Group strategy has been endorsed by stakeholders but several priority areas have been highlighted for discussion at the CR Steering Committee including:

- Greater focus on disaster response and prevention;
- More external coverage on customers and complaints; and
- Providing information so stakeholders understand the insurance process better.



- Core strategy
- Raised by employees
- Raised by external stakeholders
- Benchmarking gap
- Forum for the future review

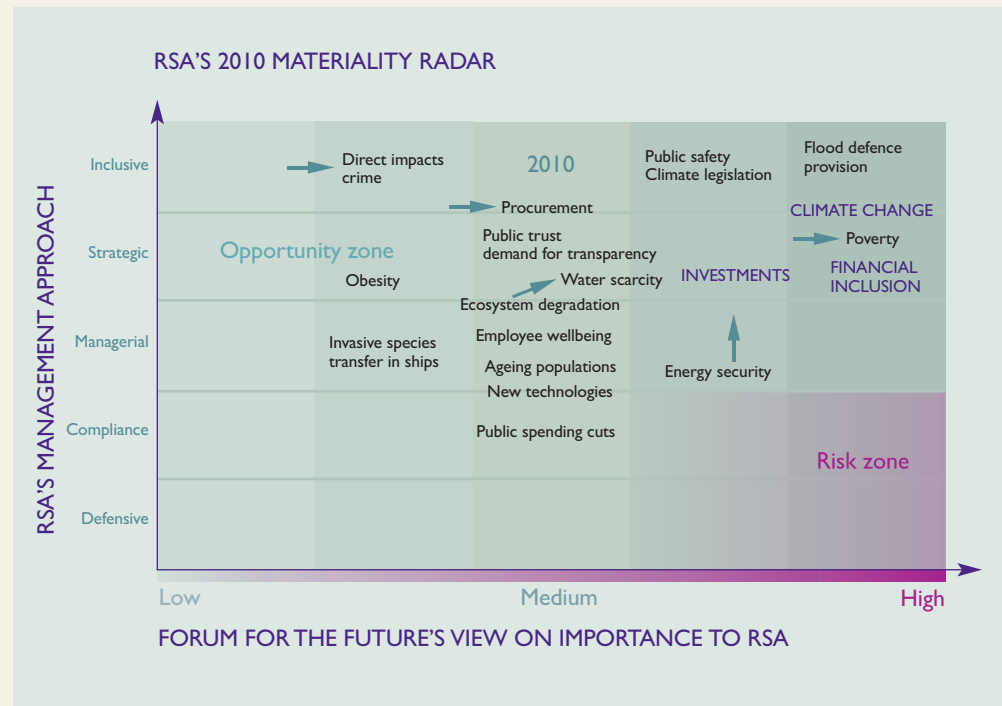
“The Steering Committee meets twice a year to oversee development, implementation and progress of the CR strategy.”

CR forms part of the wider Group Risk Appetite. This core part of the risk management framework of the Group regularly assesses emerging risks across the entire business which forms our emerging risk register. Risks are prioritised on the likely financial and operational impact on the Group. Alongside the insurance risk process an operational risk process is also carried out which together form our overall risk management framework. CR issues are monitored on a risk profile assessment and incorporated into this wider business assessment. See Our Approach for further information.

RSA is a Corporate Partner of the sustainability organisation Forum for the Future, which conducts an annual materiality assessment, considering broad societal changes as well as significant changes in the insurance and wider financial services industry.

The 2010 assessment confirmed the Forum's view that the three key issues for RSA continue to be:

- Climate change (page 55)
- Financial inclusion (page 25)
- Our investments (page 8)



■ Recommended priorities for 2011



GREENER HOME ENDORSEMENT POLICY

We recognise that we all have a responsibility to think outside the box to combat climate change. Our Greener Home Endorsement policy gives customers the opportunity to do the right thing to protect our environment at a marginal cost. It means that in the event of a claim, a homeowner has the option of upgrading to sustainable building materials and appliances.

"We've brought a unique product to the market that differentiates us from our competition. It highlights to our employees, customers and our partner - WWF Canada - that we are serious about being an environmentally-friendly insurer, while providing our customers with the opportunity to make responsible decisions."

