

CORPORATE RESPONSIBILITY REPORT 2011 / 2012



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CEO INTRODUCTION

In 2011 we delivered a strong performance in tough economic and market conditions. Premiums rose by 9% during a record year of natural catastrophes and a challenging environment for investment yields.



We responded to severe weather events in Thailand, Oman and the Baltics, as well as the Slave Lake wildfire, the second most costly catastrophe in Canada's history. Our business helped customers recover from these events as well as flooding in many locations around the world, including Ireland, Denmark and Jeddah.

I am proud of how our staff handled these events. As an insurer, we play a vital role in helping people and businesses recover when the worst happens. Helping customers get their lives back on track is our first priority.

Excellent customer service is a major focus across all our regions. In 2011 we laid the groundwork for the launch of a global customer engagement survey which will give us a consistent view of how our customers view us in approximately 30 countries across the globe.

Having engaged employees is vital for customer service and I am delighted that we have achieved our ambitious target (set in 2008) to achieve upper quartile performance in the Gallup engagement survey. We are now also the world's 'most engaged

insurance company' in the Gallup database and rank in the top three companies globally in Financial Services.

Behaving responsibly begins at home with our employees and we work hard to ensure this extends to how we interact with people, communities and the environment in which we operate. We endorse the principles of the UN Global Compact and are committed to integrating the principles in the UN Declaration of Human Rights and the International Labour Organization core labour standards. We are active in the UN Environment Programme Finance Initiative.

Our approach to Corporate Responsibility (CR) remains practical and focused on three key themes:

- The environment - Our partnership with WWF continued to focus on key business relevant issues. As a leading marine insurer we are a member of the Sustainable Shipping Initiative (SSI), an alliance of global companies and NGOs working to deliver a vision of a sustainable industry. Our Global Renewable Energy business is a leading insurer of wind, solar and other low-carbon technologies and we published research

Insurance plays a vital role in our economy and society. Our CR programme aims to support the growth of our business, engage our employees and give something back to our communities.

with WWF on how to overcome the barriers preventing the widespread adoption of renewable energy. In our own operations we have increased the use of renewable energy, improved energy efficiency in our offices and are building a strong environmental culture among our employees;

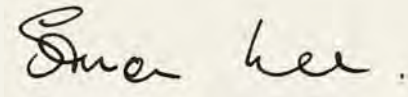
- Safety - In 2011, we extended our work on road safety around the world. This included a new eyesight campaign in the UK, encouraging stronger regulation around eyesight tests for driving licence renewals. Our Scandinavian programme continued to grow with more than 170,000 high visibility vests and reflectors being handed out in the winter months to protect members of the public; and
- Social inclusion - We launched a Global Charitable Programme in 2011 to support employees and local communities. Employees anywhere within RSA can now apply for matched funding, a charitable grant, or up to a three month charitable secondment. The programme aims to help improve employee engagement even further, support local community organisations and promote RSA in the community.

A highlight of 2011 was the launch of our Arctic Challenge with WWF. It encouraged more than 60% of our employees to actively participate in reducing their carbon footprint, develop the best business green idea and fundraise for WWF or other green charities. The campaign increased awareness of our partnership with WWF and the role insurers can play in combating climate change.

We will continue to deliver against our strategy in 2012. We will expand our road safety programme to Bahrain and Singapore, launch a Group-wide Green Network of environmental champions and continue to introduce products with environmental benefits. We achieved our target to reduce the amount of carbon in relation to our net written premium by 40% this year. The target will be extended to a 50% reduction to be achieved by 2020, set against 2006 baselines.

Insurance plays a vital role in our economy and society. Our CR programme aims to support the growth of our business, engage our employees and give something back to our communities. By ensuring

CR aligns with our core business it creates a long-term sustainable programme and one where we are able to lend our expertise as insurers. As it grows increasingly important for business to be more responsible, I am confident that RSA will continue to demonstrate the vital role insurance can play in a more sustainable society.



Simon Lee
Group CEO



Road Safety

As a leading motor insurer we are committed to helping improve safety on the roads. Our long running reflector programmes in Scandinavia, Lithuania and Estonia have distributed more than 65,000 high visibility vests to protect people commuting to and from school and work.

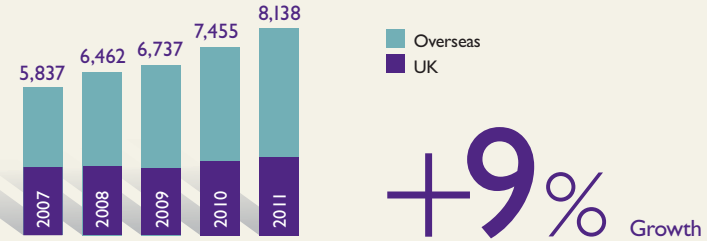
OUR BUSINESS

RSA is a leading general insurer, operating in 33 countries and providing products and services in over 140 countries. RSA is a focused general insurer. Our products include:

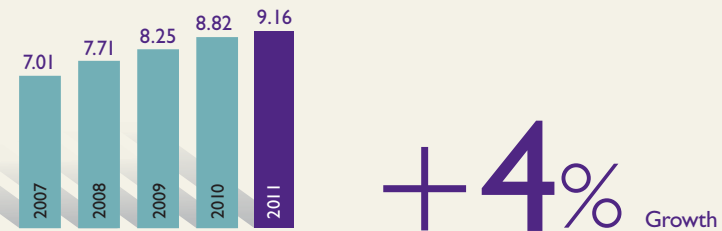
- Commercial insurance services for businesses (e.g. property, motor, marine and energy generation);
- Personal insurance products (e.g. household, motor and pet insurance) sold directly to consumers; and
- Personal insurance sold to consumers through intermediaries such as insurance brokers and agents.

From 1 January 2012, the Group was restructured into four regions: Scandinavia, Canada, UK and Western Europe, which includes Ireland and Italy, and Emerging Markets, which is unchanged. The 2011 financial results are prepared according to the previous structure: UK, International and Emerging Markets.

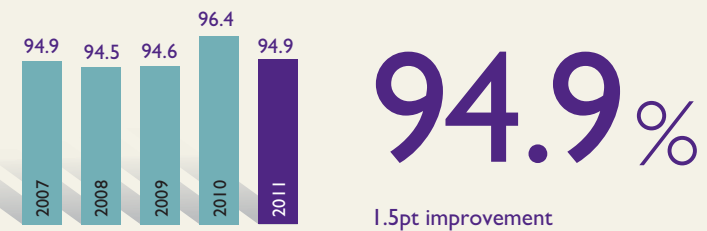
NET WRITTEN PREMIUMS (£m)



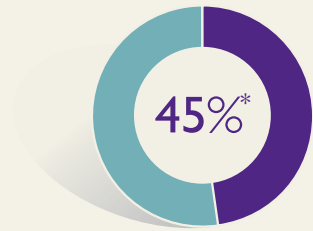
DIVIDEND FOR THE YEAR (p)



COMBINED OPERATING RATIO (%)



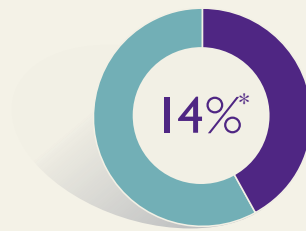
UK & WESTERN EUROPE



NWP £3,701m

■ Personal	48%
■ Commercial	52%

EMERGING MARKETS



NWP £1,103m

■ Personal	42%
■ Commercial	58%

UK AND WESTERN EUROPE

- In the UK, we operate as RSA through intermediaries and as MORE TH>N in the Direct market.
- In Ireland, we operate as RSA through intermediaries and as 123.ie in the Direct market.
- Our Italian operation is purely intermediated, operating as RSA through brokers and non-tied agents.
- We have RSA branded Specialty operations in Belgium, France, Germany, the Netherlands, Spain and Italy.
- Largest Commercial lines insurer in the UK.
- 4th largest UK Personal lines insurer overall, 4th in Home, 5th in Motor and a market leader in Pet.
- 2nd largest general insurer and a leading Direct insurer through 123.ie in Ireland.
- Small operation in Italy predominantly focused on Motor.

EMERGING MARKETS

- Our main focus is on Large and Complex risks, Motor, Small and Medium Enterprises (SME), Marine and Affinity.
- In Latin America, we operate as RSA in Argentina, Brazil, Chile, Colombia, Mexico, Uruguay and the Dutch Caribbean.
- In Central and Eastern Europe, we operate as Lietuvos Draudimas in Lithuania, as Balta in Latvia, as RSA in Estonia, as Link4 in Poland, as InTouch in Russia and as Direct Pojišt'ovna in the Czech Republic.
- In Asia and the Middle East, we operate as RSA in China, Hong Kong, Singapore, UAE and Bahrain and we operate as Al Alamiya in Saudi Arabia and as Al Ahlia in Oman.

Latin America

- Number 1 general insurer in Chile.
- The largest private insurer in Uruguay.
- A leading Marine insurer in Brazil.

Central and Eastern Europe

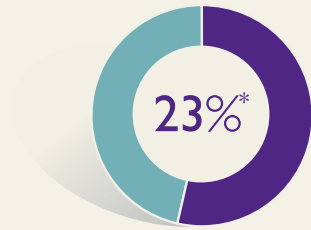
- Number 1 general insurer across the Baltics.
- A leading Direct writer in Poland, Russia and the Czech Republic.

Asia and the Middle East

- A leading international insurer in the Middle East and number 2 insurer in Oman.
- In Asia, we have Commercial lines hubs in Hong Kong, Singapore and mainland China.
- Royal Sundaram, our associate in India, is the 4th fastest growing private insurer.

*Of total 2011 Group NWP

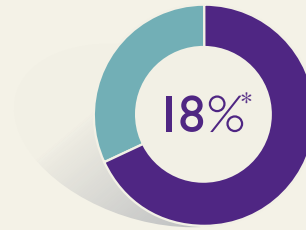
■ SCANDINAVIA



NWP £1,824m

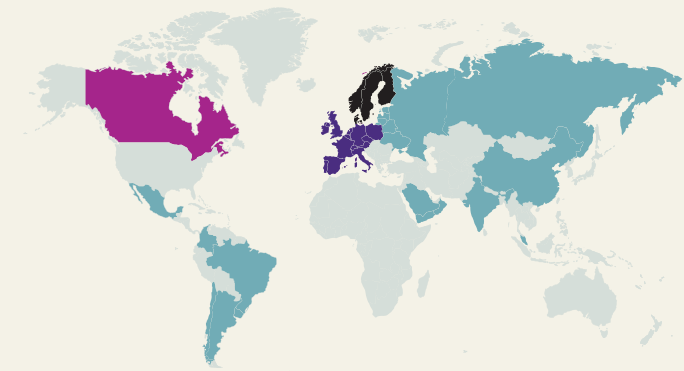
■ Personal	54%
■ Commercial	46%

■ CANADA



NWP £1,483m

■ Personal	68%
■ Commercial	32%



SCANDINAVIA

- We operate as Codan in Denmark and Norway and as Trygg-Hansa in Sweden.
- We have a multi-channel distribution model, selling our products through call centres, intermediaries and affinity partners.
- The 3rd largest insurer in Denmark and Sweden with a growing business in Norway.
- Leading positions in Renewable Energy, Personal Accident and Marine.

CANADA

- We distribute products through intermediaries under the RSA brand. Our Direct offering is Johnson.
- Our affiliated broker network, Noraxis, is a top 5 Canadian broker.
- In January 2011, we completed the acquisition of GCAN, a leading Mid-Market, Large and Specialty Commercial insurer.
- 3rd largest general insurer overall, up from number 10 in 2005.
- 2nd largest Affinity writer through Johnson.
- A leading Marine insurer.

■ UK & WESTERN EUROPE

■ EMERGING MARKETS

■ SCANDINAVIA

■ CANADA



RSA and WWF Partnership

We are working with WWF to investigate emerging environmental risks and explore how the insurance industry can respond to the opportunities and challenges of climate change.

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, to make a positive impact on the environment and support the communities in which we operate.

Our strategy

We focus on three broad themes that we consider are important to our business, that differentiate us from our competitors and where we believe we can make a significant contribution: safety, inclusion and the environment.

A major element of our strategy is our 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 to increase awareness of environmental issues. The partnership focuses on three relevant environmental issues: flooding and water, climate change and the marine environment. Examples of our work with WWF are included throughout the report.

Key CR developments in 2011 were:

- Expanding our work on road safety in the UK and other countries (see page 19);
- Developing a global employee engagement campaign with WWF to raise awareness of the risks of climate change (see page 54);
- Launching a global matched funding, charitable awards and secondment programme (see page 32); and
- Achieving our target to reduce gross tonnes CO₂ per £m net written premiums (NWP) by 2020 (against 2006 levels) nine years early.

External recognition in 2011



Achieved Platinum status in Business in the Community's CR Index;



Named in the Super Sector Leaders category in FTSE4Good Index;



Received Sunday Times Best Green Companies Award;



Awarded Prime Status by Oekom Research;



Named Best Workplace in Lithuania by the Ministry of the Economy;



Granted Caring Company status for ninth year running by the Hong Kong Council of Social Service.



Ranked Bronze in the Dow Jones Sustainability Investor Index;

CR GOVERNANCE AND MANAGEMENT

Overall responsibility for CR lies with the Group CEO Simon Lee. 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 are included in the objectives for all Group CR Committee executives. All countries are required to comply with Group CR, Human Rights, Environmental and Community policies. Individual country operations set CR targets, in line with local market conditions, which are then assessed by the Group CR function. See our Annual Report for coverage of corporate governance.

CR policy

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 reducing 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 with the Group Executive Committee and Board; and
- Provide an annual, independently verified report of our CR performance.

Risk management

Corporate responsibility is fully embedded in the Group's Risk Framework which assesses emerging risks across the entire business and forms part of our core management processes. Environmental, social and governance risks are prioritised on the likely financial and operational impact on the Group, such as damage to our reputation, non-compliance with legislation and poor relationships with stakeholders, and form part of our wider risk register.

The main CR risks identified in 2011 were:

- Ensuring compliance with the UK Carbon Reduction Commitment (CRC) Energy Efficiency Scheme;
- A record year of extreme weather events and disasters;
- Political upheaval in the Middle East;
- Legislation including Solvency II capital requirements for insurers; and
- Changes to the UK Corporate Governance Code aimed at promoting greater gender diversity at board level.

