



CORPORATE RESPONSIBILITY REPORT 2008



Contents

Corporate Responsibility

- 3 About this report
- 4 CEO introduction
- 6 About us - highlights
- 7 About us - at a glance
- 8 Our approach
- 10 Material issues
- 11 Public policy
- 12 Assessing our performance
- 14 Governance and risk

Customers and suppliers

- 16 Customers
- 24 Suppliers

Environment

- 27 Climate change and the environment
- 29 Products and services
- 31 Working together
- 33 Our operations

Employees

- 40 Employees
- 44 Training and development

Community

- 48 Community
- 50 Safety
- 52 Social inclusion
- 54 Environment

- 58 Targets and objectives
- 60 Environmental data tables
- 64 GRI Index
- 68 External assurance statement and commentary

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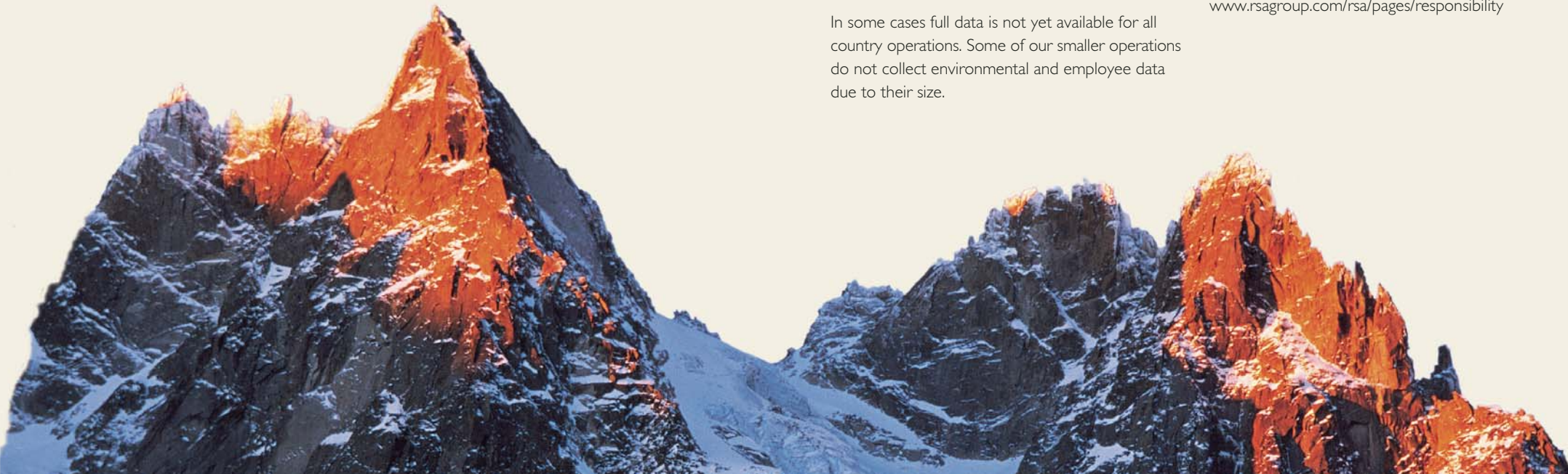
ABOUT THIS REPORT

RSA seeks to operate according to our business principles and our specific commitments. Transparency is an important part of responsibility and this report sets out our performance in 2008. It is aimed at our stakeholders including our customers, investors, regulators and business partners. We have also published a summary report aimed specifically at employees.

This is our ninth annual corporate responsibility report. It covers all our operations in our UK, International and Emerging Markets businesses including wholly owned subsidiaries, leased premises and the majority of our joint ventures. We aim to provide readers with relevant information on our activities covering all aspects of corporate responsibility including the economic, environmental and social impacts that are significant to our business. The report is divided by our key stakeholder groups: our customers, suppliers, employees, communities and the environment.

In some cases full data is not yet available for all country operations. Some of our smaller operations do not collect environmental and employee data due to their size.

This year we have consolidated our health and safety performance data and aggregated our environmental performance data into our UK, Canada, Ireland, Italy, Scandinavia, Asia & Middle East, Baltic and Latin America operations. Our CO₂ emissions have been rebased to take into account more recent coefficients available from WRI/WBCSD, DEFRA and more. Any changes to other data from previous years that have been restated are clearly marked. Country-specific data and copies of our previous reports can be found on our website: www.rsagroup.com/rsa/pages/responsibility



STRONG PERFORMANCE IN CHALLENGING CONDITIONS



The Group achieved another strong and profitable performance in 2008, which was a year of challenging trading conditions and volatile investment markets.

Our results continue to demonstrate the positive impact of our tight operational and financial management and the benefit of the Group's strong and diversified portfolio.

Corporate Responsibility - an increasing focus

The events of the past 12 months have led to an increasing focus on the structure and nature of reward for senior executives. At RSA we maintain a strong link to performance and delivery of sustainable results, closely aligning management reward structures with the longer term interests of shareholders.

There has been speculation about the impact of recession on corporate responsibility (CR). Some companies may cut back on CR in a recession if their activities are not sufficiently related to core operations and supporting business success.

This does not apply to RSA because we have worked hard to integrate environmental and social concerns into our operations.

In 2008, we refreshed our governance framework for CR by updating and introducing new policies. Oversight of CR strategy and compliance is reviewed twice annually by the Group Executive Committee and annually by the Board. The regional CEOs and I have environmental targets and objectives in our goals, underlining the importance they play in being part of a responsible company.

Climate change and the environment

We understand that improving the way we do business and lessening our environmental impact often leads to cost savings. The introduction of online policies in RSA Canada and Hong Kong and the new energy-efficient office in Ireland in 2008 are examples of this.

The impact of climate change also provides RSA with opportunities to grow new business while helping customers cope with the effects of extreme weather. Our business is benefiting from the growth in renewable energy, new energy

standards for offices in the UK and rising interest in green homes and motor insurance.

In 2008, we rolled out our online environmental management system to the majority of RSA helping us to achieve 73% of our environmental targets.

Responsible products and services

We've continued to share best practice across the Group. During 2008, we delivered a range of new products tackling social and environmental issues beyond the traditional social value of insurance, including:

- Providing Canadian healthy and environmentally friendly home cover for energy efficient upgrades and low toxicity materials;
- Helping customers in Scandinavia restore environments back to their original state after a pollution incident;
- Working with a basic bank account provider to deliver affordable insurance as part of a package to customers in the UK.

“Our business is benefiting from the growth in renewable energy, energy standards for offices in the UK, rising interest in green homes and motor insurance.”

Helping our communities

Over the last two years, we have aligned community programmes more closely with our business activities. We now focus on road safety, the effects of environmental changes and address social and financial exclusion which is often the root of crime.

During 2008, building on the success of the 2007 UK National Volunteer Week, we launched similar programmes across Canada, Scandinavia and our Asia and Middle East businesses. For the first time, employees were actively encouraged to help local communities during work hours with 7,250 volunteers taking part in community activity across the Group. This approach ensures an engaged workforce, actively involved with our local communities.

Engaging employees

Assessing and improving the engagement of employees is critical to ensuring great customer service for the business. In 2008, we improved the employee survey format and achieved an average 86% response rate.

We also produced our first annual CR review for employees, raising awareness of our activities and performance. The summary was translated into local languages and circulated widely to raise awareness and encourage more people to get involved.

Making progress

Through the hard work of people across the Group we're making real progress and this is confirmed by independent rankings and benchmarks. We were included in the 2008/9 Dow Jones Sustainability

Index for the first time and were the biggest improvers in the index, achieving a bronze ranked position. RSA came 25th and won a gold ranking in The Times Top 100 Companies That Count, rising from 98th two years ago.

I'm determined that we'll sustain the progress we've made and have set four broad objectives in 2009. We will:

- Work with peers and competitors to continue developing our approach to minimise environmental and social impact in our supply chain;

- Focus on where we do business and how CR issues are taken into account in our underwriting;
- Continue to raise employee engagement with CR through internal communications and canvassing employee opinions;
- Work to expand community programmes around our operating countries focusing on the issues of safety, social inclusion and the environment.

I look forward to updating you again in 2010.

Andy Hare

ABOUT US - HIGHLIGHTS

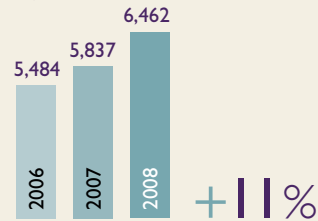
- Growth in net written premiums of 11%;
- 13% increase in pre-tax profits;
- Combined operating ratio of 94.5%;
- Strengthened balance sheet and robust capital position.

Our investments

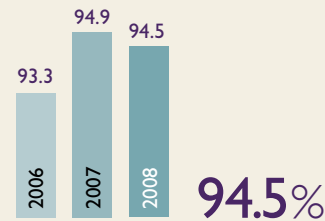
The majority of our UK equity investments are managed by F&C Asset Management. F&C applies a responsible engagement overlay to RSA equity funds. F&C has one of the largest Governance and Socially Responsible Investment teams in Europe, enabling it to follow a policy of active engagement across its portfolios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

Last year, F&C engaged with 902 companies on a wide range of issues from climate change to labour standards, with a quarterly update to RSA.