Ann Lomax, PI Property Leader, RSA Canada



REPORTING

How we report

The 2010 RSA Insurance Group plc Corporate Responsibility Report covers the calendar year of 2010. The Report continues where the 2009 Corporate Responsibility Report left off as part of our annual reporting cycle. Reports are published in May for the Annual General Meeting of shareholders.

The report is published in conjunction with an online pdf followed by a refreshed Group internet site and aligned with the Group Annual Report & Accounts. Multi-lingual summaries are produced in June. The report is intended for the expert CR community, responsible investors, commercial tenders and senior internal stakeholders.

This report covers all our UK, International and Emerging Markets businesses, including wholly owned subsidiaries, leased premises, relationships with suppliers and our joint ventures.

During the second half of 2010 two acquisitions were made in Ireland and Canada. The size of acquisitions are not material to the wider Group impacts and will be incorporated with a full year reporting as data management systems are set up during 2011. No significant restatement of information relating to previous reports has occurred during 2010.

Where smaller countries have fewer than fifty employees, data is collected where possible utilising audited assumptions. Assumptions are based on the majority of reported RSA data and cross checked against national averages. Any assumptions used within data are audited by an external third party.

All environmental data is calculated in accordance with coefficients and standards including IPCC, WBCSD/WRI, IEA, UNFCCC, Carbon Trust and DEFRA.

Further information on our reporting, indicators and boundaries can be found at www.rsagroup.com

Inclusivity & responsiveness

We actively seek out stakeholder views in our approach to responsible business.

CR stakeholder engagement is only carried out in the regions where dedicated full-time CR personnel exist at least once per year, i.e. UK and Scandinavia. The wider Group CR stakeholder engagement process incorporates and provides an opportunity for other countries to participate. Priority stakeholders include insurance brokers, trade bodies, charities, investors, regulators and more.

Ongoing dialogue is carried out through collaborative forums (eg ABI, UNEP-FI, etc), supplier workshops, consumer focus groups, broker road shows, investor engagements and a variety of external ratings. Where relevant to the CR strategy, findings are flagged to the Group CR Steering Committee for discussion.

We actively encourage feedback on our approach and this report through the contact list at the front.

For more information on the mechanisms we use to gather stakeholder opinions, feedback received during 2010 and our process for prioritising findings, see the Our approach and CR Governance and Management sections of this report.

Assurance

RSA actively engages external assurers to ensure the data and claims within this report are fair and accurate. A summary of the assurance process provided by PWC and their assurance report is available on page 86.

In addition to the external assurance by PWC, our environmental data is quality assured by Ecometrica, a Carbon Disclosure Project accredited specialist environmental consultancy. For further information see the environmental data section.

ENVIRONMENTAL DATA TABLES

Reported data covers our operations in our UK, International and Emerging Markets businesses. The carbon footprint below covers 100% of the organisation with 10% estimated. This proportion has reduced by 2% since last year due to the implementation of data collection systems in newly acquired businesses.

All CO₂ baselines are calculated with up to date coefficients including IPCC, WBCSD/WRI, IEA, UNFCCC, Carbon Trust and DEFRA. These calculations and data have been verified by Ecometrica, a specialist environmental consultancy.

Ecometrica Comment on Data Quality for RSA's 2010 Greenhouse Gas Assessment

The data provided for the 2010 RSA global assessment has increased in accuracy from that provided for the 2009 assessment.

Over 84% of the total emissions associated with the 2010 global operations of RSA have been calculated from actual or robust data where minor or no assumptions were required. In particular the data provided by the Hong Kong, Latvia, Lithuania, Czech Republic, Denmark, Norway, Ireland, GCC, UK and QRC sites were complete.

In general, data relating to electricity, flights and company owned vehicles was of good quality, with the majority of sites providing consumption and distance data. Data (complete or otherwise) was submitted for sites employing 20,448 FTE (90% of employees). For the remaining sites, covering 2,291 FTE, total emissions were estimated based upon employee number.