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We are responding to these issues by:

- RSA achieved the CRC Energy Efficiency Scheme certification in 2011 and our submission was internally audited before submission to the regulators;
- We responded to incidents around the world in 2011 including flooding in Thailand, Denmark and Ireland. Our emergency response and claims handling teams ensure we reach affected customers promptly with advice and support;
- We held additional high-risk country reviews to assess fast-changing Human Rights issues and ensure our employees were safe;
- We are an early adopter of Solvency II and are working with regulators to pilot the legislation; and
- Improving gender diversity remains a focus for us and we are committed to improving female representation at all levels through support, training and awareness.

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

Asset Management Committee, which oversees our investment strategy.

Insurance risk

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

We manage exposure to these risks by:

- Developing technical expertise in our underwriting and claims teams;
- Pricing products according to the level of risk involved using evidence based modelling;
- Regularly reviewing our risk models to identify exposures to new and emerging risks and ensure these are priced correctly;
- 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
- Buying reinsurance to protect against claims.

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.

Investments

Premiums from customers are invested in low risk investments to ensure capital is available for claims and customers have financial security. 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 2011, F&C engaged with 29 companies held in our portfolios on these issues.

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. Our Human Rights policy ensures we actively monitor requests for insurance in high risk countries. We have identified no risk of child or forced labour in any of our operations due to the nature of our business, meaning that this type of abuse is very unlikely.

Stakeholder engagement

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

We gather feedback on our approach and performance through a wide range of internal and external channels including:

Stakeholder Group	Examples of engagement in 2011
Customers	We raise awareness of our environmental products and services through customer communications including websites and policy documents. Customers in approximately 30 countries responded to our first Global Customer Engagement survey that sought feedback on our service levels.
Communities	We operate community-based road safety campaigns in Asia, the Baltics, Chile, the Middle East, Scandinavia and the UK. Local charitable committees engage with communities to identify partners and channel support.
Employees	Our Arctic Challenge competition aimed to raise employees' awareness of the risks of climate change. As part of this, employees were encouraged to consider how RSA can reduce its environmental impact. Our CR strategy was also discussed at our annual Employee Consultative Forum.
Investors	We engaged directly with major investors on CR issues and responded to investor surveys including Carbon Disclosure Project, Dow Jones Sustainability Index, FTSE4Good, Oekom and Vigeo.
NGOs	Our three year partnership with WWF continues and we sought NGO feedback on our approach through our opinion leader survey. We are also a member of Forum for the Future who conduct an annual materiality review for us.
Suppliers	We organised supplier workshops in the UK and Scandinavia to identify ways we can work together to reduce the environmental impact of our supply chain.

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

Opinion leader survey

In 2011, we commissioned research to gather perceptions on the insurance industry from 66 external stakeholders including investors, insurance brokers, consumer bodies, NGOs 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;
- Building trust and confidence in the insurance industry; and
- Identifying, mitigating and managing environmental impacts and climate change.

We also asked participants to identify what they thought would be the most important issues facing the insurance industry in ten years' time. Climate change and other environmental risks were identified by two-thirds of respondents, making this the highest ranking long-term issue for the second consecutive year. Sustaining profitability emerged as a top three issue having been identified by nearly half of respondents.

Building trust and confidence in the industry also remained a priority issue. Key to tackling this is ensuring we meet customers' expectations and offer consistently excellent levels of customer service. In 2011, we organised our first global customer engagement survey and established a new Group-wide customer service division to ensure we continue to maintain our high standards.

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.

MATERIALITY

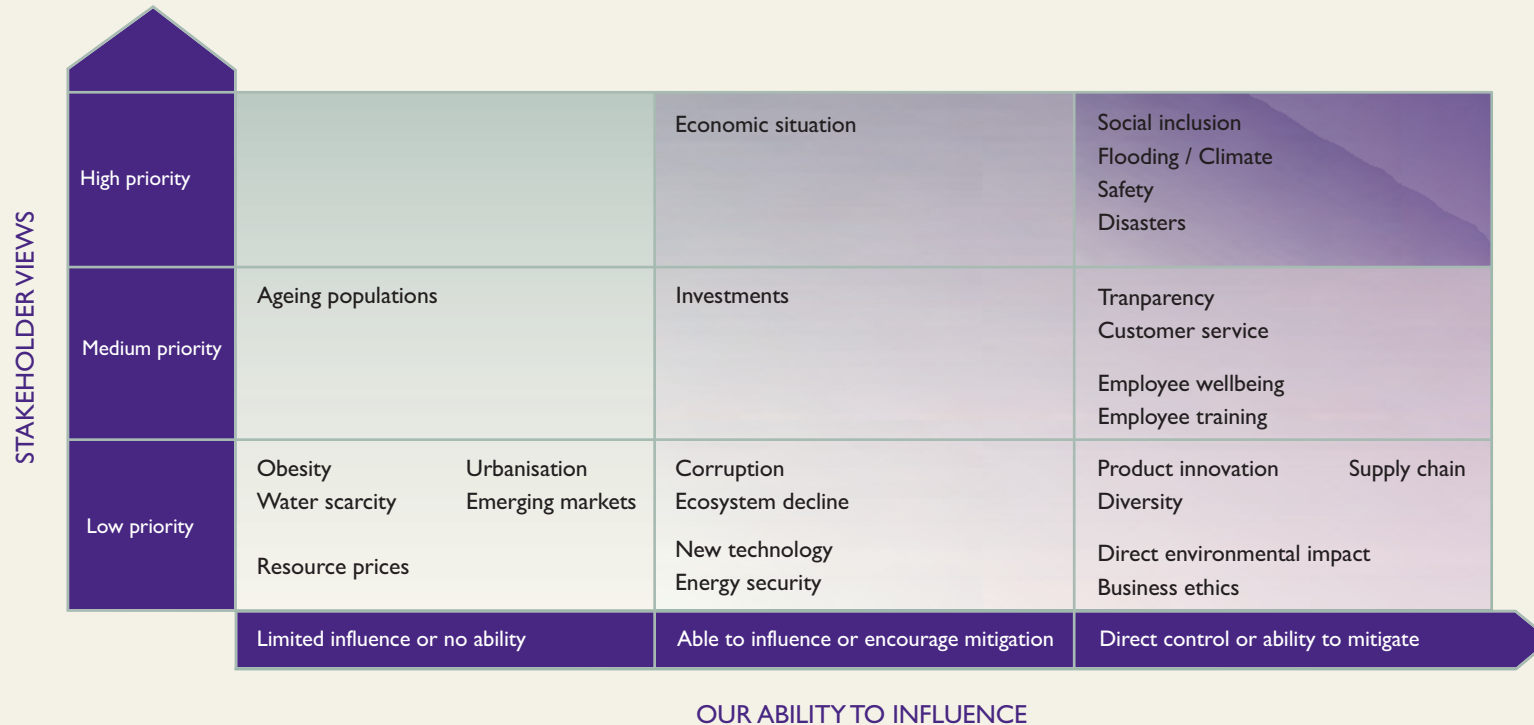
Every year we compile a risk matrix to help determine the material issues for our CR strategy and reporting.

Issues are assessed through a variety of channels. These include our group risk framework, stakeholder engagement process, external benchmarking, investor assessments, sustainability ratings and the employee CR survey, as well as a materiality review by Forum for the Future.

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

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

Our 2011 materiality assessment confirmed that financial and social inclusion, flood risks associated with climate change, safety and disasters remain key issues for us. We are tackling these through our strategic focus on safety, the environment, social inclusion (see page 19) and community activities (see page 30). Rising up the agenda this year are issues concerning the economy and public spending. While we have little control over these, they are important considerations for the company as they will affect the environment in which we operate.





Work in the community
Employee volunteering is a key part of our community strategy. On the hottest day of 2011, our UK Underwriting and Claims team spent the day painting and gardening at Montem Primary School, London.

OUR VALUE TO SOCIETY

RSA makes a fundamental contribution to society, and the economy, by employing approximately 23,000 people and making £310m in tax payments (see the table for details).

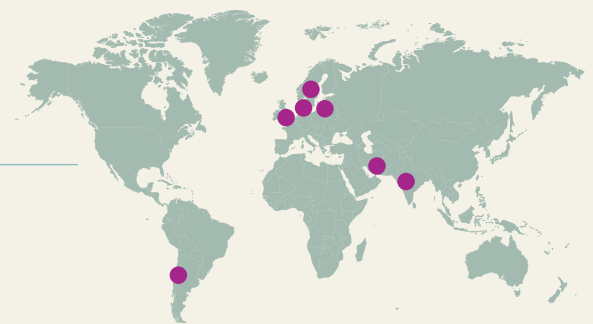
Beyond this direct contribution, our industry is vital for thriving communities and businesses, providing products that protect individuals and companies against a wide range of risks. We help people and organisations recover when the worst happens, whether that is a relatively small localised incident such as a car accident or a major disaster such as an earthquake or flooding. The confidence and peace of mind that insurance provides is as important as the financial protection - confidence for people to travel, buy a home, ship cargo or construct an office.

We can also play a part by developing products and services which respond to climate change and other environmental risks, improve safety on the roads, in homes and at work and which support social inclusion.

Creation of Value	2011 £'m	2010 £'m
Net earned premiums	7,856	7,179
Net invested return	745	629
Other operating income	134	116
Net claims and benefits	(5,213)	(4,884)
Underwriting, policy acquisition and other costs	(1,674)	(1,392)
Additional gains, losses and other movement	(96)	172
Total	1,752	1,820
Distribution of Wealth	2011 £'m	2010 £'m
Employees	982	939
Corporate responsibility	3	3
Government (taxes and social security)	310	233
Servicing of finance	117	118
Shareholders (dividend and minority interest)	305	257
Retained for investment	35	270
Total	1,752	1,820
Opening shareholders' funds	3,766	3,491
Retained (above)	35	270
Closing shareholders' funds	3,801	3,761

ROAD SAFETY

We operate community-based road safety campaigns around the world



Safety

The insurance business is about protecting people against risk. Individuals and businesses buy insurance to help them when things go wrong but it is in all our interests to keep people, property and possessions safe.

Insurance products and services can encourage customers to adopt safer behaviours and help to identify risks so they can be prevented or mitigated. We help customers manage risks with targeted safety advice through policy documents and we provide additional information for customers through our network of brokers, websites and the media. In some cases we provide people with safety advice about specific risks such as floods and storms via services like SMS messaging. In Canada, we also conduct safety surveys to advise customers how to protect their homes from risks such as theft and fire. For commercial customers, our Global Consulting group conducts site visits to assess the risks they face and review their contingency plans. The Risk Managed team works with large companies to develop bespoke insurance products and identify risk management procedures ranging from routine maintenance to management of hazardous substances.

As a leading motor insurer we are committed to helping improve safety on the roads. We do this through products which provide discounts for safer driving and through specific programmes to encourage safety awareness among drivers and other road users.

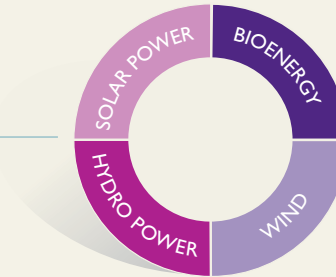
For example, in the UK, we published research on the dangers of driving with poor eyesight and called for improved sight tests for drivers. The research found that drivers with blurred vision struggle to stay in lane and keep a consistent speed as well as finding it difficult to read road signs. The strain also increases the risk of fatigue. Through a partnership with the optician chain Specsavers we make it easier for people to obtain eye health services and glasses.

In Scandinavia and the UK we provide driver training and certification schemes for commercial customers. Our approach extends to road safety campaigns, such as MORE TH>N in the UK, which works with the Children's Safety Education Foundation to provide safety advice in 40 schools each year. We will expand this programme to Bahrain and Singapore in 2012.

Night time visibility on the roads is an issue for many of our markets, particularly in Northern Europe during winter. Our long running reflector programmes in Scandinavia, Lithuania and Estonia have distributed more than 65,000 high visibility vests to protect people commuting to and from school and work in the dark. In 2011, we extended this to the UK, distributing vests to cyclists in Manchester and Peterborough. Through our pet insurance business we also helped dog owners keep their pets visible at night on the road with reflective coats.

RENEWABLE ENERGY

For more information on Renewable Energy visit www.specialty-rsagroup.com



Risk mapping

Risks, especially from severe weather, are often location-specific. Our geographical assessment tool maps factors such as flood plains, unstable ground conditions and crime to identify levels of risk in individual localities. This helps to set premiums so customers in safer areas do not overpay and it means we can give vulnerable customers advice on how to protect themselves. These tools also help customers if there is a major incident such as an earthquake or flood. Our loss adjusters can quickly see which customers are likely to have been affected and can contact them before they call us.

We are expanding the use of risk mapping to cover new markets. In 2011, for example, we worked with the national Insurers Association in the Czech Republic to introduce INTERMAP, a flood risk mapping tool. In Columbia, our underwriting and technical teams developed an internal Geographical Information System to map flood hazards during the rainy season.

Environment

As an insurer, any change in the intensity or frequency of extreme weather conditions can have a huge impact on our business and customers. We aim to lead our industry in responding to environmental change, highlighting the challenges and opportunities, developing relevant products and services and improving the environmental performance of our operations.

Through our major partnership with WWF, we are raising awareness of environmental risks with employees, customers and the business community. Examples of our joint activities are shown throughout this report. They include research on environmental risks, water management, renewable energy and awareness-raising activity such as the Arctic Challenge employee competition (see page 54). For more information see our joint website www.wwf-rsapartners.com

The marine environment is a strong focus, reflecting our role as one of the world's leading marine insurers. RSA is a member of the Sustainable Shipping Initiative

(SSI), an alliance of global companies and NGOs founded by WWF and the Forum for the Future. SSI is working towards realising the Vision 2040 which was agreed in 2011. The Vision sees an innovative, accountable industry using a diverse mix of energy sources efficiently, providing safe, healthy and secure work environments and contributing to the responsible governance of the oceans.

Another focus area is renewable energy. Our Global Renewable Energy business is a leading insurer of wind, solar and other technologies which make a crucial contribution to meeting energy demand and supporting the transition to a low-carbon economy. Our partnership with WWF is investigating how the industry can help remove the barriers facing renewable energy generation. In 2011, we published 'Insurance and Renewable Energy' which looks at the issues preventing the widespread adoption of renewable energy. The report outlines how government, insurers, manufacturers, utility companies, financial institutions, environmental organisations and civil society can work to overcome these challenges.