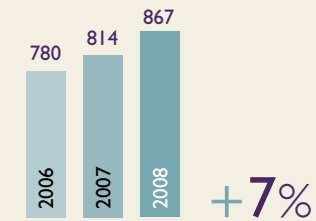
NET WRITTEN PREMIUMS
£6,462m



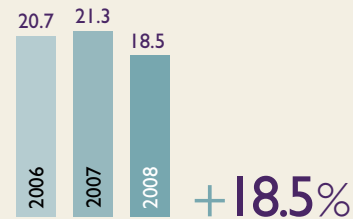
COMBINED OPERATING RATIO



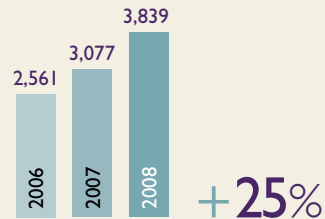
OPERATING RESULT
£867m



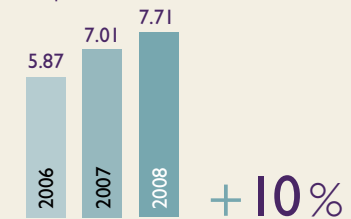
UNDERLYING RETURN ON EQUITY



SHAREHOLDERS' FUNDS
£3,839m



DIVIDEND
7.71p



ABOUT US - AT A GLANCE

Our strong and diversified portfolio is balanced between attractive mature markets and emerging markets with higher growth potential.

International

International comprises our businesses in the mature markets of Scandinavia, Canada, Ireland and Italy.

Scandinavia represents 53% of the International portfolio and 25% of the RSA Group. Codan in Denmark and Trygg-Hansa in Sweden are the third largest insurers in their respective markets. We also have a growing presence in Norway and a Marine business in Finland. In Canada, we are the sixth largest general insurer. Johnson, our direct business, is Canada's second largest affinity writer and we are well positioned in the Broker channel. In Ireland, we are a pure intermediated business and a leading provider of Household insurance. Our Italian business is focused primarily in the north of the country, distributing through a network of non-tied agents and brokers and this year we continued to grow ahead of the market.

UK

We are the UK's largest Commercial and third largest Personal lines insurer.

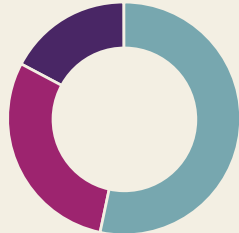
Our Commercial business writes Property, Motor, Liability and Marine insurance. The business has a strong reputation for technical excellence. We are the UK's largest Property and second largest Liability and Motor insurer and a leading Marine underwriter. Our Personal business is the third largest in the UK, and writes business through the broker, direct and affinity channels. MORE TH>N®, our direct business has around 2.6 million covers in place, providing Household, Motor, Travel and Pet insurance. We are the UK's second largest Household and fourth largest Motor insurer. Our affinity business provides a range of insurance products to the retail customers of our corporate partners.

Emerging Markets

Emerging markets operates across 20 developing insurance markets and is RSA's fastest growing region.

Latin America is the largest business in Emerging Markets with operations in seven countries. The largest is in Chile, where we are the market leader, and we are also the largest private insurer in Uruguay. We are the largest general insurer in the Baltics with leading market positions in Latvia and Lithuania. We operate in four countries across the Middle East and service the Asian region through commercial hubs in China, Hong Kong and Singapore and through our associate, Royal Sundaram in India. Intouch, our business in Central and Eastern Europe has market leading direct operations in Poland, Russia and the Czech Republic.

INTERNATIONAL
NET WRITTEN PREMIUMS
£m **£2,998m**



UK
NET WRITTEN PREMIUMS
£m **£2,711m**



EMERGING MARKETS
NET WRITTEN PREMIUMS
£m **£738m**



OUR APPROACH TO CORPORATE RESPONSIBILITY

Business principles

Our business principles provide guidance to our employees in all aspects of their work and their interactions with stakeholders. They are:

- Integrity:** we will act with openness, fairness, integrity and diligence. We will always adhere to the applicable laws, regulations and standards in the places that we do business;
- Performance:** we will promote a positive and challenging high performance culture. We will do this by encouraging personal accountability and personal development and measuring, rewarding and recognising success;
- Responsibility:** we will act responsibly as individuals and as a company. This applies to the management of our business, our approach to corporate risk and our interaction with key external stakeholders.

Behaving responsibly and ethically in the way we manage our business directly affects the environment, people and the communities in which we operate. We are committed to doing the right thing both as individuals and as a company.

We aim to make sure our approach is practical and focused on our main business impacts, delivering commercial benefits while recognising the value we add to society.

The principles by which we operate the business and our brand beliefs underpin our commitments. Our CR policies form an essential part of our broader risk and governance framework.

CR strategy

Our objective is to run a profitable and sustainable business by being a responsible insurer. Our CR strategy supports this by managing our impacts in the following six areas:

- Climate change and the environment;
- Customers;
- Products;
- Employees;
- Suppliers;
- Communities.

Individual countries are responsible for setting challenging targets in line with local market conditions to help us improve performance. In 2008, we implemented a web-based reporting tool to improve data collection and help us monitor progress against targets across the Group. We are working to introduce Group-wide targets for online training on the environment, corporate responsibility and human rights.



“We aim to make sure our approach is practical and focused on our main business impacts, delivering commercial benefits while recognising the value we add to society.”

CR policy

Our strategy is supported by a Group-wide CR policy that applies to all operations, including wholly or majority-owned subsidiaries and associated companies where RSA has management control. The policy sets out our commitment to:

- Improve our environmental performance and reduce our direct and indirect impacts;
- Support employees who want to contribute to their communities;
- Uphold human rights in our operations and supply chain;
- Provide excellent customer service and products that contribute to society;
- Work with suppliers to improve their social and environmental impacts;
- Engage with relevant stakeholders, including our peers and business partners and contribute to public policy debates to encourage more responsible behaviour;

- Regular reviews of our CR strategy, approach and performance by the Group Executive Committee and Board;
- Annual, independently verified reporting of our CR performance.

The policy is supported by individual policies covering the environment, community impacts and human rights.

Brand Beliefs

In 2008, we developed a new brand strategy. As part of this we refreshed our brand, changing our name to RSA Insurance Group plc. The change reflects the international nature of our business, making our brand more accessible to our customers and staff.

We published our new Brand Beliefs that embody what we stand for, how we should behave towards each other and the actions we need to take to deliver on our customers' needs. All employees

are assessed against the Brand Beliefs, which help to ensure that doing the right thing forms part of the performance and remuneration structure at RSA. The Beliefs are:

Brilliant service: delivering memorable service that inspires people to recommend us;

Getting the job done: delivering on our promises and cutting out unnecessary processes to make things simpler;

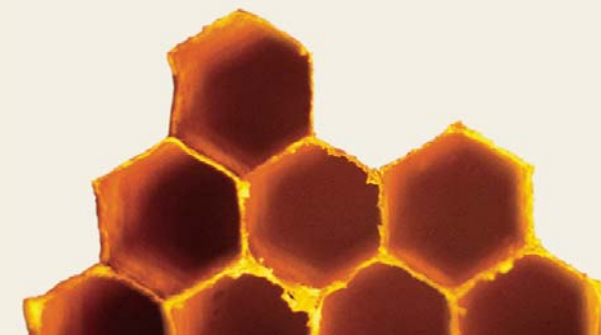
Doing the right thing: using common sense when dealing with people, gaining their trust by treating them as they want to be treated;

Bright ideas: continually combining our technical expertise with a deep understanding of customers' needs to create and deliver solutions that people value;

Positive people: creating an environment where people want to do great work.

The Beliefs were developed following discussions with over 600 employees from around the Group. We asked them what they thought was best about RSA and what made them proud to work for us. We also sought views from customers and investors.

The Beliefs now form the basis on which we select, develop and evaluate the performance of our people and are incorporated into employee personal development plans.



MATERIAL ISSUES

As an international company we face a variety of challenges, some common to our market and some unique to our businesses across the Group.

Our presence in developed and emerging markets means we are exposed to issues that affect countries at different stages of their social and economic development. This allows us to draw on our experience from across the Group to tackle these issues.

We focus on three key themes that we consider the most material to our business:

- Road safety;
- Environment;
- Social inclusion.

These are significant to RSA as a major provider of motor, household and commercial insurance products.