The main limit to data quality and calculation accuracy was travel data supplied in cost format or number of journeys format rather than distance format, as this required estimates on the average cost or distance of journeys which introduced high

uncertainty into the emissions calculations. Cost data for electricity was also provided for India, Singapore, RSA Canada Calgary, Brazil and Chile.

Charlotte Wylie
Senior Analyst



Group carbon dioxide equivalent emissions (tonnes)

CO ₂ e Emissions	Country/Region	2010	2009	2008	2007	2006
Total tonnes	UK	31,314	31,588	34,381	39,862	43,208
	Scandinavia	7,893	7,243	7,414	6,950	8,027
	Canada	6,666	7,473	8,214	8,037	5,036
	Ireland	1,305	1,402	1,341	1,404	1,753
	Italy	896	1,116	1,080	954	-
	Central & Eastern Europe	2,075	2,705	3,928	2,758	2,976
	Baltics	3,311	-	-	-	-
	Latin America	5,593	3,971	2,920	1,413	1,234
	Asia & Middle East	2,126	1,710	1,910	-	-
	Estimated	7,056	7,796	3,594	10,468	15,013
Total		68,236	65,003	64,782	71,846	77,247

Group carbon dioxide equivalent emissions (tonnes per full time equivalent)

CO ₂ e Emissions	Country/Region	2010	2009	2008	2007	2006
Total tonnes per full time equivalent	UK	4.2	3.9	4.0	4.6	4.8
	Scandinavia	2.5	2.3	2.5	2.2	2.3
	Canada	2.7	2.8	3.1	3.4	2.0
	Ireland	2.4	2.6	2.7	2.7	3.3
	Italy	2.3	2.9	2.9	2.8	-
	Central & Eastern Europe	2.3	2.0	1.8	1.2	1.2
	Baltics	1.7	-	-	-	-
	Latin America	2.9	2.2	1.6	3.2	2.0
	Asia & Middle East	1.3	1.1	1.1	-	-
	Estimated	-	2.9	3.0	3.1	4.7
Total		3.0	2.9	2.9	3.1	3.5

⁽¹⁾ Improved data collection systems in Latin America have increased coverage in 2009

⁽²⁾ Estimated data has increased due to new acquisitions

Carbon dioxide emissions equivalent by source (tonnes)

Impact	Country/Region	2010	2009	2008	2007	2006
Site energy consumption	UK	21,133	21,926	22,942	28901	31172
	Scandinavia	4,025	2,937	2,560	2667	3222
	Canada	3,063	3,296	3,552	3,398	2532
	Ireland	978	1,017	881	923	1268
	Italy	592	762	607	719	-
	Central & Eastern Europe	1,746	1,582	1,155	1,335	1272
	Baltics	1,202	-	-	-	-
	Latin America	2,507	2,036	1,499	752	692
	Asia & Middle East	748	700	660	-	-
Total		35,988⁽¹⁾	34,256	33,856	38,695	40,158

Non-energy site emissions	UK	1,287	697	870	1,729	1871
	Scandinavia	212	267	194	133	290
	Canada	524	343	73	79	87
	Ireland	13	20	41	34	57
	Italy	36	51	30	27	-
	Central & Eastern Europe	113	107	91	100	110
	Baltics	149	-	-	-	-
	Latin America	509	346	195	129	118
	Asia & Middle East	51	192	142	-	-
Total		2,894	2,023	1,636	2,231	2,533

Impact	Country/Region	2010	2009	2008	2007	2006
Company owned vehicles	UK	3,708	3,781	5,915	4,830	5531
	Scandinavia	1,783	2,258	2,419	2,486	2697
	Canada	85	1,016	2,490	2,761	1292
	Ireland	86	274	294	340	364
	Italy	5	2	255	57	-
	Central & Eastern Europe	177	936	1,605	1,163	-
	Baltics	1,760	-	-	-	-
	Latin America	886	695	247	161	1515
	Asia & Middle East	59	121	196	-	224
Total		8,549	9,083	13,421	11,798	11,623