Road safety in schools
In the UK, MORE TH>N works with the Children's Safety Education Foundation to provide road safety advice in 40 schools during 2011.

Demonstrating natural flood defences in East London

In 2011, we completed the phase 1 construction of an innovative flood alleviation and river restoration project at Mayesbrook Park in East London. The project aims to show how natural flood management techniques can reduce the risk of flooding in towns and cities across the UK and beyond.

The concrete banks of the Mayes Brook - a small stream that runs through the park - are being replaced with natural banks and a one hectare flood plain to naturally store floodwater and protect local homes from flooding. Up to six ponds are being excavated which will collect rainwater runoff from the roof of a training centre being constructed for the Olympics. Some of the stored water will be absorbed into the ground with the rest channelled into the brook.

Climate Change and Mayesbrook Park

Cause and Effects

A major cause of climate change is due to the levels of greenhouse gases in the atmosphere, created by human activities. Since the industrial revolution, over 200 years ago, carbon dioxide levels in the atmosphere have risen steadily. There are many sources of carbon dioxide however most stem from the burning of fossil fuels for everyday energy supply to houses, businesses and transport.

Changes in temperature and rainfall are two of the main effects we are likely to experience. London is likely to have hotter, drier summers and warmer, wetter winters with this trend becoming more pronounced over the longer term. Research suggests that by 2050 Southern Britain could have a climate similar to the west coast of France.¹ As a built up area, London already suffers from the 'urban heat island effect'. This means that heat is stored by urban buildings and surfaces during the day and is released into the atmosphere at night, making built up areas warmer than the surrounding countryside. Climate change will intensify the 'urban heat island effect', preventing the city from cooling down and impacting on people's health and comfort. An increase in extreme weather events and greater unpredictability may make it more difficult for some of our native wildlife to survive and more challenging for our everyday lives.



Parks and Climate Change

The Mayor of London's Climate Change Adaptation Strategy (CC11) recognises that impacts of climate change are now inevitable, and stresses the need to prepare for these changes in parallel to taking action to reduce emissions of greenhouse gases. Parks and green spaces like Mayesbrook Park will play an increasingly important role in helping us adapt to the stresses and fluctuations caused by climate change.

"Becoming a greener, leafier city is more aesthetically pleasing, adds to a sense of wellbeing and reinforces London's position as one of the best big cities in the world. At the same time, urban green space reduces flood risk and cools the city in hot weather."

Boris Johnson, The Mayor of London's Climate Change Adaptation Strategy (2011)

Parks and green spaces can help us in a changing climate by absorbing rainfall and providing areas of floodplain; by regulating local air temperatures and providing shaded refuges for people and for wildlife; they can help clean the air and water around us and allow biodiversity to continue to thrive in the city. If parks and green spaces are designed and managed in an appropriate way they can continue to provide for local communities now and into the future.

"Every step taken to increase the area, quality and diversity of green space has the potential to off-set some of our impact on the Earth's climate. Urban green space aids in the survival of the species, the comfort of the inhabitants and the healthiness of the area and they are vital for balancing the impact we make on the environment."

Blue Sky Green Space report, GreenLink 2010

Some Facts and Figures

- Parks and green spaces, and particularly woodlands, act as carbon sinks, removing carbon dioxide from the atmosphere and storing it away. One hectare of trees and shrubs can absorb one tonne of CO₂ - equivalent to 100 family cars - a single tree will produce enough oxygen for 10 people.
- Trees and plants play an important role in improving air quality, reducing dust and pollutants, which are likely to increase as a result of increasing air temperatures. Trees also absorb gases such as carbon monoxide, nitrogen dioxide and sulphur dioxide that can cause respiratory problems such as asthma and bronchitis.
- Trees also provide shade and help moderate local air temperatures. Vegetation can reduce daytime temperatures by 2-3°C in an urban park compared to the surrounding streets and research shows the cooling effect of green spaces can be felt up to 100 metres from the site.²
- Parks and green spaces play a significant role in supporting more sustainable patterns of transport. Of the 2.5 billion annual visits to English parks, 10% are to take a shortcut to another destination, and over 70% of all journeys to parks are made either on foot or bicycle.³
- Green spaces can provide storm-water storage and retention opportunities as well as natural waste management opportunities. Within hard landscaped areas surface water has to be removed by man-made drainage systems, many of which are very old or inadequate, and increase the risk of flash flooding during periods of heavy rainfall. Green space is capable of soaking up substantial rainfall, at the same time filtering storm water and replenishing natural groundwater supplies, creating a more sustainable urban drainage system. With trees and grass, run-off rates are 50% lower than for hard landscaped areas.⁴



Mayesbrook Park Adapting to Climate Change

- **River restoration** - The Mayes Brook has been through a large watershed area that was excavated to create a 1 hectare natural floodplain. At times of high rainfall this fills with water and reduces the risk of flooding to nearby houses.
- **SUDS** - a natural water storage system or 'sustainable urban drainage system' has been created to cope with rainwater from the Sports House building in the park. This helps prevent flooding and also rehydrates the soil by allowing water to seep back into the water table.
- **Wildlife** - New wildlife habitats have been created in the form of reed beds, willow meadows and wetlands, increasing their wildlife value to the park and downstream. Changes to the park management plan will allow the grass to grow longer in places which will increase their biodiversity value.
- **Trees** - a wide range of tree species have been used which are more resilient to extreme in climate such as the sweet chestnut and windbreak oaks. Large canopy trees have been planted to provide shade and shelter for people and wildlife.
- **Two permanent shelters** have been created to provide park users with shade from the increasingly extreme temperatures and shelter from intense rainfall.
- **One hectare of new woodland** planting has been planned to help cool local air temperatures.
- **Extensive new bed planting** during Phase 2 of the project will help clean the lakes and prevent algal blooms in summer. These also provide a rich habitat for wildlife.

References:
1. Prof. Dr. Bricewood, M. and Manton, J., 2010. Annual Climate Report 2010: Climate Change: Effects and Adaptation in England and Wales.
2. The Leaf Restoration Trust, 2010. Green Spaces: Cooling the City. (2010)
3. Urban Green Spaces: A New Green Space Strategy. (2010)
4. Report of Urban Parks, Play Areas and Green Spaces. University of Bedfordshire. (2008)
5. Blue Sky Green Space: Understanding the Connections. Parks and Green Spaces Directorate to improve Quality of Life. Green Link 2010.

The Mayesbrook Park Adapting to Climate Change Project was delivered by a multi-agency partnership.

MAYOR OF LONDON

Thames Rivers Restoration Trust
Improving the Thames and its tributaries for people and wildlife



We use our underwriting and risk management expertise directly to help clients seize environmental opportunities and manage their risks.

We use our underwriting and risk management expertise directly to help clients seize environmental opportunities and manage their risks. Examples include insurance to cover the costs of accidental damage at sites protected under EU law, known as Natura 2000 sites. Products such as these are increasingly important in helping customers respond to legislation, including the European Union Environmental Liability Directive. Operating on the 'polluter pays' principle, companies are responsible for the costs of remedying environmental damage that they have caused to natural resources such as flora, fauna and habitats.

Working with WWF, we are also developing product features that encourage customers to reduce their impact on the environment. We already provide discounts for fuel-efficient vehicles and in 2011 MORE TH>N launched a green home insurance policy to help encourage customers to reduce their environmental impacts and address environmental considerations during the claims handling process.

Customers can upgrade to more flood resistant and energy efficient building materials for an additional cost in the event of a claim. The policy builds on our Greener Home Endorsement policy in Canada that gives customers the option to replace damaged property with more environmentally friendly alternatives.

Elsewhere, Codan customers can benefit from a new energy efficient window replacement scheme, helping them to save energy and reduce their CO₂ emissions. Damaged windows are replaced with energy efficient alternatives and customers can get a free energy report showing how much energy they can save by replacing all their windows with energy efficient alternatives. On average, customers can save between £100 and £700 per year and reduce their CO₂ emissions by up to 1.5 tonnes per year.

While the biggest contribution we can make is through our business and our external activities, we must also manage our own operations responsibly.

We have increased the use of renewable energy, improved energy efficiency in our offices (see page 44) and are building a strong environmental culture among our employees. Our Arctic Challenge, organised in cooperation with the WWF, challenged employees around the world to reduce their carbon footprint, raise money for charity and come up with ideas to reduce RSA's environmental impact. The winning teams travelled with WWF to the Arctic to experience, first hand, the impacts of climate change.

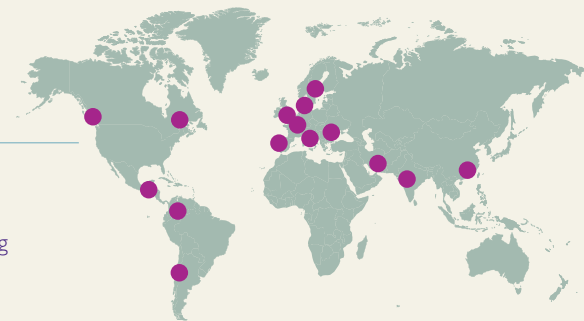


Global charity secondments

In 2011, we launched a global charitable secondment programme. Twenty four employees from across the Group were selected to spend between one week and three months working at a charity of their choice.

2011

In 2011 we launched a global charitable secondment programme with twenty four individuals working with charities around the world



Social inclusion

Some customers and markets call for a tailored approach that meets the needs of particular groups and we develop products that respond to those needs. This is especially important for customers who have found mainstream products unsuitable or unavailable.

We are major insurers of social housing in the UK, and provide micro insurance services for low income customers in Emerging Markets.

Tenants in social housing tend to be on lower incomes and may find it difficult to pay premiums in the usual way. Our low-cost product in the UK allows weekly premiums, payable in cash, if the customer does not have a bank account. It is also possible to pay the premium as part of the rent, with the landlord passing the insurance element to us. These innovations help to make us one of the biggest insurers of social housing in the UK, serving 170 housing associations.

Emerging markets present opportunities to extend insurance to previously excluded or underserved groups. Micro insurance schemes open up possibilities for people with very low incomes to obtain protection against damage to their homes and their crops. These people often benefit most from the protection insurance offers. We work with government bodies and intermediary organisations such as BASIX in India to meet their needs.

Our community and employee volunteering programmes provide financial contributions along with practical skills to foster social inclusion. We can help to address the root causes of many claims by focusing on poverty alleviation, education and crime reduction. During 2011 we extended charitable benefits to all employees in RSA.

We encourage employees across the Group to support disadvantaged groups through our global

matched funding programme. Recognising the value our employees can bring to charitable organisations, in 2011 we also launched a global charitable secondment programme giving employees the opportunity to spend up to three months working for a charity of their choice (see page 32).

Breaking down the barriers to insurance

"A lack of access to insurance is a significant factor in financial exclusion in the UK - almost half of low-income households have no home contents insurance. People on low incomes often struggle to set up insurance. For example they may not have a bank account and cannot pay through credit/debit card or direct debit."

"Our Tenants Contents Insurance scheme is a home contents policy which aims to be affordable for social housing tenants. We understand the challenges that these customers face and offer a range of options to help meet their needs. This includes insurance cover for relatively small sums, and no cancellation or mid-term amendment fees. We also offer various payment methods and flexible payment schedules which can be weekly, fortnightly, monthly or annually."

"Offering accessible insurance products continues to be an important and growing part of RSA's business. As the scheme enters its 16th year we continue to review and update it to ensure that it remains affordable to those who need it the most."

Katie Balme, Schemes Account Manager, UK



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. In the event of a claim, loss adjusters help customers assess any damage that has occurred and the work that needs to be carried out to repair it.

Providing brilliant service is one of our Brand Beliefs and a major focus across all our regions. Brilliant service is about building trust with our customers by delivering what we promise, getting the basics right, making it easy for them to deal with us and doing the day to day things well.

Greener Home endorsement

We all have a responsibility to protect the environment and the growing risks of climate change so it is increasingly important that each of us takes measures to reduce our impacts. In Canada, RSA is making these steps a little easier with the introduction of the Greener Homes endorsement.

The Greener Home endorsement gives customers the opportunity to do something for the environment at a marginal cost. For an additional CAN \$10 added to their insurance premium, RSA Canada customers with Platinum Plus, Comprehensive or Broad Homeshield cover now have the option to replace damaged items with environmentally-friendly, non-toxic or energy efficient alternatives.

This means that in the event of a claim, a homeowner has the option of upgrading to sustainable building materials and appliances. This helps to reduce the environmental impacts of the restoration and can also lead to future energy and carbon savings from energy efficient alternatives.

Our main responsibility to customers is to provide products and services which meet their needs at competitive prices and reflect the risks involved.

RSA Canada has received positive feedback from brokers, with one requesting a similar benefit with other RSA Canada products. While the endorsement is relatively new, success comes from being able to deliver a financially viable product which gives customers the option to reduce their impacts in a simple way.

Customer satisfaction

Getting clear, actionable customer feedback is essential for delivering on this commitment. We conduct surveys throughout the claims process to understand how we can improve our service levels.

Feedback shows that customers are increasingly looking for a more personalised service, such as our personal customer managers and dedicated claims managers in the UK. Other important issues include a reliable and consistent claims experience, dealing with complaints the first time and the length of time taken settling a claim.

In 2011, we launched our Customer & Brilliant Service programme to improve customer satisfaction levels across the Group by embedding a more customer-orientated culture and creating a more consistent customer experience. We conducted our first Group-wide Customer Engagement survey covering 30 countries to measure our baseline performance. We will use the scores to establish a common set of indicators to measure customer satisfaction levels in our businesses. Understanding these, and measuring them over time, will help compare performance and develop plans to improve target areas.

Also in 2011 we launched a Group-wide Customer Champion Network to share examples of best practice. For example, in the UK we produced a 'brilliant service' map which sets out guidelines to improve customer satisfaction levels, such as being clear on what customers want.

Some examples of excellent customer service from across our businesses last year include:

- Improvements, following feedback with brokers, led to a 5% increase in personal lines sales in Ireland;
- In the UK we were awarded the Insurance Times award for Claims Initiative of the Year for our Home Claims Customer Tracker. When dealing with home claims there are a number of external suppliers that we deal with to keep customers moving, from booking hotels for customers to stay in, right through to getting the decorators in. The tracker shows us where customers are on this journey and helps us to offer a seamless service; and
- In Latvia, we introduced an online claims application platform which allows customers to upload and download documents 24 hours a day, reducing the time it takes for us to respond. Ninety three percent of customers using the service found it "very easy" to use.