We work with UK based sustainable development organisation, Forum for the Future, who conduct an annual materiality assessment for our business and the

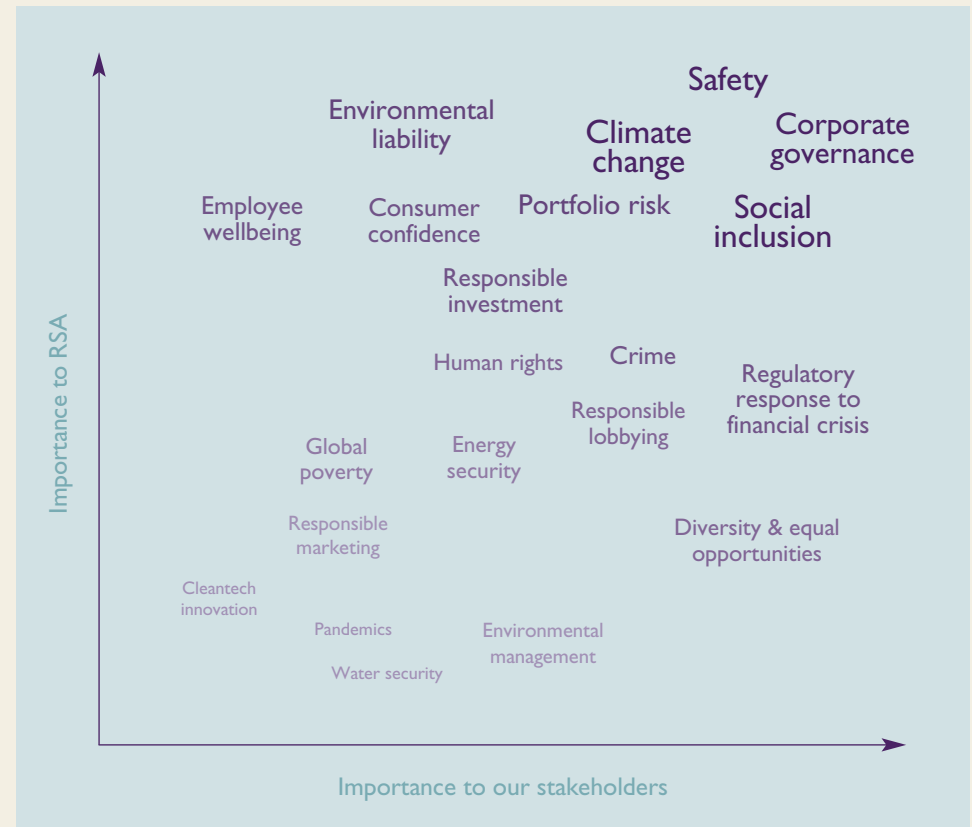
insurance industry. The 2008 assessment identified several important issues to focus on: employee wellbeing, corporate governance, responsible investment, diversity and equal opportunities, environmental management, public trust and the impacts of climate change.

We became the first carbon-neutral insurer in the UK in 2006 and in 2008 we offset 53% of our Group-wide CO₂ emissions. We are strengthening our Global Renewable Energy business and have developed Centres of Excellence supporting renewable energy teams around the world covering, bioenergy, hydro, solar and wind.

We take corporate governance very seriously and believe we achieve the high standards required of the financial services industry in the light of recent market turmoil. (See Governance and risk)

Materiality matrix

The materiality matrix is based on the annual materiality assessment prepared for us by Forum for the Future, stakeholder feedback and our own assessment of the material issues facing our business. The issues in bold are those we can have a major influence on through our core business.



PUBLIC POLICY

We contribute to public policy debate on issues relevant to our business in countries where we operate, either individually or through industry bodies such as the Association of British Insurers and the Confederation of British Industry.

In all instances we operate in compliance with local laws and our Public Affairs Policy, which contains the following principles:

- We are transparent and truthful in our dealings with politicians and representatives of public bodies;
- We will not engage in any activity that is illegal, unethical or contrary to professional practice;
- We do not offer any financial incentives to elected or appointed officials;
- We are open in declaring our commercial interests when dealing with government and politicians.

Our policy is to not make political contributions and we receive no forms of financial assistance from government. During 2008, we contributed to public policy debate on the following issues:

- We continued to lobby the UK government for adequate spending on flood defences, changes to planning regulations to reduce building on flood-prone areas and changes in building regulations to reduce the risk of flood damage;
- We worked with the Association of British Insurers (ABI) ClimateWise to encourage the UK government to promote climate friendly behaviour;
- We supported research projects to raise awareness and contribute to the debate on road safety.

External recognition
Business in the Community gold rated company
FTSE4Good member
Dow Jones Sustainability Index member and 'Sector Mover'
The Good Shopping Guide ethical choice
Investor Relations Society - 'Best Communication of CR' award
Irish energy award
Hong Kong Company That Cares Award
Observer newspaper 'Best performer' rating in FTSE 350 Ethical Index



ASSESSING OUR PERFORMANCE

We benchmark ourselves against competitors and recognised corporate responsibility leaders to ensure that we report on relevant material issues for our industry and reflect best practice.

We identified the following areas where we could improve our CR reporting and performance by:

- Identifying social and environmental risks and opportunities;
- Continuing to improve environmental and H&S targets;
- Reporting supplier assessment results;
- Considering the indirect impacts of insurance and how they contribute to sustainable development.

We are tackling these areas through the ongoing development of responsible products and services, assessing emerging risks, responsible procurement programme and year-on-year improvement in our data collection.

Engaging with stakeholders

We work with our partners and peers to share best practice and help us and the industry achieve our sustainability goals.

During 2008 we participated in the following initiatives:

- The Association of British Insurers (ABI) ClimateWise Initiative. A group of insurers committed to tackling and raising awareness of climate change;

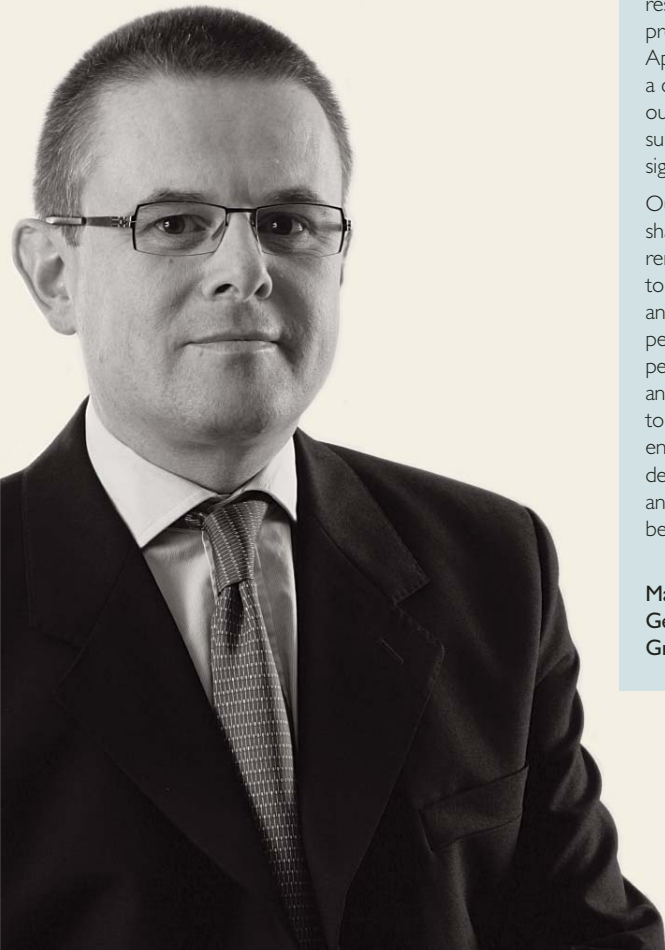
- The ABI's Access to Insurance Working Group that aims to improve access to insurance products for socially and economically excluded communities and individuals;
- The Climate Group's 'We're in This Together' campaign providing practical ideas for individuals to reduce their CO₂ footprint;
- The Chartered Institute of Purchasing & Supply's Financial Services Purchasing Forum CR working group, which works on managing social, ethical and environmental issues in the supply chain;
- The United Nations Global Compact, a voluntary initiative committing us to comply with ten principles on human rights, labour, the environment and anti-corruption.
- The United Nations Environment Programme Finance Initiative (UNEP-FI) Insurance Working Group, working to develop sustainable underwriting principles and new approaches to microinsurance.



We also engage directly with stakeholders including customers, communities, employees, investors and shareholders, NGOs and regulators on corporate responsibility issues. The table here describes some of this activity during 2008:

Stakeholder	Examples of engagement
Customers	We hold regular consumer focus groups and conduct surveys to record feedback on our products and services and identify where we can improve. See Customers.
Communities	Local employee charitable committees consult with communities to help choose what projects to support. See Communities.
Employees	Informal World Cafés bring employees together to discuss matters that impact the business, including CR related issues. In 2008, we produced our first annual CR review for employees to raise awareness of our activities and performance. We organised brand activation workshops for all employees following the launch of our new brand and Brand Beliefs. See Employees.
Investors & Shareholders	In 2008, we met with our largest institutional investors to discuss progress on our CR initiatives. We also produced a summary CR report aimed specifically at shareholders. See Governance.
NGOs	We worked with sustainability NGOs including Forum for the Future to review our CR strategy and performance as well as a range of NGOs in the countries where we operate. See Material issues and Communities.
Regulators	We participated in UK government consultations on flood defence spending, improved building regulations and tougher standards for climate change. See Public policy.

GOVERNANCE AND RISK



“At RSA, we have a strong focus on good corporate governance which helps us to be a responsible company and deliver sustainable profitable performance. Our Group Risk Appetite sets out the limits of risk that we as a company adhere to, both for operations and our underwriting. All regions are required to submit quarterly reports against this which are signed off by the regional CEOs.