Business travel	UK	4,294	5,184	4,654	4,401	4635
	Scandinavia	1,700	1,782	2,240	1,663	1819
	Canada	2,676	2,818	2,098	1,799	1126
	Ireland	146	91	124	107	64
	Italy	233	301	189	151	-
	Central & Eastern Europe	35	80	1,077	160	79
	Baltics	124	-	-	-	-
	Latin America	1,650	894	978	371	200
	Asia & Middle East	1,060	697	912	-	-
Total		11,918	11,847	12,272	8,652	7,923

⁽¹⁾ Regional figures when calculated to full decimal places totals 35,988 tonnes

Performance indicator	Country	2010		2009		2008		2007	
		Absolute	Norm	Absolute	Norm	Absolute	Norm	Absolute	Norm
Water (Abs: m3) (Norm: ltr/ft)	UK	67,265	9	89,492	11,005	90,539	10,519	120,708	14,027
	Scandinavia	37,219	12	27,421	9,173	19,600	6,980	25,157	7,985
	Canada	25,354	10	24,619	9,250	26,068	9,930	29,439	18,694
	Ireland	2,564	5	2,436	4,445	2,346	4,692	34,000	77,608
	Italy	2,365	6	3,592	9,378	10,627	28,490	12,020	35,667
	Central & Eastern Europe	1,664	2	9,158	7,854	11,789	5,395	10,172	4,452
	Baltics	13,390	7	-	-	-	-	-	-
	Latin America	44,642	23	106,223	167,544	31,511	20,854	21,663	39,532
	Asia & Middle East	4,276	3	446	317	454	311	-	-
Total Waste (Abs: t) (Norm: kg/ft)	UK	2,320	313	1,813	223	2,315	269	3,178	369
	Scandinavia	435	136	347	109	319	114	400	127
	Canada	476	190	327	123	233	89	310	84
	Ireland	61	111	92	169	235	469	163	373
	Italy	108	282	49	127	50	133	-	-
	Central & Eastern Europe	103	113	117	88	153	70	166	73
	Baltics	104	55	-	-	-	-	-	-
	Latin America	292	153	369	201	236	182	223	257
	Asia & Middle East	45	27	193	129	18	145	-	-
Paper (Abs: t) (Norm: kg/ft)	UK	1,216	164	1,111	137	1,344	156	1,123	130
	Scandinavia	236	74	453	142	367	124	350	111
	Canada	431	172	496	186	307	117	282	120
	Ireland	112	204	113	207	29	58	31	61
	Italy	46	120	94	244	149	399	206	614
	Central & Eastern Europe	6	7	37	31	82	38	82	36
	Baltics	103	54	-	-	-	-	-	-
	Latin America	55	29	82	81	243	133	83	121
	Asia & Middle East	44	26	191	139	152	86	-	-

GRI INDEX

The Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines provide a comprehensive set of indicators covering the economic, environmental and social impacts of a company's performance.

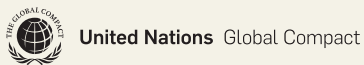
The table below sets out all the company profile disclosures, core and additional performance indicators and financial services sector supplementary indicators contained in the GRI G3 Guidelines.

We indicate whether our reporting covers their requirements fully or partially. Where an indicator is not considered material to our business we have marked this 'Not material'.





The page numbers provide signposts so you can find more information in this report on our disclosure. AR refers to our Annual Report and Accounts 2010.










This year, PWC have assessed our disclosure against the GRI G3 Guidelines and have declared that we meet application level B+.








Where applicable, we have also included the corresponding United Nations Global Compact (UNGC) and ClimateWise Principles for reference.

















	Section	Reported	GRI G3 guideline	UNGC Principles	ClimateWise Principles
Strategy & analysis	CEO Intro Annual Report	Fully Fully	1.1 1.2		6
Organisational profile	How we report Annual Report Annual Report Annual Report Annual Report/ About us Annual Report Annual Report Annual Report/ About us Annual Report/ About us About us	Fully Fully Fully Fully Fully Fully Fully Fully Fully Fully	2.1 2.2 2.3 2.4 2.5 2.6 2.7 2.8 2.9 2.10		
Report parameters	How we report How we report How we report How we report How we report How we report How we report How we report How we report Included in target sections How we report GRI How we report	Fully Fully Fully Fully Fully Fully Fully Fully Fully Fully Fully Fully Fully	3.1 3.2 3.3 3.4 3.5 3.6 3.7 3.8 3.9 3.10 3.11 3.12 3.13		