Training is mandatory for UK employees so everyone knows how to identify and handle a complaint or refer it to the most appropriate person.

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 2011 92% 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.

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.

Training is mandatory 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 2011 we received just over 16,000 complaints in the UK, equivalent to about 0.3% of our customers. We upheld 52% of these complaints taking appropriate action to resolve them quickly and to the customer's satisfaction. On average, 90% of all complaints were resolved within eight weeks which is the maximum permitted time by the FSA. 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). Just under 970 cases were referred to the FOS during 2011. Of these, 39.5% of our decisions were overturned in the

customer's favour, putting us ahead of the general insurance industry average of 48%. Over a third of the decisions overturned 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/rsagroup/en/aboutus/commitments>

Excellent service culture

Providing brilliant service is one of our Brand Beliefs and a major focus across all our regions. An excellent service culture is reinforced through training, internal communications and recognition of outstanding performance.

The RSA global charity secondment programme

"My secondment was spent volunteering at a home for abandoned women and children in Goa, India. Day-to-day I worked with up to five other volunteers to help feed babies and handicapped children, wash mountains of clothes, and bathe those who were too old or disabled to do so themselves."

"Despite the hard work there was always an atmosphere of camaraderie among the volunteers, missionaries and the residents and I looked forward to every single day. My favourite times were when the laundry had been hung out to dry on the rooftop, the dishes were clean, people had been bathed, and we had time to sit down and get to know the residents. The women were eager to talk about what they had been through and what they planned to do with their lives, and the children loved to play and revelled in the attention from the volunteers."

"Stepping away from my day-to-day life as Assistant to the UAE CEO & Head of the Administration function for the UAE and into a new world gave me an opportunity to reflect on how I approached my professional and personal life. I always knew that the success of my role is largely based on managing relationships. The secondment helped me to appreciate that every individual has their own life story no matter where they are from or what position they are in. Understanding this and appreciating both similarities and individual differences helps to build stronger and more rewarding relationships."

Nadia Bangera, PA to UAE CEO & Executive Administration Manager, United Arab Emirates

Two week's secondment to Mother Teresa's Missionaries charity in Goa, India



COMMUNITY

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

We support projects that align with our CR strategy and where our skills and experience can have a lasting impact, focusing on:

- Safety;
- Social inclusion; and
- Environment.

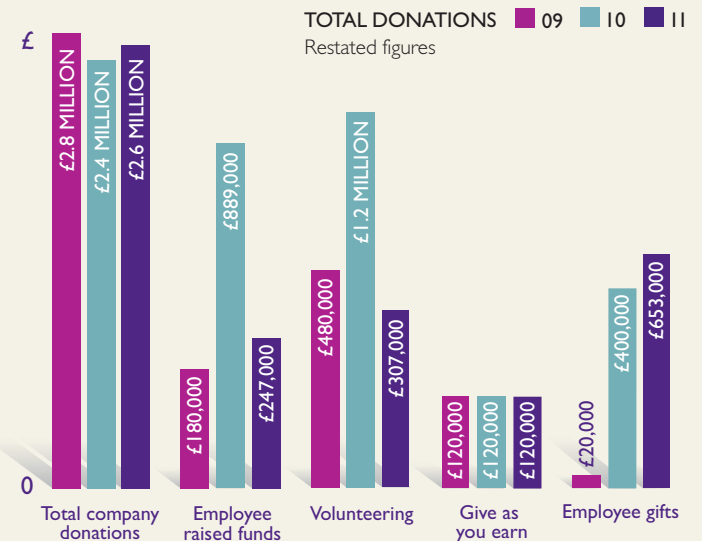
Employees are an integral part of our community strategy. Our volunteering programmes help to motivate employees and build valuable skills which can be used in the workplace. Engaging with local communities is increasingly important in attracting and recruiting the best candidates. We encourage employees to support initiatives that use their skills and experience so that we can have a lasting impact on communities.

Over 5,100 employees participated in voluntary activities in 2011, giving more than 17,300 hours.

2012 target:

- Launch of new matched funding facility across global operations. Double the amount of money available for matched funding.

In 2011, we contributed £2.6 million to community projects, equivalent to 0.42% of pre-tax profits. We launched our global matched funding facility that provides employees across the group with access to centralised funds, ensuring we can help more people in more places. We match employee donations for registered charities up to a maximum value of £250 for individuals and up to £1000 for teams of three or more.





Employee volunteering

We encourage employees to support initiatives that use their skills and experience so that we can have a lasting impact on communities.

CHARITABLE SECONDMENTS

In 2011, we launched a global charitable secondment programme as part of our commitment to giving all employees access to the same opportunities to support their communities. Twenty four employees from across the Group were selected to spend between one week and three months working at a charity of their choice. To accompany the launch, we announced a Group Community Awards programme, following the success of a similar awards scheme in the UK. The awards recognise the exceptional efforts of employees who support charities through fundraising and volunteer work. Employees can nominate charities they have supported for a £500 donation, while outstanding contributions are eligible for a £5,000 donation.

CANADA



- | | | |
|-----------------------|--------------------------------------|------------------------------------|
| Cathy Kuhlmann | Senior Consultant, Canada | Windfall Ecology Centre |
| Julie Andrew | Client Services Underwriting, Canada | Nova Scotia SPCA Metro Shelter |
| Nicole Moore | Personal Lines Underwriter, Canada | Oakville and Milton Humane Society |

UK

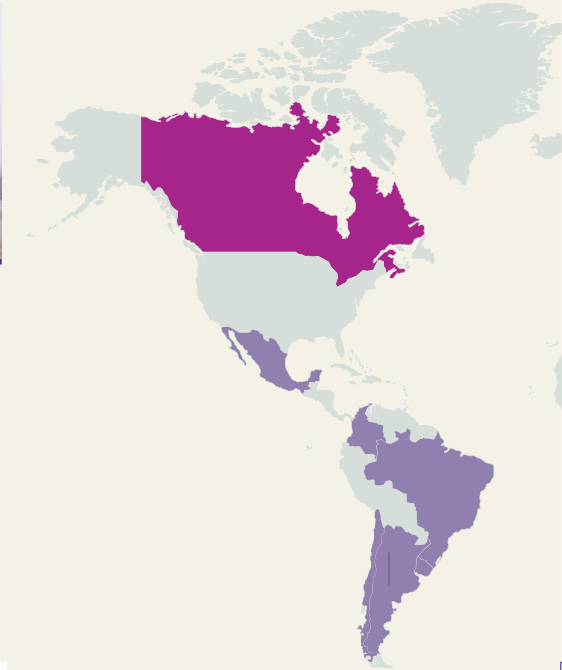


- | | | |
|-------------------------|---|---------------------------------|
| Sharon Harding | Customer Manager, Liverpool | Claire House Children's Hospice |
| Val Frew | Customer Manager, Liverpool | Children's Heart Association |
| Martha Keenan | Team Leader, Peterborough | Sue Ryder Care |
| Lucy Isley | Claims Handler, Peterborough | Sue Ryder Care |
| Navpreet Kaur | Customer Manager, Sunderland | Macmillan Cancer Support |
| Nicholas Golding | Liability Claims Specialist, Homeworker, UK | Patshull Scout Camp Site |
| Elaine Clough | Team Leader, Halifax | The Scout Association |
| Julie Vincent | PA, GCC, UK | AidCamps International |

IRELAND



- | | | |
|----------------------|-------------------------------|------------------------------------|
| Emma Harvey | Motor Claims Handler, Ireland | Barnardos |
| Diana Doherty | Underwriter, Ireland | Belarusian Orphanage Project (BOP) |





SWEDEN

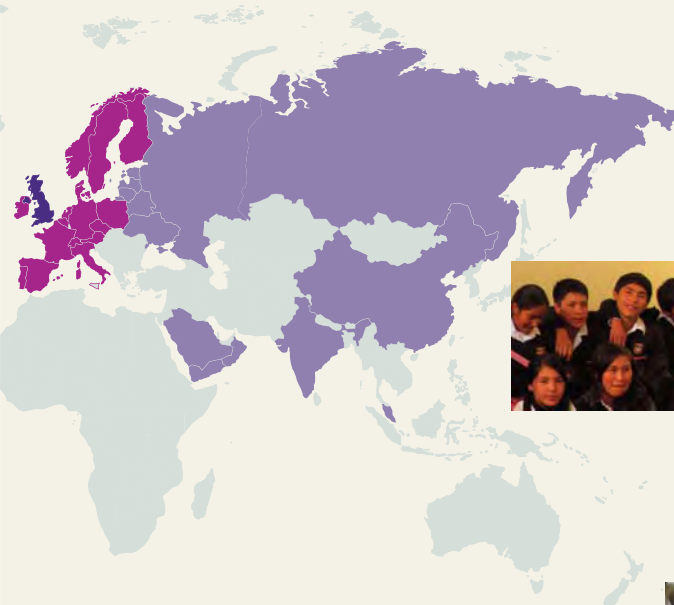
Marie Ursing Group Leader, Bodily Injury, Sweden The Swedish Childhood Foundation

RUSSIA

Svetlana Shustova Supplier Relationship Management Leader, Russia Karabanovo and Kostino Children's Homes

DENMARK

Jette Guldbæk Madsen IT Quality Manager, Denmark True North



LITHUANIA

Kestutis Gadeikis Chief Actuary, Lithuania Junior Achievement Lithuania (JAL)



CHILE

Pilar Emilia Mondaca González Risk Preventions, Chile Fundación Niño y Patria



SINGAPORE

Raja Bahrin Marine Risk Manager, Singapore Mercy Relief Singapore

Diana Thomas Communications Manager, Singapore Metta Youth Centre

Malin Fredriksson Head of Property, AME, Singapore vMaD

UK INTERNATIONAL EMERGING MARKETS

OMAN

Khawar Osama Business Development Manager, Oman Young Pakistani Expatriate Society (YPES)



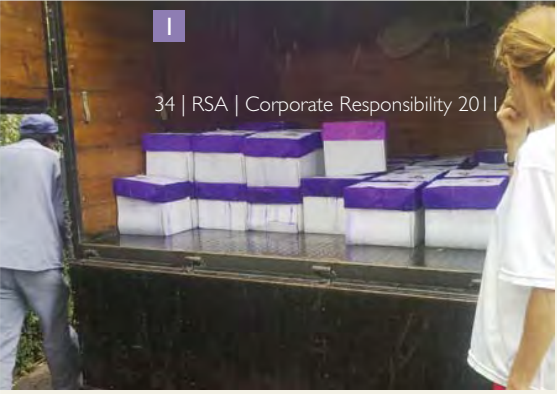
UAE

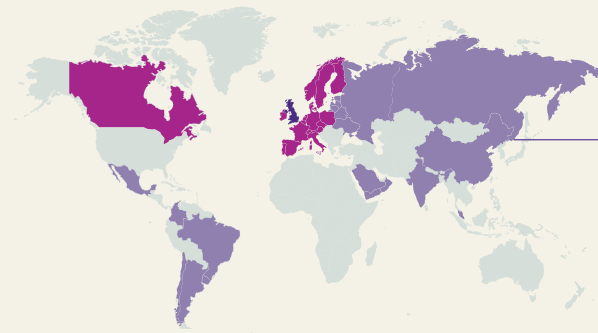
Nadia Bangera Executive Administration Manager and PA to UAE CEO Missionaries of Charity, Kolkata, India

ARGENTINA

Corina Roxana Pernas Account Executive, Argentina Fondo Verde







UK
 INTERNATIONAL
 EMERGING MARKETS

OUR COMMUNITY WORK AROUND THE WORLD

1 Argentina

Employees raised funds to provide Christmas gift boxes for low-income families.

2 Latvia

For the second year running, around 230 employees volunteered over 900 hours to clean up litter from public areas as part of the 'The Big Clean-up' event.

3 China

Employees organised a charity sale and volunteered to support a local school.

4 Johnson

The third annual food bank donation week was the most successful to date with a total of 40,000 items donated.

5 RSA Canada

Over 600 employees and their guests participated in the RSA 5K Fun Run/Walk to support WWF-Canada, raising over \$15,000 Canadian dollars.

6 Chile

Employees at RSA Chile raised a record breaking 4 million Chilean pesos during a three month campaign to support children and young people.

7 Italy

RSA Italy supported nurseries for children from difficult backgrounds in Milan and Genoa through fundraising and volunteering.

8 Colombia

RSA Colombia employees helped build a children's library and donated over 500 books.

9 Czech Republic

Employees organised a breakfast for a local orphanage and donated gifts and road safety accessories.

10 UK

More than 100 employees signed up to help to mentor teenagers from under-privileged backgrounds aspiring to pursue careers in business.

11 Ireland

Employees from RSA Ireland collected over €1,200 through "Daisy Day" street collections for Aware, the national mental health support charity.

12 USA

In Miami, LARO employees took a day out of their busy schedules to volunteer for the NGO, Habitat for Humanity.

13 Denmark

Employees volunteered to spend their early mornings handing out reflective vests as part of our partnership with the Children's Accident Foundation to improve road safety.

14 Sweden

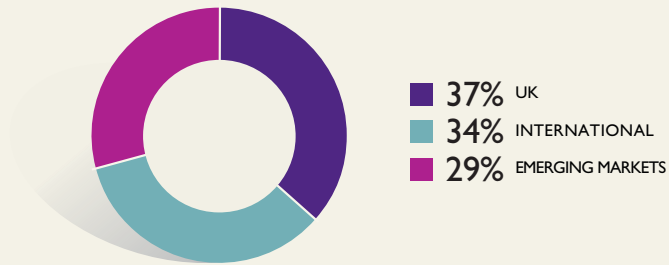
Trygg-Hansa organised a national life buoy spotting competition to increase awareness around safety at sea before the start of the swimming season.



Canadian run

Over 600 employees and their guests participated in the RSA 5K Fun Run to support WWF Canada, raising over \$15,000 Canadian dollars.

TOTAL WORKFORCE



EMPLOYEES

Our business depends on the knowledge, experience and creativity of our employees. 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.

In 2011, we employed more than 23,100 people in 34 countries. Approximately 8,500 are based in the UK, 7,900 in our International business (Scandinavia, Canada, Ireland and Italy) and 6,700 in our Emerging Markets business (Latin America, the Baltics, Central and Eastern Europe, Asia and the Middle East).