Our aim is to serve the best interests of shareholders and follow best practice remuneration policy. Our focus continues to be on a strong link between performance and reward ensuring a significant element of performance related pay. Only exceptional performance attracts the highest levels of award and we work to ensure this process is transparent to shareholders. Where relevant, we consider environmental, social and governance risks when determining remuneration for executive directors and senior managers to ensure that positive behaviours are reinforced.”

Mark Chambers
General Counsel and Group Company Secretary,
Group Corporate Centre

The Board has overall responsibility for the Group’s internal control systems and for monitoring their effectiveness.

The performance of internal control systems is reviewed regularly by the Group Audit Committee and annually by the Board, whose review includes the risk management framework.

The roles of the Chairman and the Group CEO are separate and five of the nine board members are independent non-executive directors.

Corporate responsibility (CR) governance

Overall responsibility for CR lies with the Group CEO. The Board routinely discusses CR issues affecting the Group as necessary. It also conducts a formal annual review of performance and strategy for the year ahead. The Group Executive Committee reviews our CR strategy and performance, including targets, twice a year.

CR targets and objectives are included in CEO goals which are cascaded to other executives and relevant business functions. All employees are assessed against the Brand Beliefs (see Our Approach), which help to ensure that doing the right thing forms part of the performance and remuneration structure at RSA.

In 2008, we reintroduced an executive level CR steering committee to oversee implementation of strategy. The committee oversees compliance against our global CR, environmental, human rights and community policies and provides a common reference point for regional businesses. The committee is comprised of the entire Group Executive Committee to ensure all top level management are involved.

CR Committees consisting of employees and managers operate in many countries to determine and respond to local priorities where a dedicated resource is not available. Country and site-based community and environment committees support locally relevant projects. CR managers or coordinators have been appointed covering all our operating countries.

“Corporate Responsibility is fully embedded in the Risk Appetite because we recognise the potential impact of damage to our reputation and poor relationships with stakeholders.”

Our approach to risk

The Group operates an enterprise risk management framework that is designed to identify, assess, measure and manage exposure to risk including environmental, social and governance matters.

The Board Risk Committee, which meets at least quarterly, is currently chaired by the Chief Financial Officer. The committee also comprises the Group CEO and other members of executive management. In 2009, two of our non-executive directors will take up positions on the Committee, Noel Harwerth will join becoming Chairman and Malcolm Le May will also join the Committee.

The Global Asset Management Committee oversees the Group's investment strategy under the oversight of the Investment Committee, operating within risk limits set by the Board Risk Committee.

Corporate Responsibility is fully embedded in the Risk Appetite because we recognise risks such as damage to our reputation and poor relationships with stakeholders. In addition, Forum for the Future provides an annual materiality assessment on all sustainability risks and opportunities facing our company and sector.

Insurance risk

CR risks include generic aspects affecting reputation, regulation and operating costs. But the insurance industry also faces specific environmental risks, especially climate change, which scientists believe it will bring more frequent and extreme weather events. It also presents opportunities to develop products responding to the changing needs of our customers.

We manage our exposure to losses by:

- Pricing products according to the level of risk involved;
- Buying reinsurance to protect against sudden claims increases;
- Developing additional 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.

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



CUSTOMERS



Affordable insurance schemes

“Not everyone has access to the financial products and services many of us take for granted, or even basic banking facilities. A lack of understanding, or even just knowing where to go for advice are some of the many barriers people face.

I manage a number of products including our social housing insurance schemes. I review their performance, liaise with brokers and ensure they meet our customers' needs. Recently we began working with business partners to improve the day-to-day management of the schemes, making them more accessible to smaller housing associations that lack the resources to administer the scheme.

Since starting my role I have worked with a number of external organisations to strengthen our commitment and raise RSA's profile in the market, including the Financial Inclusion Taskforce and the Insurance Working Group lead by the UK Treasury. I have also contributed to the Department of Work and Pensions 'Now Lets Talk Money' campaign and last year organised a workshop with the Association of British Insurers to help social housing providers better understand the barriers to accessing home contents insurance.”

Debbie Southall
Schemes Development Manager, UK

Consumers and businesses depend on insurance for protection against risk.

We seek to provide all our customers with the best insurance products and excellent customer service, while exploring how our products and services can contribute further to society.

We operate in 33 countries and provide general insurance products and services in over 130 countries. In the UK, commercial customers accounted for 60% of our net written premiums in 2008, compared to 40% for personal customers.

Our main products are:

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

Product innovation

Changing consumer trends and emerging issues such as climate change demand new approaches to insurance to protect our customers from risk. Our response is to look for opportunities to create new products and adapt existing products, many with additional social and environment benefits.

Product innovation is developed through a number of channels including our Technical Academy, a knowledge sharing forum for underwriting, claims and actuarial experts. Our strategy, marketing and customer teams also look for opportunities to extend products to new markets and customer groups. We encourage employees to share and explore new product ideas through forums and training and development programmes, including:

- Executive Development programme for senior managers;
- World Café engagement forums for employees from across the Group.

“We look for opportunities to create new products and adapt existing products, many with additional social and environmental benefits.”

Environmental products and services

We have developed a range of products that support customers who adopt climate-friendly behaviour and encourage them to manage their environmental impacts.

We are one of the leading insurers to the renewable energy industry including wind, bioenergy, solar and hydro. We are developing new products that protect against the risk of accidental pollution damage and have developed services to help customers comply with building regulations governing energy use. For personal customers, our Green Wheels car insurance helps to reduce fuel consumption by analysing driving trends.

For more information on these products and their impact, see Climate Change and the Environment.

Inclusive products

In the UK, three million families living in social housing do not have household insurance.

We aim to meet the needs of vulnerable groups, particularly those traditionally excluded from insurance by offering products at affordable prices. In the UK, for example, we have piloted a new scheme that offers discounted home and life insurance for people opening a bank account at selected bank branches. The scheme, which targets

those from a financially excluded background, will be expanded in 2009.

Social housing insurance

In the UK, we continue to be one of the biggest social housing insurance providers, providing insurance to 172 housing associations covering 250,000 tenants.

We aim to make our products as accessible as possible through low cost weekly insurance premiums from as little as £1.50 per week. Our products are designed to help those traditionally excluded from the financial and banking industry. With-rent insurance schemes include the insurance premium in the tenants' rental payments and group schemes keep premiums as low as possible. Customers can pay in cash and don't need a bank account, while no excess is payable when making a claim.

Microinsurance

In India, we work with microfinance experts BASIX to design products that provide insurance to rural groups living below the poverty line such as women and tribal communities. Our products include a range of low-cost policies such as livestock insurance, health insurance and micro-enterprise insurance. We now insure the health of over 1 million people in India with a growth of 55% from 2007.

Creation of Value	2008 £'m	2007 £'m
Net earned premiums	6,358	5,607
Net investment return	681	709
Other operating income	104	113
Net claims and benefits	(4,142)	(3,657)
Underwriting, policy acquisition and other costs	(1,210)	(1,207)
Additional gains, losses and other movements	354	(20)
Total	2,145	973
Distribution of Wealth	2008 £'m	2007 £'m
Employees	808	694
Corporate and social responsibility	2	2
Government (taxes and social security)	262	103
Servicing of finance	108	104
Shareholders (dividend and minority interest)	203	126
Retained for investment	762	516
Total	2,145	1,545
Opening shareholders' funds	3,077	2,561
Retained (above)	762	516
Closing shareholders' funds	3,839	3,077

CUSTOMERS



50+ insurance products

"We have been working with the Danish Age Association for almost 20 years. The Association is a not-for-profit membership organisation that provides support and advice for senior citizens. As well as supporting the Association with 3DKK million funding per year, we use the partnership to develop new insurance products targeted at the over 50s.

Our new assault insurance, for example, offers free medical or psychiatric treatment to help members who have suffered an assault. We also offer accident insurance policies that do not require customers to provide information on their health.

We've developed a great partnership that has benefited both parties. Almost 18% of the Association's half million members are insured with Codan and they are some of the most loyal customers we have."

Jan Rud Hansen
Ass General Manager, Denmark

Henriette Madsen
Relationship Manager, Denmark

50+ insurance

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

In Canada, Italy and Scandinavia our 50+ insurance offers affordable insurance products targeted at this age group. For example, our 50+ assist plan in Canada provides personal nursing, companion and housekeeping services after a hospital stay as well as access to specialised home repair services.

Road safety

According to the World Health Organisation, more than 3,000 people a day die as a result of road traffic accidents. As a leading motor insurer, we are committed to improving road safety by offering a range of products and services that encourage safer driving and road safety awareness.

The Danish haulage industry has a claims rate of 40-50%, meaning almost every other vehicle is involved in a claim each year. We run a training and certification programme for truck drivers in association with the Danish Transport and Logistics Association. Participating companies can qualify for lower insurance premiums. Also in Denmark and Sweden, our 'Stop Damage' road training and awareness programme has reduced haulage companies' damage costs by up to 30%.