	Section	Reported	GRI G3 guideline	UNGC Principles	ClimateWise Principles
Governance, commitments and engagement	Annual report	Fully	4.1		
	Annual report	Fully	4.2		
	Annual report	Fully	4.4		
	Annual report / Our approach / CR governance	Fully	4.5		
	Annual report	Fully	4.6		
	CR governance (all execs on committee)	Fully	4.7		
	Our approach	Fully	4.8	 1,10	 6
	CR governance	Fully	4.9		
	Annual report / CR governance	Fully	4.10		
	Precautionary Principle	Not Reported	4.11		
	Our approach	Fully	4.12	 1	
	Our approach	Fully	4.13		 2
	Our approach / CR governance	Fully	4.14		
	Our approach / CR governance	Fully	4.15		
	Our approach / CR governance	Fully	4.16		
	Our approach / CR governance	Fully	4.17		
	Economic performance		Fully	Disclosure on Management Approach	
		Fully	<ul style="list-style-type: none"> Economic performance Market presence 		
Annual report		Fully	EC 1 Core		
www.cdproject.net (RSA)		Partially	EC2 Core		
	None	Partially	EC4 Core		

	Section	Reported	GRI G3 guideline	UNGC Principles	ClimateWise Principles
Environmental performance	Environment	Fully	Disclosure on Management Approach	 7	
		Fully	• Materials		
		Fully	• Energy		
		Fully	• Water		
		Fully	• Emissions, effluent and waste		
		Fully	• Transport		
	Environment	Fully	EN1 Core		
	1569 Gj	Partially	EN3 Core		
	Elec - 271,642 Gj	Partially	EN4 Core		
	Gas - 103,549 Gj				
	District Heat - 64,674 Gj				
	Environment	Fully	EN5 Additional		 5
	Customers / Environment	Fully	EN6 Additional	 8,9	 1,3
	Environment	Fully	EN7 Additional		 5
	Environment	Fully	EN8 Core		
	Environment	Fully	EN16 Core		
	Environment	Fully	EN17 Core		
Environment	Fully	EN18 Additional	 8	 1,3,5	
Environment (all landfill)	Partially	EN22 Core			
Environment	Fully	EN23 Core			
Customer / Environment	Fully	EN26 Core	 8,9	 3,5	
None	Fully	EN28 Core			
Environment	Fully	EN29 Additional			

	Section	Reported	GRI G3 guideline	UNGC Principles	ClimateWise Principles	
Labour practices and decent work	Employees	Fully	Disclosure on Management Approach • Employment • Labour/management relations • Occupational health and safety • Training and education • Diversity and equal opportunity		 6	
		Fully				
		Fully				
		Partially Partially				
	Employees 30 days	Partially Fully	LA1 Core LA5 Core			
	Employees 93%	Partially Fully	LA7 Core LA12 Additional			
Human rights	Customer / Suppliers	Fully	Disclosure on Management Approach • Investment and procurement practices • Non-discrimination • Freedom of association and collective bargaining • Child labour • Forced and compulsory labour	 1		
		Partially				
		Partially				
		Fully Fully				
		About us	Partially	HR1 Core	 1,2	
		Suppliers (part of CR module)	Fully	HR2 Core	 2	
		Human rights policy / Suppliers	Fully	HR5 Core	 2,3	
	Human rights policy / Suppliers	Fully	HR6 Core	 2,5		
	Human rights policy / Suppliers	Fully	HR7 Core	 2,4		

	Section	Reported	GRI G3 guideline	UNGC Principles	ClimateWise Principles
Society	Annual Report / Employees / Customer	Fully	Disclosure on Management Approach		
	Bribery section	Fully	• Corruption		
	Guide sent to all employees / Online training for all (Codan spring 2011)	Partially	• Public policy		
	Our approach	Fully	SO2 Core	 10	
	None	Fully	SO3 Core	 10	
		Fully	SO5 Core		 2
	None	Fully	SO6 Additional		
Product responsibility	Customer	Partially	Disclosure on Management Approach		
			• Customer health and safety		
			• Marketing communications		
	National regulatory compliance	Fully	• Customer privacy		
	Customer	Partially	PR3 Core		
			PR5 Additional		