Ethics

2012 target:

- Roll out Code of Conduct guide and RSA policies to all markets.

We are committed to promoting ethical conduct in all our businesses and expect employees to act ethically, with integrity and to take responsibility for their behaviour and actions.

All new employees are made aware of our Brand Beliefs 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. The Beliefs are supported by our Group Ambition and Purpose and specific policies covering fraud, confidentiality, market abuse, competition and money laundering. They are translated into the local languages used where we operate.

In 2011, we rolled out a guide explaining our principles and policies and how they underpin the

Brand Beliefs, including guidance on gifts and hospitality in line with the UK's Bribery Act, to over 75% of our employees. The booklet is supported by a training programme to ensure employees know what is expected of them and how to behave.

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

Employee engagement

2012 targets:

- Achieve an upper quartile score in our global employee survey; and
- Conduct third annual CR Survey and exceed 3,000 responses.

We support a culture of open and honest dialogue in all our markets and actively encourage employees to provide feedback through surveys and meetings. We use information gathered to help guide our corporate and CR strategies.

Supporting a living wage

"The Living Wage campaign calls for every worker in the UK to be earning enough to provide their family with the essentials of life. An hourly rate is calculated annually according to the cost of living. This currently exceeds the legal minimum wage by 37% in London and 18% nationwide."

"RSA takes its responsibilities to its people and the wider community very seriously and when we were approached by the Living Wage campaign last year we were pleased to take action. Not only are we ensuring that our own employees are fairly rewarded but we are also encouraging our contractors and suppliers to pay a fair wage to their people."

"We gathered together a number of people from across our UK operations to identify where pay was too low for our employees and our suppliers. For our own employees we could act quickly ensuring all employees were paid at least the Living Wage by mid 2011. Progress with our diverse network of suppliers was more of a challenge but we have acted with pace, aligned our own employees quickly and we are working with our suppliers to implement the same standards."

Ian Templeman, Head of Employee Relations and Policy, UK

The Global Employee Engagement 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.

We achieved world-class engagement levels with our overall engagement score increasing to 4.34 in 2011. Our result puts us in the 75th percentile of the Gallup database meaning we met our target of being in the top quartile in 2011.

Across the Group we made progress against a number of key questions, including:

- In the last seven days, I have received recognition or praise.

The question in which we performed best was:

- Last year, I have had opportunities at work to learn and grow.

Our focus area for further improvement is the following question:

- The mission and purpose of my company makes me feel my job is worthwhile.

Every manager and team leader with five or more employees responding to the questionnaire receives 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 our performance management system.

In 2011, over 17,300 people completed the survey - our highest ever response rate - giving us a strong insight into employee perceptions. Our overall score was 80% favourable, compared with 78% in 2010. The highest scoring responses were:

- 'I have documented personal goals / objectives relating to my work' (96% favourable);
- 'I have had a formal performance review in the last 12 months' (95% favourable); and
- 'My leader shared my performance rating with me' (94% favourable - a 14% increase on 2010).



We achieved world-class engagement levels with our overall engagement score increasing to 4.34 in 2011.

Areas for improvement include:

- Making sure personal goals are aligned with our Brand Beliefs and our Group strategy;
- More recognition of team work as well as individual contributions; and
- Improved coaching and development opportunities.

To tackle these we launched a new goal-setting approach that puts more emphasis on the Brand Beliefs and team working. In 2012 we will begin a new round of capability reviews that will provide employees with an opportunity to identify and discuss personal development objectives with their line managers. We also continue to improve our online Learning Zone in response to suggestions from across the Group (see Training and Development).

Consultation

Our annual European Consultative Forum brings together employee representatives and management to discuss our strategy and performance. In 2011, 27 employee delegates from 17 countries discussed a range of issues including:

- Wider European business performance and an update on our Central and Eastern European businesses;

- Group CR performance and strategy; and
- Group HR strategy.

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. Successful Union engagement was essential to gain support for our global charitable secondment programme.

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. In 2011, we decided to delay our third employee CR survey to early 2012 to focus our communication efforts on the Arctic Challenge.

Reward and recognition

2012 target:

- Maintain 90% of employees with personal performance linked to rewards.

Remuneration plays a critical role in attracting, retaining and motivating our 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.

In the UK we support the Living Wage Foundation and all direct employees are paid at least the living wage (£8.30 per hour in London and £7.20 in the rest of the UK). We are one of the few companies working with suppliers to ensure the same applies for all onsite contractors, such as catering and cleaning staff.

UK employees can use our flexible benefits website to pick from a number of benefits, including critical illness cover, discounted shopping vouchers and the option to buy or sell holiday time. Similar benefit programmes are available across the Group.

We also offer non-financial incentives and awards that recognise employees who have performed particularly well. Our annual Platinum Awards recognise individual employees at all levels who have performed exceptionally well.

Twenty eight countries can access the Learning Zone which contains a mixture of high quality learning solutions and exercises that can be tailored to individual development areas.

Training and development

Continuous learning and development opportunities ensure employees have the skills and qualifications needed to provide technical know-how and excellent customer service.

We want employees to realise their full potential. Employees discuss their personal development needs with their managers during annual capability reviews and put in place development plans.

Over 20,000 employees in 28 countries have access to our online Learning Zone. The site provides employees with information on the training and development courses 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 leading personal development websites.

Other development plans include:

- Our Global Technical Graduate programme aims to create a strong talent pipeline in our core disciplines of Underwriting, Claims and Actuarial;
- Fast Track is a two-year leadership development programme for high performing employees. The programme provides training, coaching and networking opportunities across the company;
- The Technical Academy aims to help us identify talented people and develop structured career paths for technical staff, enabling them to build the skills and qualifications they need to succeed;
- Our Global Marketing 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;
- RSA's Leadership Development Programme seeks to identify, develop and equip the Group's future leaders with the skills and mindset to drive business growth. Senior insight sessions help to generate ideas and solutions that address environmental and social challenges; and
- 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.



Graduate volunteering
Our Graduates are given the opportunity to develop teamwork and leadership skills through volunteering. In 2011, some of our UK Graduates visited the Hackney Marshes Centre to help with ongoing conservation projects.

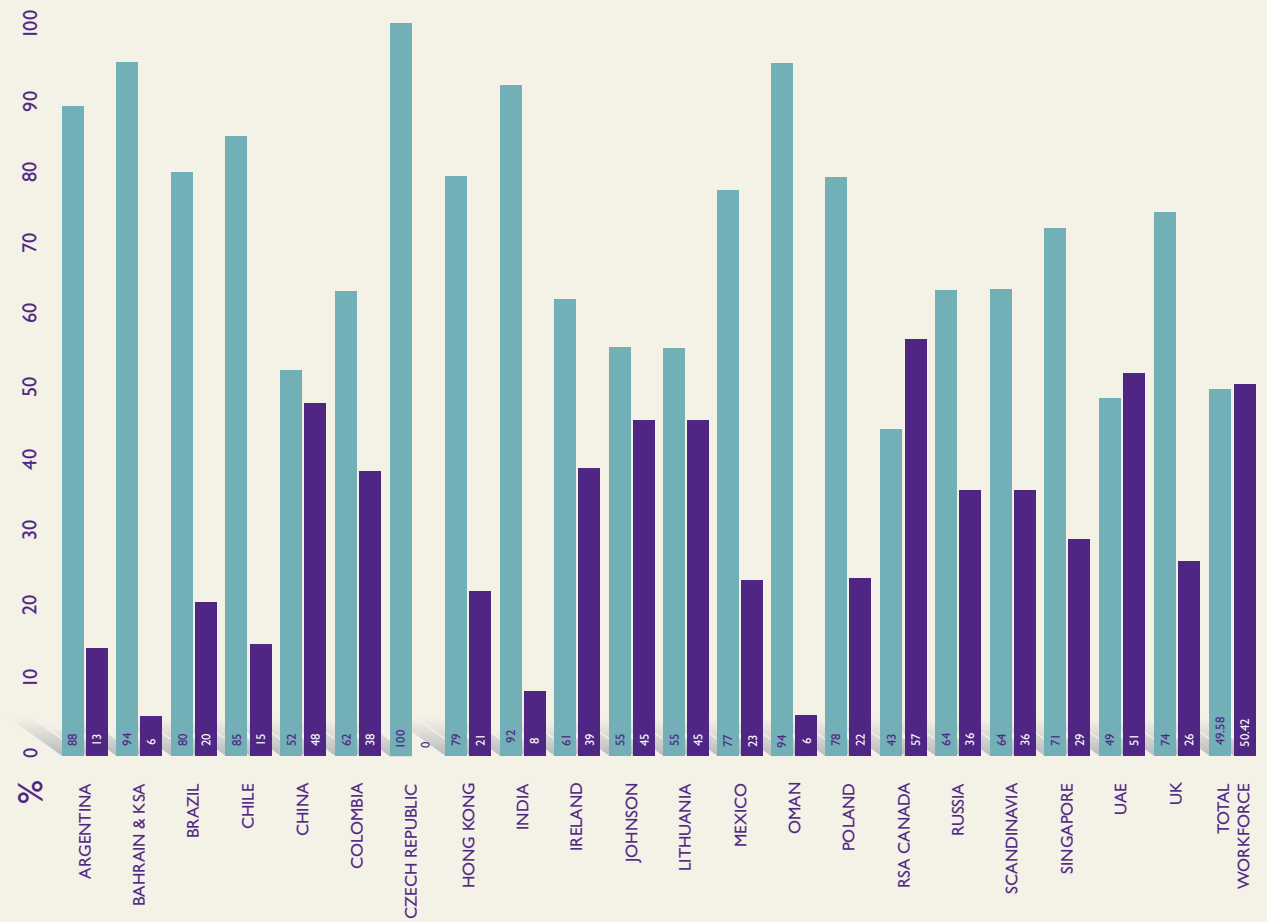
Diversity

As a global business, we have an inherently diverse workforce which reflects the range of customers we serve. We foster an inclusive culture which values different ways of thinking and backgrounds, helping us to better understand and anticipate customers' needs.

Improving representation of women in management positions across the Group remains a focus for us. In 2011, women made up more than 50% of our global workforce and approximately 30% of managers. We offer a wide range of programmes to encourage and support female employees, including flexible working, equal pay reviews and childcare support.

In the UK, we work with the NGO Opportunity Now to benchmark our diversity performance and support female employees. In Scandinavia, we partner with a future female leaders' forum which provides 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 ■



In 2011, women made up more than 50% of our global workforce and approximately 30% of managers.

Health, safety and wellbeing

Safety is a shared responsibility between our Group Human Resources team, site health and safety coordinators and employees who 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 process. An intranet site contains everything employees might need to know about safety, health and wellbeing in the workplace.

In 2011, we saw an increase in the number of reportable injuries due to countries aligning their categorisation of injuries. The number of accidents per 1,000 employees decreased from 16.5 in 2010

to 16. There were no reported fatalities. The majority of injuries are minor non-reportable incidents e.g. minor cuts and strains.

By protecting and promoting wellbeing we can reduce absenteeism and improve productivity. We work with First Assist to provide employees with a wide range of information and advice on how to live a healthier lifestyle via our intranet site. 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 offer access to a free and confidential 24-hour counselling service through First Assist to help with both personal and work-related problems.

We also organise health and wellness weeks in our UK, Scandinavian and Latin American markets where employees receive information about healthier lifestyles and diets.

2012 targets

- Launch an online diversity training module to improve management awareness of diversity and its benefits.

Group	2011	2010	2009	2008	2007
Reportable injuries	79	34	88	85	84
Minor non-reportable injuries	287	348	352	340	352
Accidents per 1,000 employees	16	16.5	18.99	9.05	11.14

OUR ENVIRONMENTAL PERFORMANCE

We take climate change and other environmental issues seriously, believing they present risks and opportunities for our business and society.

Our approach is to minimise the impacts of our operations, particularly greenhouse gas emissions from our buildings and travel. We are also targeting other environmental impacts that are significant to our business, such as paper use, waste and water.

We 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 (see page 52).

Our strategy

Our environmental and climate change 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 which fully apply the previous steps; and
- Work with suppliers to improve the environmental footprint of our supply chain (see page 58).

In 2011 we achieved our long-term group target for a 40% reduction in gross tonnes CO₂ per £m net written premiums (NWP) by 2020 against 2006 levels. Individual countries set additional targets covering key environmental impacts relevant to their circumstances.

Energy and emissions

2012 target:

- Carry out due diligence on global energy procurement contracts.

Our biggest direct environmental impact is the carbon dioxide emissions from energy we use in our offices, especially emissions from electricity. Emissions from travel are also 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 NWP reflect underlying performance and this measure fell by 1.3 tonnes per £million NWP in 2011, reflecting the progress made in energy efficiency programmes across the Group. Since our 2006 baseline, these have fallen by 55% meaning we met our target for a 40% reduction by 2020.

Group-wide energy use decreased from just over 121,000 MWh in 2010 to 113,900 MWh in 2011. During 2011 we explored the potential to arrange a global energy contract but this did not prove to be cost effective, or lead to an overall reduction in CO₂ emissions. All our UK offices and Codan headquarters use 100% renewable energy.



Group-wide energy use

Group-wide energy use decreased from just over 121,000 MWh in 2010 to 113,900 MWh in 2011. All our UK offices and Codan headquarters use 100% renewable energy.

Carbon emissions

We offset our remaining 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). In 2011, total offsets decreased by 6,530: due to reduced absolute CO₂ emissions in the UK and Ireland.

* 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.