Elsewhere, we are working to reduce the number of accidents by providing discounted premiums for personal customers who take road safety courses. See Community for more information on our work to promote safer driving in our markets around the world.



CUSTOMERS - PROTECTING AGAINST RISK

We help customers achieve the right amount of cover at a competitive price, while pricing products to reflect the risk they present.

Risks can also present opportunities as we develop new products that respond to customer's changing needs, encourage more responsible behaviour and appeal to previously underserved areas of the market.

We use the latest mapping technology to help ensure customers have the right level of cover. In the UK, our geographical risk assessment tool helps us determine insurance premium levels which reflect the risks to property. It maps factors such as flooding, subsidence, arson and theft down to an individual postcode.

We are applying this technology to developing countries where extreme weather events and natural disasters can have a greater impact due to inadequate housing and infrastructure. In countries

with an under-developed postal address system, or where the pace of development is so rapid that the address system has not kept up, we use 'geo-coding' based on satellite global positioning technology to map customers' locations.

Early warning of extreme weather events means we can reduce losses by helping customers and response teams prepare. We are partners in the development of the European weather forecasting tool, Eurotempest. It provides weather mapping and forecasting for northern Europe, covering our UK, Ireland and Scandinavian businesses. The system alerts us to severe weather conditions up to five days in advance ensuring our loss adjusters, claims specialists and emergency response teams are ready to respond. We regularly provide customers with advance warning of adverse weather conditions which may affect them through our websites and email alerts. In the UK, we provide a SMS warning service so customers can receive alerts via their mobile.

We provide customers with advice on how to protect themselves and their property, either directly with policy documents, or through our website and the media. In Canada we regularly conduct safety surveys of our customers' homes. Safety specialists advise customers on how to protect their homes from theft and fire and other household risks such as damp. The survey checks features such as smoke alarms, fire extinguishers and carbon monoxide detectors, and provides information on what to do in the event of an emergency. After a survey, customers are sent a list of recommendations along with a contact number for more information.



Johnson safety surveys



"My job is about preventing losses for our customers. This includes managing our home safety surveys, our service to help protect customers

from the headache and heartache of theft or damage to their property. A Johnson safety specialist visits their homes to assess how well they are protected and to educate them about basic safety techniques.

We recently began offering free home visits at the request of customers, to explain how to properly install household appliances, such as ranges and washing machines. We also launched a service to protect homes against water leaks and a home survey kit so that customers can complete their own safety assessments. The kits include a questionnaire, measuring tape, disposable camera, pencil, eraser, brochures on home safety and a postage-paid return envelope. Customers send the completed survey and camera back to us so we can review the results and call them if there are any safety issues.

The service helps build customer satisfaction, as well as saving us money by reducing insurance claims. People really appreciate the fact we take the time to visit them and that we value the emotional as well as the financial value of their home."

Glenn Kelly
Regional Manager, Safety, Johnson

CUSTOMERS - DEALING WITH MAJOR INCIDENTS

In 2008, an estimated 220,000 people died in natural disasters including cyclones, earthquakes and flooding.

As a global business we are experienced in dealing with major incidents. For example, in 2008, we responded to localised flooding across the UK, a volcanic eruption in Chile, severe weather in Canada and the Sichuan earthquake in China. Our aim is to be there for our customers and help them get their lives back to normal as quickly as possible.

In the UK, our Loss Adjusting Service Emergency Team leads our response to major incidents. The team, made up of household and claims specialists, is on permanent standby and can be deployed around the UK at short notice, meaning we are often the first insurance company on site. They are supported by mobile emergency response centres that help ensure we provide the best service for our customers during often traumatic events. Similar teams such as our Mobile Claims Response Vehicle in Canada operate in other markets, often ensuring we are the first insurance company on site in the event of an emergency.

In 2008, the UK team attended workshops where they reviewed their response to localised flooding in Scotland, Northern Ireland and Northern England, including the earthquake that affected parts of Northern and Central England. They considered some of the wider technical issues surrounding flood responses and how RSA can use that to help plan for future events.

The floods that hit England in the summer of 2007 were unprecedented in their scale. The widespread flooding affected approximately 49,000 households and nearly 7,000 businesses, along with causing major disruption to infrastructure such as transport, schools, power and water supplies. The Association of British Insurers estimates the total bill for the insurance industry will be £3 billion.

We continued to help affected policy holders during 2008. By the beginning of 2008, 84% of claims had been resolved. We put in place a plan to manage the outstanding claims as quickly as possible. The number dropped to 87 by the floods' first anniversary while all cases were closed by October 2008. An internal customer survey showed that 27% awarded our service 10 out of 10, and 67% scored our service 8 out of 10.

In addition to handling claims from our own customers, our Loss Adjusting Service and supply chain teams were able to deal with claims on behalf of other insurers.



Claims response in RSA Canada

In June 2008, a large hailstorm hit the town of Chatham, Canada, causing widespread damage. We set up a portable 'drive in' appraisal centre close to one of our preferred vehicle repair suppliers to help over 650 customers whose cars had been damaged.

Claims specialists were on-hand to assess the damage and issue cheques to pay for repairs and organise car rentals. A claims specialist also visited the homes of customers who could not make it to the drive in centre.

Any additional damage that was spotted by the repair shop was photographed and emailed to our specialists to speed the review and approval process. This included extending the time in which customers could have repairs completed to reflect the high volume of work that needed to be done.



“At Johnson we are always focused on providing the best in customer service. From our front line employees to our senior management it is a key consideration in everything we do.”

Ken Bennett, President of Johnson Inc.

CUSTOMERS - SERVICE

Exceptional service helps to build trust between RSA and our customers, ensuring we continue to be recognised as a leading insurance company.

Treating Customers Fairly lies at the heart of our strategy to do the right thing for our customers. As well as being a key regulatory requirement, Treating Customers Fairly is a priority to ensure we offer the highest possible customer service and satisfaction.

To promote a culture of best practice, employees are encouraged to share examples of excellent customer service or instances where they think we could make improvements. Treating Customers Fairly learning days help employees understand fairness from the customer's point of view and learn more about their responsibilities. We hold regular focus groups and customer surveys to understand our customers' perceptions of our products and services and identify areas where we can improve.

We are constantly looking at ways to improve our levels of customer service and satisfaction. In Hong Kong, RSA piloted a document imaging service to improve customer response times by reducing the time employees spend filing and retrieving documents and increasing the ease at which documents can be passed between teams. The project was piloted in the policy issuance team for Manulife, one of the main document distribution centres for RSA Hong Kong. It will be extended throughout our policy and claims processes during 2009 and 2010.

In Canada, Johnson launched an improved website allowing customers access to electronic documentation and in Sweden customers can choose to receive all documents electronically. Also in Canada, we introduced 'EZ-Docs' for Personal Insurance brokers. Brokers can receive electronic copies of insurance documents, allowing them to provide a better and more efficient service, while saving paper. (See Environment).

In the UK, we opened a new motor vehicle Quality Repair Centre (QRC) as part of our strategy to improve cost efficiencies and customer satisfaction levels by owning accident repair services. The centre is the first to open since 2000 and expands our dedicated repairer network to five across the UK. When fully operational, the centre will repair 3,500 cars a year which, along with our other sites, QRCs will handle over 10% of all RSA's motor claims in the UK.

In Emerging Markets, our 'Winning with the Customer' initiative aims to involve employees in ways to improve customer service. Customer facing employees are encouraged to use their experience to identify issues that affect customer service and explore how to tackle them. Employees take part in problem-solving workshops to consider real-life issues affecting customer satisfaction and put forward their own ideas for improving the customer experience.

We continue to be recognised for our strong customer performance. In Canada, Johnson Inc. was ranked top in the Customer Management Assessment Tool (CMAT) benchmark of over 750 organisations from around the world, conducted by customer relationship management consultancy QCI. Johnson Inc. achieved a score of 75%, the first time any organisation has scored above 70%, while the average score was 36%.

CUSTOMERS - SERVICE

Customer communication

We communicate clearly with our customers so they understand the costs of our products and know what will be covered by their insurance policy. This applies to all our advertising and marketing as well as our policy documents, in line with legal requirements in each of our markets.

Many of our products are sold through brokers. We work closely with them to ensure they are up to date with our current products so they can explain policies and coverage in detail to their clients. Material supplied to brokers is also reviewed through the same channels and sign-off processes as that supplied directly to our customers.

Customer management

Personal customer managers, available to all Johnson customers in Canada, provide a more tailored and personal service when responding to customer concerns and complaints. Customers can contact their manager by email or phone and are guaranteed a reply within 24 hours. The scheme has been extended to the UK, covering 300,000 customers.

Dealing with complaints

We aim to respond as quickly as possible to all complaints. Our approach is to ensure our employees have the necessary training and technical and administrative support to deal with customer complaints in a manner satisfactory to all parties.

In the UK, we overhauled and re-launched employee training for dealing with complaints. By reducing the number of minor complaints we can focus on more serious complaints that require formal action and recording.

We also centralised advice and guidance for dealing with complaints on our intranet site so we deal with them in a consistent manner. We reviewed our complaint management system and assigned a dedicated customer manager to each high-level complaint with a database ensuring all complaints are tracked, monitored and closed to the customer's satisfaction.