	Section	Reported	GRI G3 guideline	UNGC Principles	ClimateWise Principles
Financial services sector supplementary indicators	Customer / Environment	Partially	FS1 Core	 2	 5
	High Risk Country Screening Process	Partially	FS2 Core	 2	 1
	About us / Suppliers	Fully	FS5 Core	 2	 3,4
	Annual Report	Fully	FS6 Core		
	CR governance		FS9 Core	 2	
	About us	Fully	FS10 Core	 2	 4
	About us	Fully	FS12 Core	 2	 4
	Customer	Partially	FS13 Core		
	Customer	Fully	FS14 Core		
	Customer	Partially	FS15 Core		

INDEPENDENT ASSURANCE STATEMENT ON RSA'S CORPORATE RESPONSIBILITY REPORT 2010

To the stakeholders of RSA

We have been engaged by RSA's Management to obtain moderate assurance (review) that RSA adheres to the AA1000 AccountAbility Principles and to obtain limited assurance (review) that selected quantitative non-financial data for 2010 on pages 33, 43, 48, 59-61 and 76-79 in the Corporate Responsibility Report 2010 (the Report) are documented. Furthermore, we have been engaged to review that RSA reports in accordance with GRI G3 at level B.

Criteria for the preparation of reporting

The criteria for the preparation of the non-financial data and information are evident from the RSA Reporting Guidelines which can be found at <http://corporateresponsibility.rsagroup.com/rsacr/en/corporateresponsibility/approach> and from the indicators listed in the GRI G3 index of the Report. The RSA Reporting Guidelines contain information concerning which of RSA's activities and functions are included in the reporting, types of data and registration and collection methods applied.

Management's responsibility

Adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness is the responsibility of Management. Furthermore, Management is responsible for preparing the non-financial data as well as for establishing data collection,

registration and internal control systems with a view to ensuring reliable reporting by specifying acceptable reporting criteria and choosing the GRI G3 indicators to be included and data to be collected for intended users of the Report.

Assurance provider's responsibility

As assurance provider, it is our responsibility, on the basis of our work, to make observations and recommendations with respect to the nature and extent of RSA's adherence to the AA1000 AccountAbility Principles, to review the reliability of the non-financial data presented in the Report and to express an opinion as to whether RSA's reporting in accordance with a GRI G3 level B.

We have in 2010 not performed any tasks or services for RSA or other clients which would have conflicted with our independence, nor have we been responsible for the preparation of any part of the Report. Thus, we are independent as defined in the AA1000 Assurance Standard (AA1000AS (2008)), and we consider our team qualified to have carried out this independent assurance engagement. Our team of experts holds competencies within performing assurance of non-financial data, GRI G3 reporting requirements, AA1000 adherence and within assessing such data and information. In addition, our team has competencies with regard to assessing sustainability management systems.

Scope, standards and criteria used

We have planned and performed our work on the basis of AA1000AS (2008), using the criteria in the standard to perform a Type 2 engagement, and in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance engagements other than audits or reviews of historical financial information". The assurance obtained is limited as our work has been limited compared to that of a financial audit engagement. Principally this assurance includes inquiries, interviews and analytical procedures.

We have worked to obtain:

- A moderate assurance (review) that RSA adheres to the AA1000 AccountAbility Principles
- A limited assurance (review) that the quantitative non-financial data for 2010 in the Report are documented
- A limited assurance (review) that RSA is reporting in accordance with GRI G3 reporting requirements at level B

Methodology, approach, limitation and scope of work

Our methodology has included procedures to obtain evidence of Management's commitment to the AA1000 AccountAbility Principles and of the implementation of systems and procedures in support of the principles at corporate level.