GROUP GREENHOUSE GAS EMISSIONS (TONNES OF CO₂E* EQUIVALENT)

	2011	2010	2006 (baseline)
Scope 1 ¹	12,902	16,544	–
Scope 2 ²	28,344	32,441	–
Scope 3 ³	21,836	19,250	–
Total gross	63,082	68,236	77,247
Gross tonnes CO ₂ per £m NWP	7.7	9.0	14.1
Carbon offsets	27,470	34,000	–
Total net emissions	35,612	34,236	77,247
Net tonnes CO ₂ per £m NWP	4.3	4.5	14.1

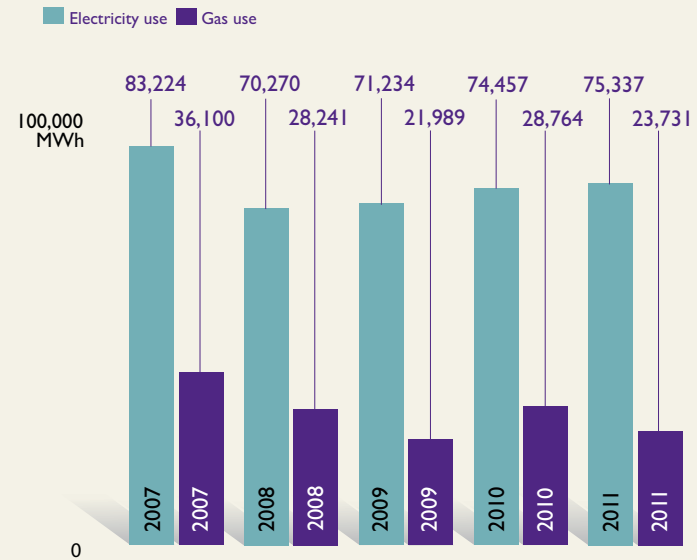
GEOGRAPHIC BREAKDOWN OF CO₂E EMISSIONS FOR 2011 (TONNES CO₂)

	Scope 1	Scope 2	Scope 3
UK (including GCC)	6,596	12,097	7,380
International	2,487	7,377	8,628
Emerging Markets	3,820	8,870	5,828

CO₂ EMISSIONS PER CAPITA (tonnes per employee)

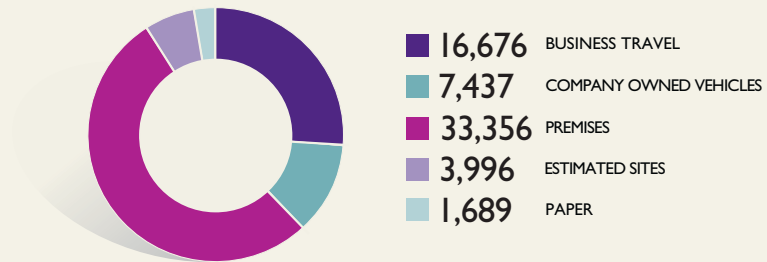


ENERGY CONSUMPTION IN OUR OFFICES (MWh)



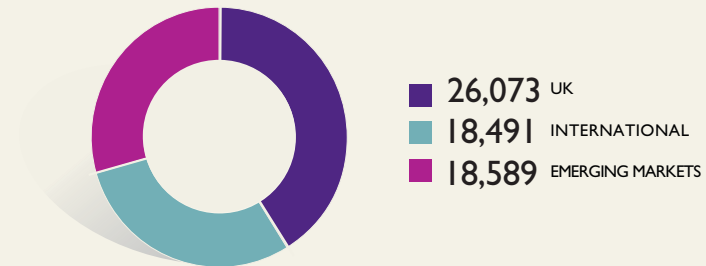
CO₂ EMISSIONS BY SOURCE 2011

Carbon dioxide emissions equivalent by source (tonnes)



CO₂ EMISSIONS BY REGION

Carbon dioxide emissions equivalent by source (tonnes)



Travel

In 2011, business travel (including company vehicles, road, air and rail) accounted for approximately 38% of our total carbon footprint, up from 30% in 2010, due to our growing international presence and improved business performance.

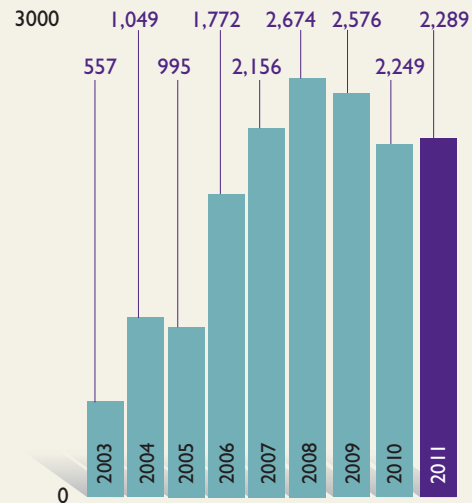
We aim to reduce the environmental impact of employee travel by encouraging the use of video and teleconferencing, setting reduction targets for

air and car use and promoting more sustainable alternatives. For example, in the UK we offer a cycle to work scheme that provides discounts on cycling equipment. In Canada, we are working with American Express to review our travel policy with the aim of setting a travel reduction target. In Ireland, we surveyed employees to get a better understanding of how they travel to work and identify ways to lower their impact.

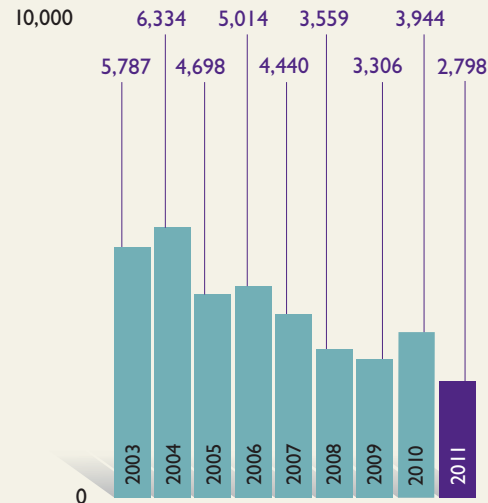
Resource use

Managing our paper use, water consumption and waste helps to reduce our demand on the environment as well as saving money. This also helps reduce emissions because of the energy involved in producing materials such as paper, providing clean water and managing waste.

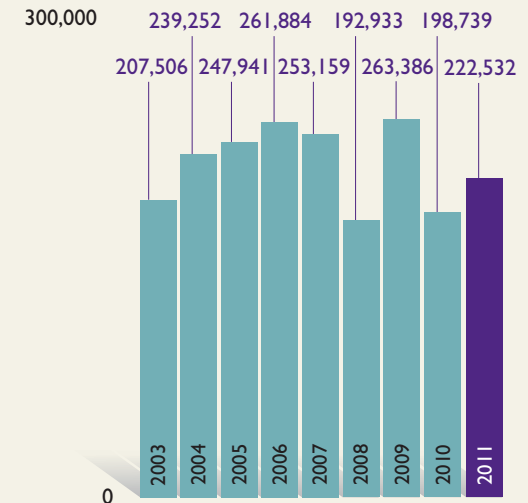
PAPER USE (tonnes)



TOTAL WASTE GENERATED (tonnes)



WATER USE (cubic metres)



Raising employee awareness is a key goal of our partnership with WWF. We challenged employees to come up with ideas for new products or initiatives that would help RSA reduce its environmental impact.

In 2011, absolute water consumption increased as more countries began recording and reporting their data for the first time. Paper consumption increased for the same reason. Despite these overall increases, some individual countries reported a fall in water and paper consumption reflecting steps to cut resource use (see page 50).

Examples include:

- In the Czech Republic, we introduced new recycling facilities and printer settings to reduce waste and paper use. Each department has its own reduction targets which are evaluated quarterly. We encourage employees to turn off the heating and air conditioning when windows are open and also to switch off lights, projectors and computers when not in use;
- Ireland moved from print to online versions of our internal and broker magazines. The Brilliant Service team also managed to reduce printed policy documentation by an estimated 50%;
- RSA Canada's commercial team in Quebec saved 70,000 sheets of paper by adopting a paperless submission system for its SME and Mid-Market customers; and

- In Mexico, we installed rainwater collection tanks for irrigation, removing the need to use municipal water supplies.

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 Earth Hour.

In the lead up to Earth Hour, Johnson, Scandinavia, the UK and other countries organised Climate Weeks that aimed to show employees how even small actions can together make a big impact. Each day employees explored one of five environmental issues: food, water, waste, travel and energy. Johnson employees were set accompanying challenges such as bringing in a waste free lunch and travelling to work without using their cars. A range of activities for UK employees included visits to recycling facilities and green driving demonstrations to teach them about the steps they can take to reduce their impacts in the office and at home.

Raising employee awareness is a key goal of our partnership with WWF. We challenged employees to come up with ideas for new products or initiatives that would help RSA reduce its environmental impact as part of the Arctic Challenge competition. The winning team designed a novel incentive scheme that encourages employees to buy fuel efficient cars by giving them preferential rates. If 30% of UK employees took up the scheme, they could save over 17,300 tonnes of CO₂ over the next 5 years.

2012 Group targets:

- Launch a Group-wide Green Network;
- Reduce by 50% gross tonnes CO₂ per £m net written premiums (NWP) by 2020 against 2006 baseline; and
- Continue to develop and roll out products with environmental benefits in our main markets including the UK, Canada and Scandinavia.

PERFORMANCE AGAINST TARGETS

2011 target	Performance in 2011	2012 target
UK		
- Reduce electricity consumption by 3%	✓ - We achieved a 21.6% reduction in electricity consumption	- Reduce electricity by 2%
- Reduce water consumption by 3%	✗ - Water consumption increased by 15.4%	- Reduce water by 1%
- Reduce gas consumption by 3%	✓ - We reduced our gas consumption by 22.1%	- Improve position in CRC league table
- Reduce office paper by 4%	✓ - We reduced our office paper consumption by 28%	- Develop a new product offering support to SMEs on carbon reduction
- Reduce office waste by 3%	✓ - We reduced our office waste by 43%	- Increase the uptake of our cycle to work scheme by 20%
- Increase QRC recycling to 65%	✓ - In 2011 our QRC recycling increased to 69%	
Group Corporate Centre		
- Reduce electricity by 3%	✓ - We reduced our electricity consumption by 33.5%	- Reduce electricity 2%
- Reduce paper consumption by 2%	✗ - Paper consumption increased	- Reduce paper 2%
- Reduce waste by 4%	✓ - We reduced our waste by 43%	- Reduce waste 8%
Ireland		
- Ensure rail, electricity, gas, paper, waste and recycling remain at the same levels	✓ - We achieved a reduction of 0.05% in electricity consumption ✓ - We significantly reduced our consumption of natural gas by 11.8% ✓ - Paper consumption increased by 6 tonnes ✓ - Our waste increased by 29% ✗ - Our recycling increased by 1%	- Maintain 2011 electricity usage levels - Maintain 2011 gas usage levels - Maintain 2011 water usage levels - Maintain 2011 paper usage levels - Maintain 2011 waste disposed levels - Recycle 80% of waste - Reduce local flights.
- Incorporate newly acquired 123 businesses into environmental reporting system	✓ - 123 businesses were not incorporated in the 2011 environmental reporting system	

➡ Ongoing ✓ Achieved ✗ Not achieved

2011 target	Performance in 2011	2012 target
Canada		
- Increase Johnson recycling 1%	✓ - We increased the amount of recycling at Johnsons by 43%	- Increase Johnson recycling 1%
RSA Canada		
- Reduce paper consumption by 2%	✓ - Our paper consumption reduced by 10.2%	- Reduce paper 2%
- Increase recycling at RSA Canada by 1%	✓ - We increased our recycling by 11%	- Increase recycling 1%
- Reduce waste by 2%	✓ - We achieved a 46% reduction in waste	- Reduce waste 2%
- Maintain current levels of water and electricity consumption and travel	X - Our water consumption increased by 3% X - Our electricity consumption increased by 3.3% X - Our travel increased by 48%	- No increase in water, electricity and travel - Use video conference usage
Scandinavia		
All targets for completion by 2013. Targets apply to Denmark, Sweden and Norway individually. - Reduce CO ₂ 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	➔ On target	Ongoing from 2011

➔ Ongoing ✓ Achieved X Not achieved




PARTNERING FOR PROGRESS

We are working with WWF to investigate emerging environmental risks and explore how the insurance industry can respond to the opportunities and challenges of environmental change. As well as joint research, we are working together to develop products that help customers reduce their environmental footprint and raise climate awareness among employees.

-  CONSERVATION
-  RESEARCH
-  PRODUCTS
-  ENGAGEMENT
-  WEB








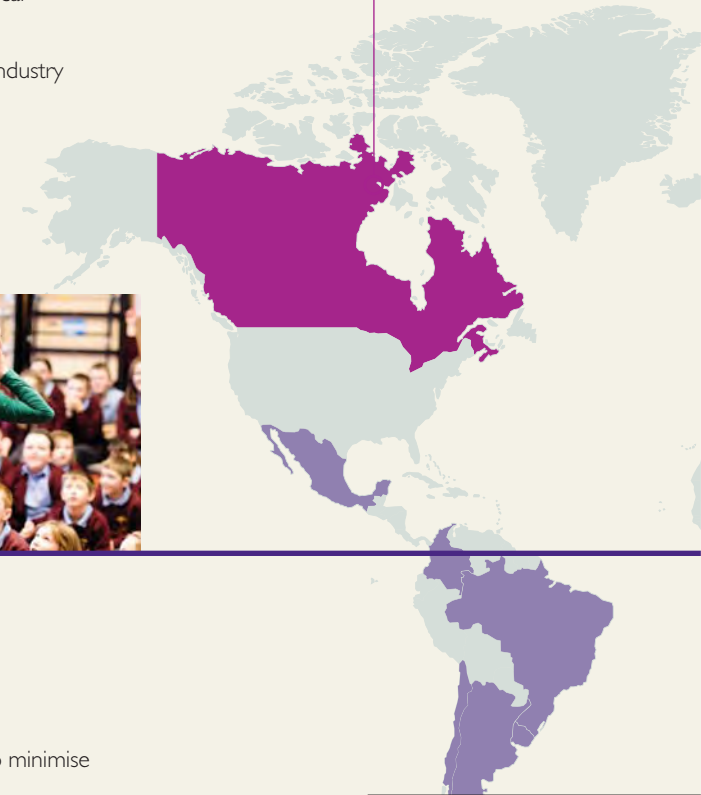
CANADA

-  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 the WWF Earth hour and commitment to reduce carbon by 15% in our home insurance policies by 2013
-  Restoring an urban river to investigate ecologically sensitive flood defences with the Thames River Restoration Trust



PARTNERING FOR PROGRESS





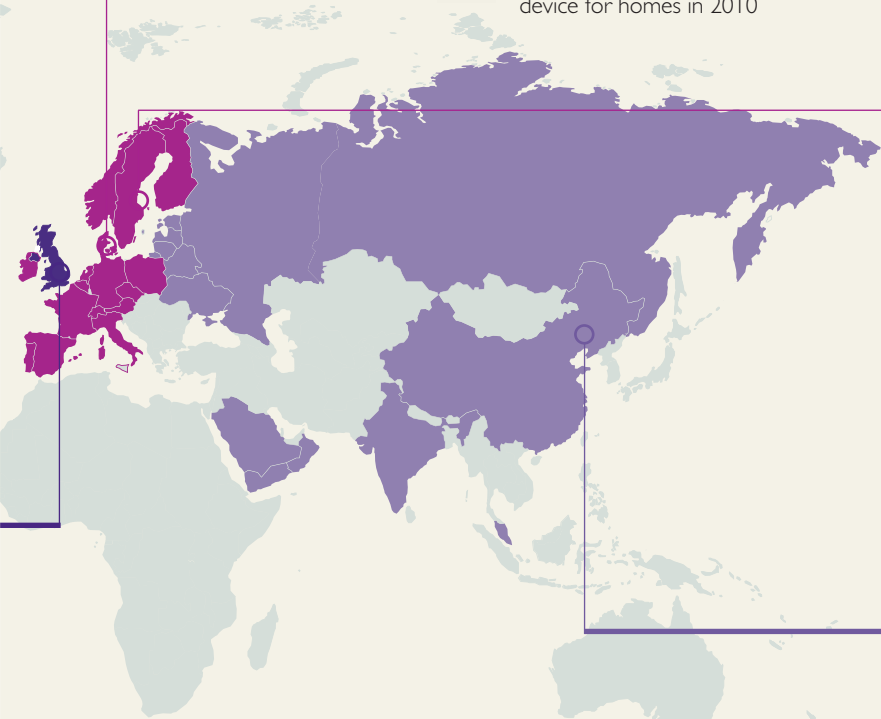
DENMARK

- 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



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

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

UK INTERNATIONAL EMERGING MARKETS



A few steps on ice, a journey of a life time

"As we stepped onto snow for the first time in our lives and watched the sun rise over a vast blanket of white we knew that this trip was going to be a once in a lifetime experience for us all."