In Scandinavia, we created a single database to log customer complaints to improve our understanding of the issues affecting our customers and how we can improve our response. Recent data shows our claims satisfaction rates are among the best in the region.

We continue to receive recognition for our complaints management performance. In the UK, RSA scored 16% above the industry average for its handling of complaints in the Association of British Insurers 2008 Good Practice Guide. The score puts us in the top quartile of insurance companies and recognises our Treating Customers Fairly strategy of removing barriers to making complaints, taking them seriously and learning from their causes. We also exceeded the industry average by a significant margin across four of the guide's six categories with the guide highlighting our average response rate of 9 days compared to an industry average of 14 working days.

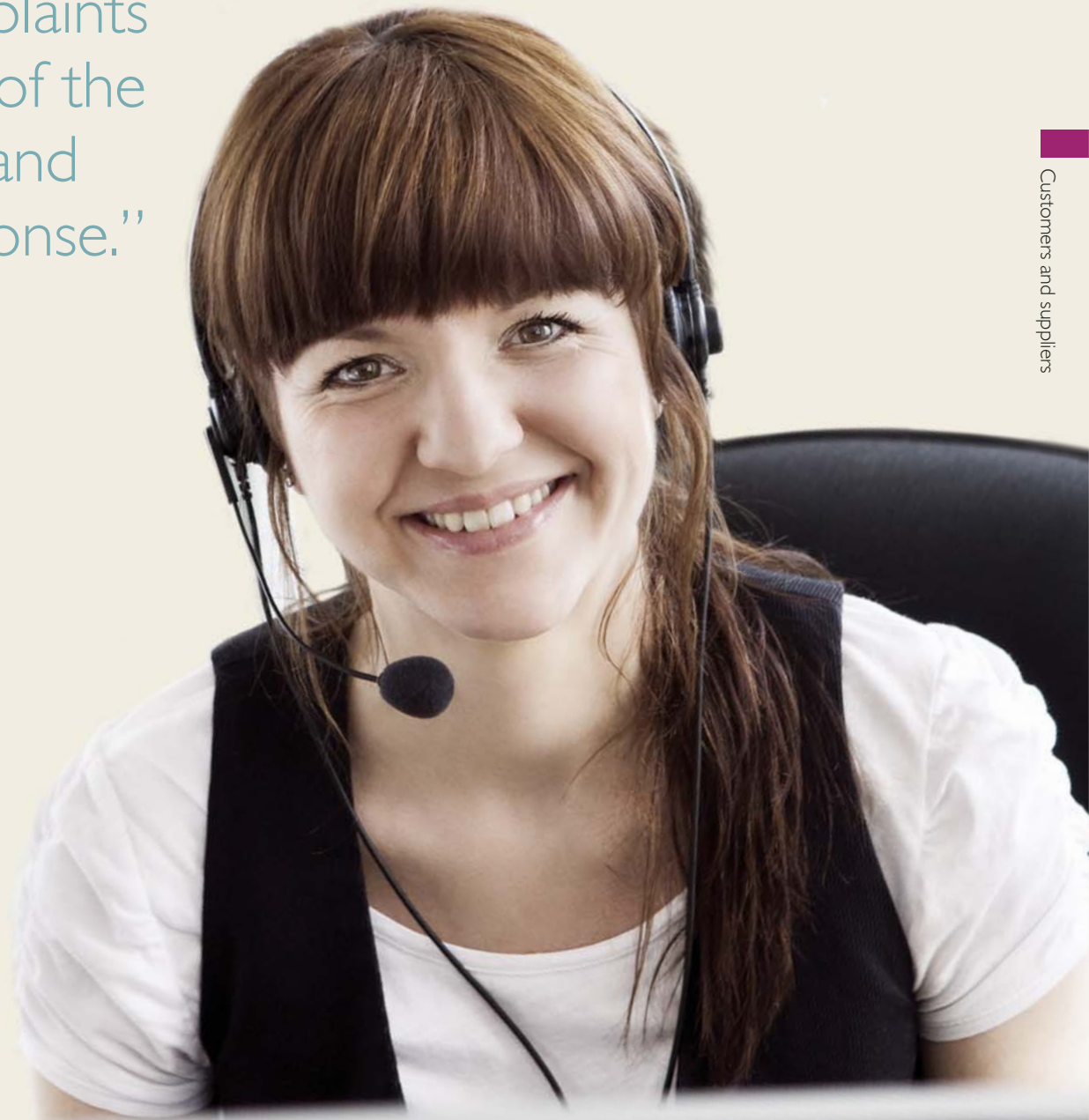
“In Scandinavia, we created a single database to log customer complaints to improve our understanding of the issues affecting our customers and how we can improve our response.”

Protecting privacy

Protecting our customers' privacy is essential to building and maintaining their trust. We take a rigorous approach to data protection and ensure that we have strong systems in place to govern the collection, use, storage and transfer of customer data.

RSA operates a Group-wide policy-based framework with a view to protecting customer data and meeting associated legal and regulatory requirements. This framework is subject to regular review and enables continuing assessment of requirements: providing employee awareness and managing emerging threats and risks.

Anette Geismar
Växjö, Sweden



SUPPLIERS



"I head up our programme to ensure that RSA obtains good value, high quality products and services from our suppliers, not just at the start of the contract but indefinitely.

An essential part of successful supplier relationships is understanding the risks and opportunities and working in partnership with suppliers to find mutually beneficial solutions. We recognised that corporate responsibility is an area where encouraging our suppliers to achieve high standards benefits their businesses and reduces our own risks.

We outline our CR standards to suppliers and request information on their management and performance through a dedicated CR supplier relationship module. The CR module focuses on management of ethics, environment, human rights, equality and diversity.

The standardised approach of the modules allows benchmarking of suppliers' programmes. Suppliers that are considered to be experts in a field are given the opportunity to showcase and share their experiences with RSA and other, less advanced, suppliers.

I've worked for RSA for 21 years and have a young environmentally conscious family myself. I'm incredibly proud to work for a company that really is committed to making a difference in tangible ways and also encourages its staff to get involved and follow suit."

Jamie Napper
Global Supplier Relationship Management
Excellence Manager, UK.

Our claims teams deal with a network of suppliers providing motor, household and other services on behalf of our customers. These account for 80% of our suppliers and 52% of our procurement spending. Our offices also buy equipment, supplies and support services such as travel, catering, cleaning and security. We aim to work with all our suppliers to improve the social and environment impact of our purchases.

*Global Supplier profile**

Supplier type	Number	Spend
Claims suppliers	62,100	£730 million
Non-claims suppliers	16,300	£660 million
Total	78,400	£1.4 billion

**excluding Latin America*



“We aim to work with all our suppliers to improve the social and environment impact of our purchases.”

Supplier standards

Our Responsible Procurement Principles set out the social and environmental standards we expect suppliers to meet. They commit us to:

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

Assessing suppliers

Our procurement teams communicate with suppliers on assessing the level of integration of CR. A CR specialist works with each regional head of procurement to help ensure that suppliers follow the Principles. In cases where we identify a supplier as high risk we make our concerns known and work with them to address any issues.

Procurement employees receive regular training to help them understand emerging supply chain risks.

In 2008, we piloted an assessment and engagement process in the UK. We identified 370 suppliers based on their size, the amount we spend with them and our knowledge of their practices and commitments. By the end of 2008, we had contacted 265 of these and asked 96, representing 85% of our procurement spend, to complete a questionnaire providing information about their policies and activities. We reviewed their responses against a risk matrix to help identify low and high-risk suppliers.

We intend to pilot the programme in our international business in 2009.



SUPPLIERS



Industry collaboration

We are a signatory to the United Nations Global Compact and are committed to upholding its principles on human rights, labour standards and the environment in our supply chain.

We also work with our partners and industry organisations to improve supply chain standards and practices. For example, we are a lead participant in the Financial Services Procurement Forum CR working group. The group has developed a shared approach to supplier questionnaires focusing on issues such as labour standards, environmental management and human rights for the financial services sector.

During 2008 we were assessed (as a supplier to another financial services company) as part of the Carbon Disclosure Project's Corporate Supply Chain Programme. The programme helps companies measure indirect greenhouse gas emissions resulting from their supply chain so they can manage their wider carbon footprint.

Greening the claims process

We aim to improve the impact of our purchases across the lifecycle of our products and services. This includes working with service providers such as motor vehicle repairers and construction companies to build environmental standards into the claims management process and procure more sustainable products. For example, we are investigating ways in which we can influence energy use through our claims handling processes. In the UK, our dedicated motor vehicle Quality Repair Centres recycle usable parts from cars sent for scrap. They are working with an external organisation to match the parts to damaged cars.



Environmental improvements at vehicle repair centres

"When our Quality Repair Centres (QRC) decided to implement their oven improvement

program, cost was not the only consideration. We wanted to focus on reducing our carbon footprint through our energy use in the painting and drying process.

We installed new spray booths that have helped us reduce our gas consumption by 65% through more efficient gas burners. We have reduced electricity usage by 35% with more efficient motors and lighting. The ovens are now able to complete a quicker cycle and helps reduce overall time for the repair.