Our methodology has also included procedures to obtain evidence of the non-financial data for 2010 presented in the Report. The procedures chosen are dependent on our judgment, including the assessment of the risks of material data misstatements. In conducting those risk assessments, we have considered internal controls relevant to the preparation and presentation of environmental and social data in order to design assurance procedures which are appropriate under the circumstances.

Based on an assessment of materiality and risk, our work has included:

- (i) Enquiries and interviews with members of Executive Management, staff from the Corporate Responsibility department as well as management of selected corporate functions at group and regional level regarding RSA's adherence and commitment to the AA1000 AccountAbility Principles as well as the existence of systems and procedures to support adherence to the principles and embedment of the principles at corporate level
- (ii) Sample testing of group key processes and controls which form part of management reporting systems, processes and internal guidelines, and the obtaining of evidence supporting the non-financial data for 2010 disclosed in the Report. Our review of non-financial data has been undertaken at RSA Scandinavia and combined with analytical assurance procedures at group level

- (iii) Review of the presentation and disclosure of each GRI G3 Indicator reported against the requirements in the relevant GRI G3 Indicator Protocols, and assessment of whether the reporting is in accordance with the requirements for application level B

Conclusion

Regarding AA1000APS (2008)

Based on our review, nothing has come to our attention causing us not to believe that RSA does adhere to the AA1000 AccountAbility Principles.

Regarding data

Based on our review, nothing has come to our attention causing us not to believe that 2010 data stated on the pages 33, 43, 48, 59-61 and 76-79 of the Report have been compiled and consolidated in accordance with the methodology and criteria described in the RSA Reporting Guidelines.

Regarding GRI G3, level B

Based on our review, nothing has come to our attention causing us not to believe that the Report is in compliance with the guidelines included in the GRI G3 Financial Services Sector Supplement at application level B.

Observations and recommendations

According to the AA1000AS (2008), we are required to include observations and recommendations for improvements in relation to RSA's adherence to the AA1000 AccountAbility Principles.

Regarding Inclusivity:

The business principles, brand beliefs and corporate responsibility (CR) policy suite constitute RSA's strong commitment to accountability and engagement with stakeholders which are anchored at the executive level and supported by the group's solid CR governance structure. RSA embraces CR issues ranging from environment over communities to business ethics, but as the scope of CR in some instances can appear narrower in the way it is communicated we recommend that RSA - in the eyes of the stakeholders - ensures clarity concerning the overall CR scope. Another recommendation is for RSA to ensure a harmonised understanding across the organisation of the CR policy suite's basic level of compliance.

To develop the group's strategic approach to CR, RSA actively uses on-going processes for engagement of stakeholders. The partnership with WWF and engagement in the Sustainable Shipping Initiatives provide concrete business value and may involve stakeholders in decisions which improve CR performance. Where formal CR stakeholder engagement is embedded at group level, we recommend RSA to outline what CR stakeholder

engagement implies for the regions and markets to ensure a common, but differentiated, approach across the organisation.

Regarding Materiality:

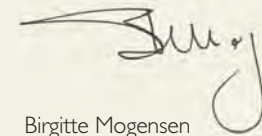
RSA uses a wide range of sources from CR employee surveys over third-party led external stakeholder feedback and materiality assessment to benchmarking in the materiality determination process which defines the group's annual CR strategy and the report content. The CR team and committee assess what constitutes material issues, and we recommend that RSA formalises the process and develops the criteria applied to uphold transparency and consistency.

Regarding Responsiveness:

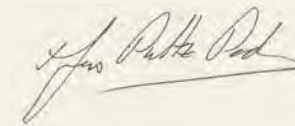
AAs a group, RSA responds to material stakeholder issues through its commitments to accountability and engagement in the core and crosscutting CR themes environment, social inclusion and safety by considering the markets' different levels of maturity and resources.

Responsiveness is also evident from on-going CR communication, including the annual CR report, as well as through the business processes, products and services in which CR is being integrated. To further the integration of CR and support the notion of RSA as the leading sustainable insurer, we recommend that RSA develops group-led processes which will help facilitate learning and integration.

PricewaterhouseCoopers
Copenhagen, May 20, 2011



Birgitte Mogensen
State Authorized Public Accountant



Jens Pultz Pedersen
MSc in Engineering