"Our journey to the Arctic started long before the 30 hour trip from Chennai to Churchill. As part of the challenge we logged over 200 hours of voluntary work to support WWF India's 'Save the Tiger' campaign. Contacting people from across the country we worked to raise awareness of the critical state of our iconic national animal. The response was fantastic with over US \$9,000 raised for the campaign."

"Seeing first-hand the changing landscape of the Arctic and the plight of the polar bear has transformed the way I think. In such an extreme and fragile environment you get an appreciation of the impacts of our actions and how they are affecting the natural habitat of wildlife and ecosystems in other corners of the world. It showed how everything we do is inter-linked and inter-dependent"

Prashant Singh, Vice President & Head Retail (South) & Agency, India



SEEING IS BELIEVING - THE ARCTIC CHALLENGE

In 2011, we focused our efforts on doing what we can as an organisation to tackle the challenges and opportunities that climate change brings.

We launched a new initiative to raise the profile of our WWF partnership among employees and bring these risks and opportunities to life.

The 'Arctic Challenge' saw over 10,000 of our employees in 33 countries taking part in a competition to win the opportunity to travel to the Arctic to see at first-hand the impact of climate change. The competition challenged teams to reduce their carbon footprint by walking and cycling rather than driving, to raise money for charity and to develop ideas to reduce RSA's environmental impact.

The results were impressive, with over three billion steps walked, 6,600 hours of volunteering given and over £100,000 raised for charity. The green ideas being implemented in 2012 have the potential to save around 15,000 tonnes of carbon and up to £600,000 in costs.

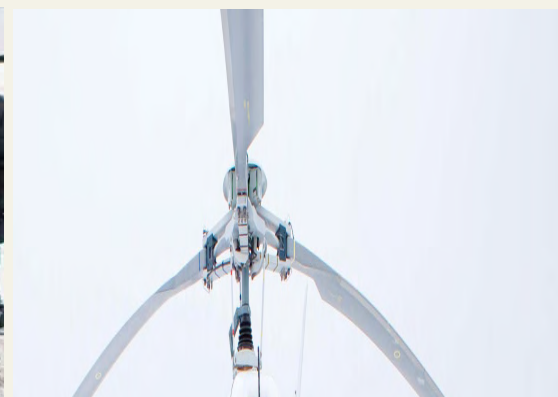
Three winning teams - from the UK, Oman and India - spent time with leading WWF scientists in Canada's far north learning about the link between environmental and insurance risks. The teams saw the pressure that falling fish stocks are having on the livelihoods of local fishermen and the potential impact that this could have on RSA's business as the leading insurer of fishing vessels in Canada. They learnt that a significant reason for declining fish stocks is spiralling seal numbers. Seal populations are increasing partly as a result of less sea ice which means that their natural predators, polar bears, aren't able to hunt. They also discovered how less ice is contributing to rising sea levels and global warming as more energy from the sun is absorbed by the sea. This in turn has the potential to impact RSA customers through extreme weather events around the world.

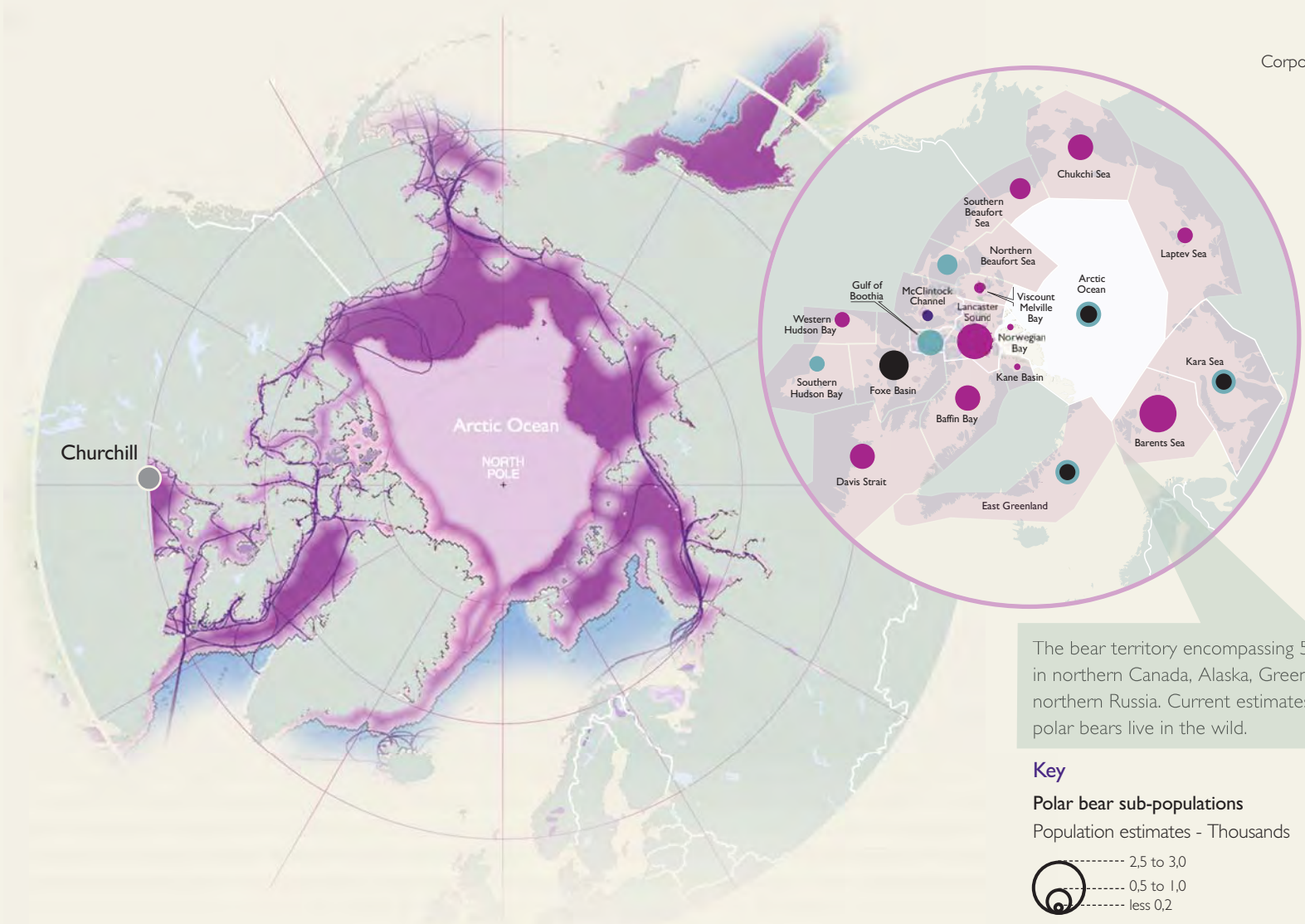
On returning home, the winning employees have become ambassadors for change, sharing their experiences with colleagues and inspiring interest in sustainability issues.



Polar bears in the Arctic

In the last two decades, polar bear numbers in Canada's far north have declined by 22% as a result of melting sea ice. Without the ice they need to hunt, polar bears are being forced to scavenge for food in local towns.





Churchill

Arctic Ocean
NORTH POLE

A changing landscape

Rising temperatures have been having a major impact on the Arctic and the many unique species and communities that live there. Ice cover is already less than half what it was when records began, and within ten years could almost be gone in the summer months. The melting sea ice leaves many lucrative but potentially destructive opportunities for human activity. These include

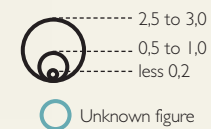
new fishing grounds, a shorter shipping route between the Pacific Ocean and Europe and major new drilling fields for petroleum. In 2011, the three winning teams from RSA's Arctic Challenge were given the opportunity to see first hand the impact that climate change is having on the environment, the people and the long term economy of the region.

The bear territory encompassing 5 million square miles in northern Canada, Alaska, Greenland, Norway and northern Russia. Current estimates suggest 20-25,000 polar bears live in the wild.

Key

Polar bear sub-populations

Population estimates - Thousands



Population trends



Churchill and Nunavut, Canadian territory

Ice extent September 2011 NSIDC

Ice extent March 2011 NSIDC

International Shipping Routes PAME & CAFF 2009

SUPPLIERS

Improving standards in our supply chain is a key part of being a responsible business. The scale and diversity of our supply chain presents a variety of social and environmental risks that we manage by working with suppliers to encourage more sustainable business practices.

A significant component of our supplier spend is handled by our claims teams who, through a global network of over several thousand 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.

Supplier standards

Our Responsible Procurement Principles govern how we interact with our suppliers and set out the social and environmental standards we expect them to meet. These are available from our procurement teams via our intranet and are communicated to suppliers as part of contract agreements.

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

Engaging and assessing suppliers

2012 targets:

- Ensure 85% of our supply chain is assessed against our CR standards; and
- Extend the number of suppliers in Canada receiving CR questionnaires to 30.

Suppliers are assessed against our Responsible Procurement Principles 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.

In 2011, procurement teams in the UK and Canada sent CR assessment questionnaires to suppliers representing 70% of our supply chain based on

spend. The questionnaires assess a supplier's CR credentials against a range of issues including labour standards, environmental management and Human Rights. We targeted the largest and highest risk categories of procurement to ensure we minimise risk and maximise opportunity for additional benefits in the 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.

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.

Sustainable claims

2012 target:

- Run four supplier workshops with two being online workshops in the UK. Review opportunities for workshops in Scandinavia.

In the UK we organised a supplier workshop to identify opportunities for us to work together to reduce shared risks including environmental impacts.

One of the key ways that we can help to promote more sustainable practices is through our network of service providers, such as motor vehicle repairers and construction companies.

We plan to use this experience to expand the workshops in 2012.

One of the key ways that we can help to promote more sustainable practices is through our network of service providers, such as motor vehicle repairers and construction companies.

In 2011, we mapped the carbon footprint of a home insurance policy to understand how much carbon dioxide an individual home insurance policy is responsible for. The analysis showed that the average carbon footprint of a policy is equivalent to 8.4kg of CO₂ - the majority of this comes from energy and equipment used in call centres. Understanding where the greatest impacts lie will allow us and our suppliers to target their reduction efforts more effectively as we work towards our goal of reducing the amount of CO₂ in the average MORE TH>N home insurance policy by 2013.

Other examples include our work with UK service provider, EVS, to move away from automatically replacing damaged electrical goods towards a system of repairing what can be saved. Repairing damaged electrical goods means our household

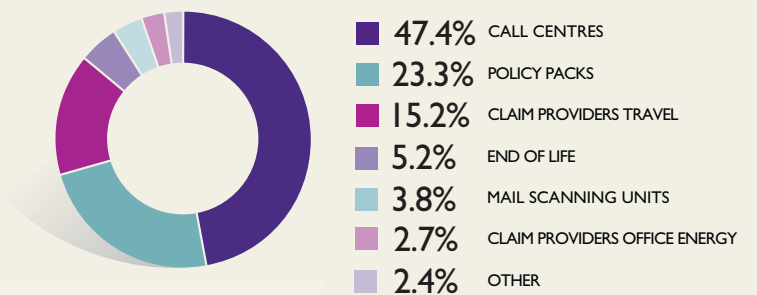
content claims service is able to reduce purchases of new goods, lowering the environmental impact and saving money.

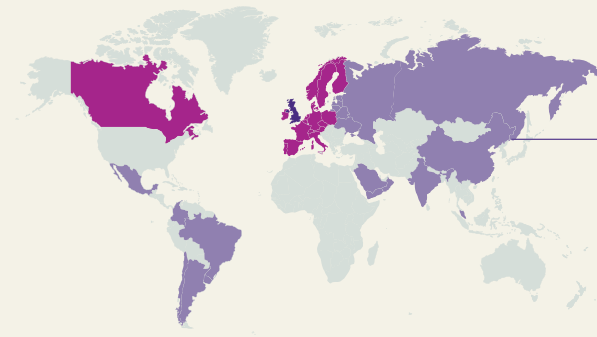
Our motor claims teams repair thousands of vehicles every year. We are assessing the potential to increase the amount of recycled parts we use in vehicle repairs which can lead to fewer vehicles being written off and lower costs. This involves addressing customer attitudes towards the use of recycled materials, as well as practical matters such as safety and sourcing.

2012 targets:

- Reduce the amount of CO₂ in MORE TH>N home policy by 15% by 2013;
- Launch internal assessment on developing a sustainable supply chain; and
- Implement water escape policy in the UK for holiday homes.

HOME POLICY CARBON FOOTPRINT





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

REPORTING

How we report

The 2011 RSA Insurance Group plc Corporate Responsibility Report covers the calendar year of 2011. The Report continues where the 2010 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. In 2011 there were two major acquisitions: GCAN in Canada and I23 in Ireland.