It's a win-win situation, the customer gets a quicker repair and the carbon footprint of each booth is reduced from 207,568kg to 22,338kg of CO₂ each year."

Barry Oglesby
Business Development Manager, UK

CLIMATE CHANGE AND THE ENVIRONMENT

Our commitment to the environment:

We believe in the continuous improvement of our environmental performance and in taking action around emerging environmental issues.

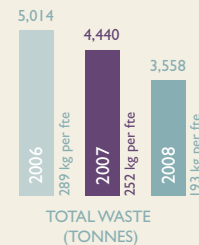
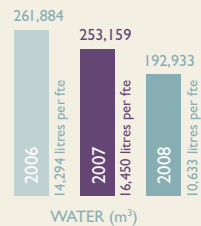
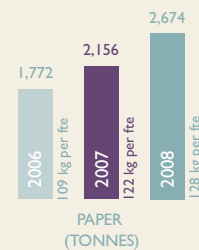
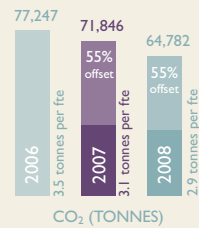
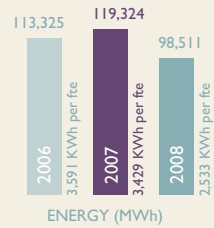
We are committed to:

- Managing our impacts on the environment through our use of resources such as energy, paper and water and the investment of our assets;
- Taking proactive action on environmental issues that are likely to affect our business and the community;
- Making continuous environmental improvement and monitoring our performance.



CLIMATE CHANGE AND THE ENVIRONMENT

Environmental data



Climate change continued to rise up the political agenda in 2008 as governments prepare for the crucial negotiations in Copenhagen in December 2009. The scientific evidence has continued to mount highlighting the need for urgent action to mitigate and adapt to the worst effects. We are an active participant in the debate on climate change, working with bodies such as the United Nations Environment Programme Insurance Working Group and the Association of British Insurers ClimateWise Initiative.

As an insurer, any change in the intensity or frequency of extreme weather conditions is a significant issue because of claims relating to incidents such as flooding or wind damage. But climate change also represents an opportunity for RSA. We offer products and

services that support the Renewable Energy industry which helps to reduce the impact of climate change. In 2008, we extended our energy-related products and services and we are also investigating ways in which we can reduce environmental impacts through our claims supply chain (see Suppliers).

We take our environmental responsibilities seriously, using an online environmental management system and have reported our performance since 1999. We became the first carbon-neutral UK insurer in 2006. In 2008, we have continued to improve the environmental performance of our operations.



PRODUCTS AND SERVICES

Renewable Energy

Insuring Renewable Energy is a major opportunity for RSA, allowing us to work with manufacturers and energy providers to improve energy security and reduce impacts on climate change.

We created our Global Renewable Energy business in 2007 - the first general insurer to launch such a business - building on the strong position in wind generation we built up over 30 years in Denmark. We have created Centres of Excellence supporting 20 renewable energy teams around the world. These centres provide underwriting, claims and risk management support, based in London (bioenergy & solar), Toronto (small hydro) and Copenhagen (wind).

Premiums in this business grew by 50% in 2008, including significant growth from a small base in Italy, France and Spain. Our small hydro business grew by more than 70%. Significant developments during the year included:

- RSA China launched its Wind Power insurance proposition, Clear Sky Solutions™ and developed relationships with leading manufacturers including Suzlon and Vestas, as well as key power providers and specialist intermediaries and insurers;
- RSA Chile won "Proyecto Totoral", insuring the construction of a US\$127 million wind farm north of Santiago. The project consists of 23 2MW wind turbine generators and is only the second wind farm in Chile;
- Winning new business with Indian Energy Ltd, an ambitious, UK-based wind farm developer constructing new projects in India.

In 2008, we also launched bioenergy products, in Scandinavia, Canada, the UK and Italy. Our business covers the three main technologies: biomass (plant material and animal waste); biogas and biofuel (plant materials converted to fuels such as bio-diesel and ethanol).

Environmental clean-up

We have developed new products, launched at the beginning of 2009, to meet customers' needs for protection against sudden and accidental environmental damage at sites protected under European Union or local conservation laws.

The EU Environmental Liability Directive seeks to protect special sites, known as Natura 2000 sites, from environmental damage. Operating on the "polluter pays" principle, it makes operators financially liable for damage to habitats and species, land and water resources.

RSA's new products, launched initially in Denmark and Sweden, provide cover for cleaning up damage, restoring ecosystems to their condition before the pollution incident. They go beyond traditional 'clean-up' policies, extending to the management of the restoration projects. We have linked up with

environmental professionals who will assist our claims teams to develop remediation plans. This means that we can take expert advice and manage incidents quickly and effectively.

These products cover sudden incidents (rather than gradual pollution) and our risk is covered by a dedicated reinsurance programme ensuring that we are not exposed to any unknown long-term environmental risks.



PRODUCTS AND SERVICES



“New legislation implemented in 2008 affects many of our commercial customers. You cannot construct or sell a building without an energy performance certificate.

We developed a new proposition to address the issue, which included working with a range of stakeholders including local government. We created a campaign, “Less CO₂, more IQ” to highlight the legislation. The proposition can help to drive down costs and environmental impact.

Our goal was to raise awareness within our broker community and with the end customers. The campaign and proposition were so successful that we received an innovation of the year award from Insurance Times.

We have been busy helping customers with over 2,000 buildings to understand energy efficiency and comply with the legislation. Naturally, climate change is a concern for our team and we are looking at new ways to help customers with the carbon management legislation being implemented in the UK.”

Alex Matthias
Energy Management Leader, UK

Energy management for buildings

Our Risk Solutions business in the UK has developed a range of services to help clients improve energy efficiency and comply with new regulations for building certification. They can help clients significantly reduce energy consumption, costs and carbon dioxide emissions.

The new service is a response to the Energy Performance of Buildings Directive, which requires all building owners to provide an Energy Performance Certificate to prospective buyers or tenants. We provide certification, energy and air conditioning audits and expert advice on energy efficiency improvements, carbon management and sustainability in buildings.

For more information see
www.rsabroker.com/energy

Green Wheels

MORE TH>N, our UK consumer business, has launched Green Wheels, a new type of car insurance that helps people reduce their fuel consumption by providing information about their driving style, comparing it with other drivers.

The insurance includes free installation of a telematics box in the car which monitors driving behaviour, using global satellite positioning (GPS). It provides reports including information about the rate of acceleration and braking, the number of short car journeys and how long the car is left idling. Driving more efficiently reduces CO₂ emissions as well as saving money in reduced fuel consumption and tyre wear.

For more information see
www.morethan.com/Pages/Products/Car/GreenWheels_Home.aspx

WORKING TOGETHER

We believe in working collaboratively with our competitors and business partners to encourage appropriate policies and action on climate change.

Codan Marine runs a series of seminars to share knowledge and experience with customers. One of these covered environmental issues for shipping, with guest speakers from organisations including the Swedish Maritime Administration focusing on reducing ship emissions of sulphur dioxide, nitric oxide and carbon dioxide.

Internationally, we are a member of the UN Environment Programme Finance Initiative (UNEP FI). In 2008, RSA was a member of a working group on risk finance which highlighted the increasing importance of Insurance Linked Securities (ILS) such as Catastrophe Bonds and Weather Derivatives in protecting customers in developing countries against risks of drought and other natural catastrophes. Other working groups focused on microinsurance as well as looking at ways to integrate environmental, social and governance issues into underwriting.

ClimateWise

In the UK, MORE TH>N is one of the partners of Together, a campaign associated with The Climate Group to help consumers reduce their impact on the climate.

We are also members of ClimateWise, an insurance industry group stimulating action and new thinking. The ClimateWise principles commit us to:

- Taking a lead in analysing and reducing risks;
- Informing and engaging in public policy debate;
- Supporting climate awareness among our customers;
- Incorporating climate change into our investment strategies;
- Reducing the environmental impact of our businesses;
- Reporting and being accountable for our actions.

An independent review in 2008¹ recognised the progress being made and identified RSA as one of the industry leaders, highlighting our Green Wheels

¹ *Climatewise one year on - a review of activities, Forum for the Future*

insurance (see Environment). The review called for further action, including developing insurance products to support climate change action on forests or the carbon market. Our GRI index (See GRI Index) identifies content in this report relating to the ClimateWise principles.

We supported the public statement by ClimateWise on a new climate change framework to follow the Kyoto Protocol. It called for the framework (to be agreed in December 2009 in Copenhagen) to address three key areas:

- A commitment by all countries to develop and implement national adaptation plans to effectively manage climate risks;
- A clear, long-term international arrangement for collecting and sharing climate data;
- A review of synergies between adaptation and mitigation.

For more information, see www.climatewise.org.uk



“Working with the National Trust is an ideal opportunity to link up with an organisation with several shared environmental principles.”



Working with the National Trust

“The National Trust, Europe’s largest conservation organisation, was founded in 1895

to promote and preserve historical buildings. RSA has teamed up with the National Trust to offer the Affinity line of home and auto insurance.