Where smaller countries have fewer than fifty employees, data is collected where possible utilising audited assumptions. These 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.

Corrections in historical data have been detected and have resulted in changes if the data has accounted for more than 2 percent of the published total.

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 carried out at least once per year in the regions where dedicated full-time CR personnel exist, 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 (e.g. 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 of this report.

For more information on the mechanisms we use to gather stakeholder opinions, feedback received during 2011 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 72.

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.



Renewable energy

Our Global Renewable Energy business is a leading insurer of wind, solar and other technologies which make a crucial contribution to meeting energy demand and supporting the transition to a low-carbon economy. Our joint report with the WWF, 'Insurance and Renewable Energy', looks at the issues preventing more widespread adoption of renewable energy and how they can be overcome. See www.wwf-rsapartners.com

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 2011 Greenhouse Gas Assessment

The data provided for the 2011 RSA global assessment has increased in accuracy from that provided for the 2010 assessment.

Around 85% of the total emissions associated with the 2011 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 Latvia, Lithuania, Russia, Mexico, Denmark, Sweden, Norway, UK, QRC and Ireland sites were complete, requiring no extrapolation by Ecometrica.

In general, data relating to electricity, flights and company owned vehicles were of good quality, with the majority of sites providing consumption and distance data. Data (complete or otherwise) was submitted for sites employing 21,613 FTE (94% of employees). For the remaining sites, covering 1,461 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. This required estimates on the average cost or distance of journeys which introduced high uncertainty into the

emissions calculations. Waste data was also often missing from site data, requiring waste emissions to be estimated based on the data provided by other sites, pro-rated by FTE number. Cost data were the only electricity data provided for Oman, Saudi Arabia, Singapore, United Arab Emirates, RSA Canada Calgary, Argentina and Brazil.

Charlotte Wylie
Senior Analyst



Group carbon dioxide equivalent emissions (tonnes)

CO ₂ e Emissions	Country/Region	2011	2010	2009	2008	2007
Total tonnes	UK	26,073	31,314	31,588	34,381	39,862
	Scandinavia	8,309	7,893	7,243	7,414	6,950
	Canada	7,953	6,666	7,473	8,214	8,037
	Ireland	1,429	1,305	1,402	1,341	1,404
	Italy	802	896	1,116	1,080	954
	Central & Eastern Europe	2,224	2,075	2,705	3,928	2,758
	Baltics	2,733	3,311	-	-	-
	Latin America	6,844	5,593	3,971	2,920	1,413
	Asia & Middle East*	4,393	2,126	1,710	1,910	-
	Estimated	2,323	7,056	7,796	3,594	10,468
Total		63,082	68,236	65,003	64,782	71,846

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

CO ₂ e Emissions	Country/Region	2011	2010	2009	2008	2007
Total tonnes per full time equivalent	UK	3.1	4.2	3.9	4.0	4.6
	Scandinavia	2.2	2.5	2.3	2.5	2.2
	Canada	2.7	2.7	2.8	3.1	3.4
	Ireland	1.7	2.4	2.6	2.7	2.7
	Italy	2.0	2.3	2.9	2.9	2.8
	Central & Eastern Europe	2.5	2.3	2.0	1.8	1.2
	Baltics	1.6	1.7	-	-	-
	Latin America	3.4	2.9	2.2	1.6	3.2
	Asia & Middle East	2.2	1.3	1.1	1.1	-
	Estimated	-	-	2.9	3.0	3.1
Total		2.7	3.0	2.9	2.9	3.1

* Corrections in historical data.

Carbon dioxide emissions equivalent by source (tonnes)

Impact	Country/Region	2011	2010	2009	2008	2007
Site energy consumption (tCO ₂ e)	UK	15,985	21,133	21,926	22,942	28,901
	Scandinavia	3,223	4,025	2,937	2,560	2,667
	Canada	3,631	3,063	3,296	3,552	3,398
	Ireland	932	978	1,017	881	923
	Italy	489	592	762	607	719
	Central & Eastern Europe	643	1,746	1,582	1,155	1,335
	Baltics	917	1,202	-	-	-
	Latin America	4,476	2,507	2,036	1,499	752
	Asia & Middle East	1,746	748	700	660	-
	Total		32,041	35,988⁽¹⁾	34,256	33,856
Non-energy site emissions (tCO ₂ e)	UK	390	1,287	697	870	1,729
	Scandinavia	181	212	267	194	133
	Canada	241	524	343	73	79
	Ireland	15	13	20	41	34
	Italy	15	36	51	30	27
	Central & Eastern Europe	45	113	107	91	100
	Baltics	140	149	-	-	-
	Latin America	134	509	346	195	129
	Asia & Middle East	85	51	192	142	-
	Total		1,244	2,894	2,023	1,636

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

Impact	Country/Region	2011	2010	2009	2008	2007
Company owned vehicles (tCO ₂ e)	UK	3,585	3,708	3,781	5,915	4,830
	Scandinavia	1,219	1,783	2,258	2,419	2,486
	Canada	83	85	1,016	2,490	2,761
	Ireland	283	86	274	294	340
	Italy	4.6	5	2	255	57
	Central & Eastern Europe	97	177	936	1,605	1,163
	Baltics	1,443	1,760	-	-	-
	Latin America	625	886	695	247	161
	Asia & Middle East	98	59	121	196	-
	Total		7,437	8,549	9,083	13,421
Business travel (tCO ₂ e)	UK	5,413	4,294	5,184	4,654	4,401
	Scandinavia	3,439	1,700	1,782	2,240	1,663
	Canada	3,689	2,676	2,818	2,098	1,799
	Ireland	110	146	91	124	107
	Italy	275	233	301	189	151
	Central & Eastern Europe	69	35	80	1,077	160
	Baltics	106	124	-	-	-
	Latin America	1,429	1,650	894	978	371
	Asia & Middle East	2,147	1,060	697	912	-
	Total		16,676	11,918	11,847	12,272

ENVIRONMENTAL DATA TRENDS 2008-2011

Environmental data is reported by regions due to the number of individual countries reporting.

Performance indicator	Country	2011		2010		2009		2008	
		Absolute	Norm	Absolute	Norm	Absolute	Norm	Absolute	Norm
Electricity (Abs: MWh) (Norm: kWh/ft)	UK	24,872	2,962	31,929	4,306	34,724	4,270	35,054	4,073
	Scandinavia	14,062	3,804	13,463	4,223	10,794	3,386	10,635	3,587
	Canada	13,823	6,191	10,938	4,377	11,556	4,342	12,860	4,899
	Ireland	1,617	1,918	1,618	2,952	1,641	2,994	1,369	2,738
	Italy	1,149	2,922	1,327	3,465	1,731	4,520	890	2,386
	Central & Eastern Europe	1,405	1,574	2,772	3,039	4,349	3,265	4,522	2,069
	Baltics	3,440	1,962	4,637	2,440	-	-	-	-
	Latin America	12,666	6,317	7,880	4,125	5,501	3,005	4,087	2,236
	Asia & Middle East	2,303	1,145	894	528	938	631	853	481
Gas (Abs: MWh) (Norm: kWh/ft)	UK	15,982	1,903	20,070	2,707	16,462	2,024	21,737	2,526
	Scandinavia	17	4.7	14	4	10	7	11	7
	Canada	3,989	1,786	5,007	2,004	2,971	2,023	3,878	2,587
	Ireland	685	813	778	1,419	908	1,657	720	1,440
	Italy	0	0	-	-	185	483	495	1,326
	Central & Eastern Europe	0	0	1,468	1,609	1,056	793	1,151	527
	Baltics	899	520	1,215	639	-	-	-	-
	Latin America	2,159	1,077	213	112	213	248	249	291
	Asia & Middle East	0	0	-	-	-	-	-	-

Performance indicator	Country	2011		2010		2009		2008	
		Absolute	Norm	Absolute	Norm	Absolute	Norm	Absolute	Norm
Water (Abs: m3) (Norm: m ³ /fte)	UK	97,361	12	67,265	9	89,492	11,005	90,539	10,519
	Scandinavia	62,079	17	37,219	12	27,421	9,173	19,600	6,980
	Canada	26,937	12	25,354	10	24,619	9,250	26,068	9,930
	Ireland	2,739	3.2	2,564	5	2,436	4,445	2,346	4,692
	Italy	1,912	4.9	2,365	6	3,592	9,378	10,627	28,490
	Central & Eastern Europe	1,500	7.7	1,664	2	9,158	7,854	11,789	5,395
	Baltics	13,161	7.6	13,390	7	-	-	-	-
	Latin America	12,306	9.8	44,642	23	106,223	167,544	31,511	20,854
	Asia & Middle East	4,537	2.8	4,276	3	446	317	454	311
Total Waste (Abs: t) (Norm: kg/fte)	UK	1,595	190	2,320	313	1,813	223	2,315	269
	Scandinavia	384	104	435	136	347	109	319	114
	Canada	342	153	476	190	327	123	233	89
	Ireland	79	94	61	111	92	169	235	469
	Italy	14	36	108	282	49	127	50	133
	Central & Eastern Europe	46	118	103	113	117	88	153	70
	Baltics	107	62	104	55	-	-	-	-
	Latin America	147	73	292	153	369	201	236	182
	Asia & Middle East	85	44	45	27	193	129	18	145
Paper (Abs: t) (Norm: kg/fte)	UK	949	113	1,216	164	1,111	137	1,344	156
	Scandinavia	336	91	236	74	453	142	367	124
	Canada	419	188	431	172	496	186	307	117
	Ireland	120	142	112	204	113	207	29	58
	Italy	25	63	46	120	94	244	149	399
	Central & Eastern Europe	5	14	6	7	37	31	82	38
	Baltics	81	47	103	54	-	-	-	-
	Latin America	244	146	55	29	82	81	243	133
	Asia & Middle East	110	63	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 following table 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, GRI 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	2
	Our approach	Fully	4.13		
	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	EC1 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	8,9	5
	Customers / Environment	Fully	EN6 Additional		1,3
	Environment	Fully	EN7 Additional		5
	Environment	Fully	EN8 Core	8	1,3,5
	Environment	Fully	EN16 Core		
	Environment	Fully	EN17 Core		
Environment	Fully	EN18 Additional			
Environment (all landfill)	Partially	EN22 Core			
Environment	Fully	EN23 Core	8,9	3,5	
Customer / Environment	Fully	EN26 Core			
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 <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Investment and procurement practices • Non-discrimination • Freedom of association and collective bargaining • Child labour • Forced and compulsory labour 	1		
		Partially				
		Partially				
		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	10 10	2
	Bribery section	Fully	• Corruption		
	Guide sent to all employees / Online training for all (Codan spring 2011)	Partially	• Public policy		
	Our approach	Fully	SO2 Core SO3 Core		
	None	Fully	SO5 Core 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 2011

To the stakeholders of RSA

We have been engaged by RSA 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 2011 on pages 30, 42, 43, 46-48 and 62-65 in the Corporate Responsibility Report 2011 (the Report) are reliable.

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://www.rsagroup.com/rsagroup/en/corporate-responsibility/our-approach/reporting-guidelines>. 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 data to be collected for intended users of the Report.

Assurance provider's responsibility

As an 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 and to review the reliability of the non-financial data presented in the Report.

We have not in 2011 performed any tasks or services for RSA or other clients compromising 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, 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 compared to that of an engagement with reasonable assurance has been limited to, principally, inquiries, interviews and analytical procedures related to registration and communication systems, data and underlying documentation.

We have worked to obtain:

- Moderate assurance (review) that RSA adheres to the AA1000 AccountAbility Principles;
- Limited assurance (review) that the quantitative non-financial data for 2011 in the Report are reliable.

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 2011 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 embedding of the principles at corporate level;
- (ii) Inquiries regarding procedures and methods to ensure that social and environmental reporting include data from the Group's affiliates, and that

these data have been registered, consolidated and incorporated in compliance with the social accounting policies and environmental accounting policies. Through interviews with affiliates in UK, Italy, Ireland, Lithuania, Chile, Canada and Scandinavia and based on requests and selected documentation, we have furthermore assessed the existing systems for data collection and registration, and procedures to ensure reliable reporting.

Conclusion

Regarding AA1000APS (2008)

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

Regarding data

Based on our review, nothing has come to our attention which causes us not to believe that quantitative non-financial data for 2011 on pages 30, 42, 43, 46-48 and 62-65 in the Corporate Responsibility Report 2011 has been stated in accordance with the methodology and criteria described in the RSA Reporting Guidelines.

Observations and recommendations

According to 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:

RSA's business principles, brand beliefs and corporate responsibility (CR) policy suite constitute a strong commitment to accountability and engagement with stakeholders which is rooted at the executive level and supported by the Group's solid CR governance structure. RSA has a robust approach to spotting and understanding sustainability trends and how these can affect RSA and its stakeholders. This approach includes procedures to engage with key stakeholder groups on CR issues.

In 2011 we have seen that stakeholder engagement on sustainability issues has been further integrated into core business functions, thereby facilitating the organisation's ability to learn and improve. The engagements range from the global formal partnership with WWF to informal networks and dialogue with suppliers at both group and local level. Furthermore, RSA has developed new policy guidelines to support local implementation of the Group's CR strategy.

To support this process we recommend that RSA Management (at group level as well as local level)

communicate more clearly about the links between CR and the commercial strategy and that RSA encourages local management teams to evaluate whether specific issues in the local context require local amendments to the group CR strategy.

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. In 2011 RSA has brought together CR managers from across the globe in London to take part in the materiality assessment process.

Although RSA has an advanced approach to assessing materiality, the process could further benefit from a consistent set of materiality criteria across all stakeholder inputs.

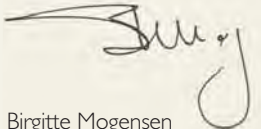
Regarding Responsiveness:

As a Group, RSA responds to material stakeholder issues through its commitments to accountability and engagement in the core and strategic CR themes environment, social inclusion and safety by considering the markets' different levels of maturity and available 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. We would encourage a greater focus on dilemmas for the organisation in future.

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
Copenhagen, May 20, 2011



Birgitte Mogensen
State Authorized Public Accountant



Jens Pultz Pedersen
MSc in Engineering





Printed on Revive 100 pure white silk, an FSC® certified paper produced using a chlorine-free method. Printed using vegetable-based inks.