One of the key benefits is that a donation will be made to the National Trust with every policy sold.

The products and the communications around them have been heavily influenced by our understanding of green behaviour. Working with the National Trust is an ideal opportunity to link up with an organisation with several shared environmental principles”

Shahin Amir-Ebrahimi
Affinity Marketing Development Manager, UK

“The National Trust Insurance range is provided and underwritten by RSA, with National Trust providing access promoting the products through their membership communications. As a marketing consultant, I help develop and agree the Marketing Plans and work with creative agencies to implement marketing campaigns, from Direct Mail to customer magazine advertising and online web banners. I also work with National Trust to identify new sales opportunities.

Both RSA and National Trust are members of the We’re in this Together programme, launched in April 2007, to promote practical environmental solutions to consumers. For example, the Home Insurance product includes cover for solar panels and members who are already environmentally conscious and drive cars with a CO₂ rating lower than 120g/km receive a 10% discount on their motor insurance policy.”

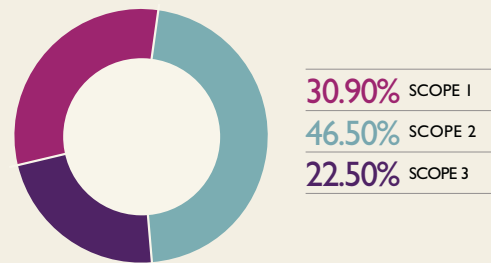
Nancy Welch
Affinity Marketing Consultant, UK

OUR OPERATIONS

We continue to reduce our direct environmental impact. Our strategy is to:

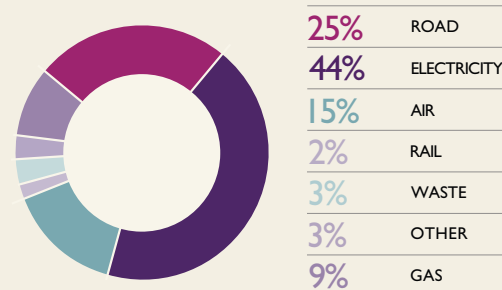
- Measure and report our impacts and CO₂ emissions in accordance with DEFRA, ISO 14064, the Carbon Disclosure Project and Greenhouse Gas guidelines;
- Set targets for reducing environmental impact;
- Improve energy efficiency, waste disposal, travel practices and resource use in our buildings and business processes;
- Offset remaining CO₂ emissions in countries achieving the previous steps.

CO₂ emissions by scope



Note: Scope categories follow WRI/WBCSD GHG Protocol: Scope 1 (Gas, fuel oil, diesel, refrigerant and company owned vehicles), Scope 2 (Electricity and steam) and Scope 3 (Business travel and waste).

CO₂ emissions by source 2008



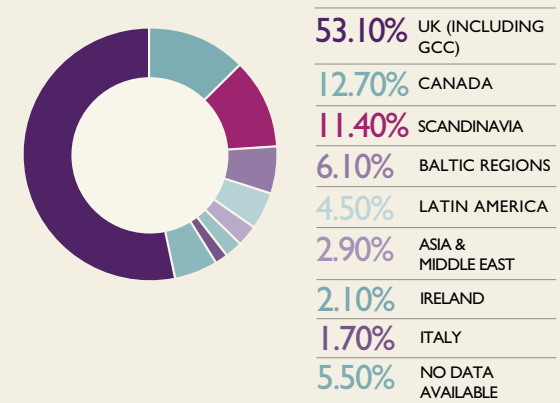
We continue to set ourselves a range of stretching targets achieving 73% including our Group-wide target to reduce CO₂ emissions by 2.5%. Our Scandinavian operations have set targets for completion in 2010. Achieving these targets is helping drive cost reductions across the Group as well as reducing our environmental impacts.

We made good progress towards achieving our UK air travel and Canadian electricity targets with over a 4% reduction.

We offset the remaining UK carbon dioxide emissions by investing in renewable energy projects and this means we have been "carbon neutral" in the UK since 2006. In 2008, we began offsetting emissions in Ireland, which is now also carbon neutral, taking our offsets to 55% of Group-wide emissions. We offset CO₂ emissions through investment in renewable energy projects in India that comply with the robust, internationally recognised Voluntary Carbon Standard (www.v-c-s.org).

Our biggest impact is through the energy we use in our offices and travel, and the resulting carbon dioxide emissions. Air travel is relatively minor despite the Group's growing international presence and is less than emissions from road travel.

CO₂ emissions by country/region



Over half of Group emissions are in the UK, principally from electricity used in offices. Half of UK electricity comes from combined heat and power and other lower-carbon sources. Group head office uses renewable energy.

Absolute CO₂ emissions are not comparable over time because we have extended the data to cover additional countries, including CNS in Canada in 2008. UK emissions (which are 53% of the total) have fallen by approximately 20% in the past five years.

Energy

Energy consumption fell across the Group during 2008, with our UK business seeing a drop of over 10,000 MWh, a total cost saving of nearly a million pounds. The inclusion of countries across the Emerging Markets business largely offset any major decrease in absolute emissions.

Travel

In 2008, business travel (including road, air and rail) accounted for approximately 40% of our total carbon footprint.

We seek to reduce the environmental impact of business travel by:

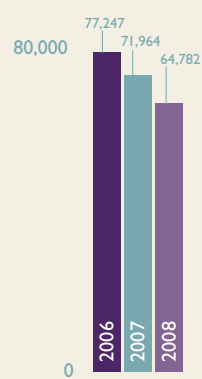
- Encouraging the use of video and tele-conferencing;
- Increasing the monitoring of travel spending and raising employee awareness of travel policies;
- Selecting more fuel efficient cars when we upgrade our vehicle fleet.

Resource Use

As an office based organisation, paper use is a key environmental impact. Our paper use increased in 2008, largely due to the inclusion of data from Emerging Markets.

We aim to reduce paper use by communicating with customers and shareholders electronically, for example through electronic billing, while continuing to meet our legal obligations.

CO₂ EMISSIONS (TONNES)

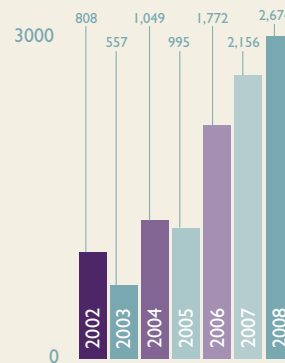


CO₂ EMISSIONS PER CAPITA (TONNES PER EMPLOYEE)

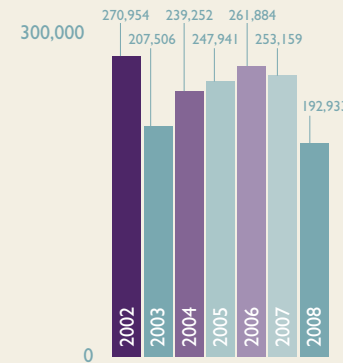


Note: all CO₂ baselines reset in 2008 due to incorporating estimated sites and new more up to date coefficients including IPCC, WBCSD/WRI, IEA, UNFCCC, Carbon Trust and Defra)

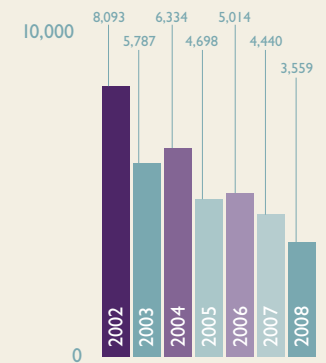
PAPER USE (TONNES)



WATER USE (CUBIC METRES)



WASTE DISPOSED (TONNES)



Water

Consumption has decreased in 2008. Consolidation of buildings and the introduction of water minimisation techniques such as low flush technology have had an impact.

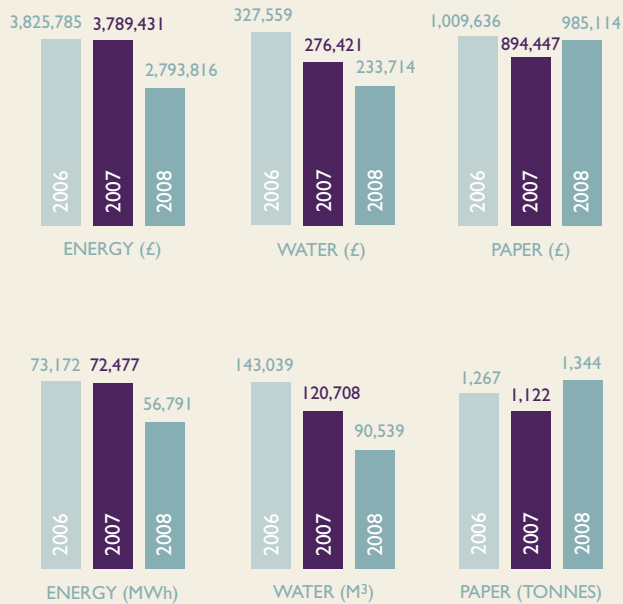
Waste

Across the Group we continue to increase the accuracy of our waste data through our supplier agreements and reduce the amount of estimated data.

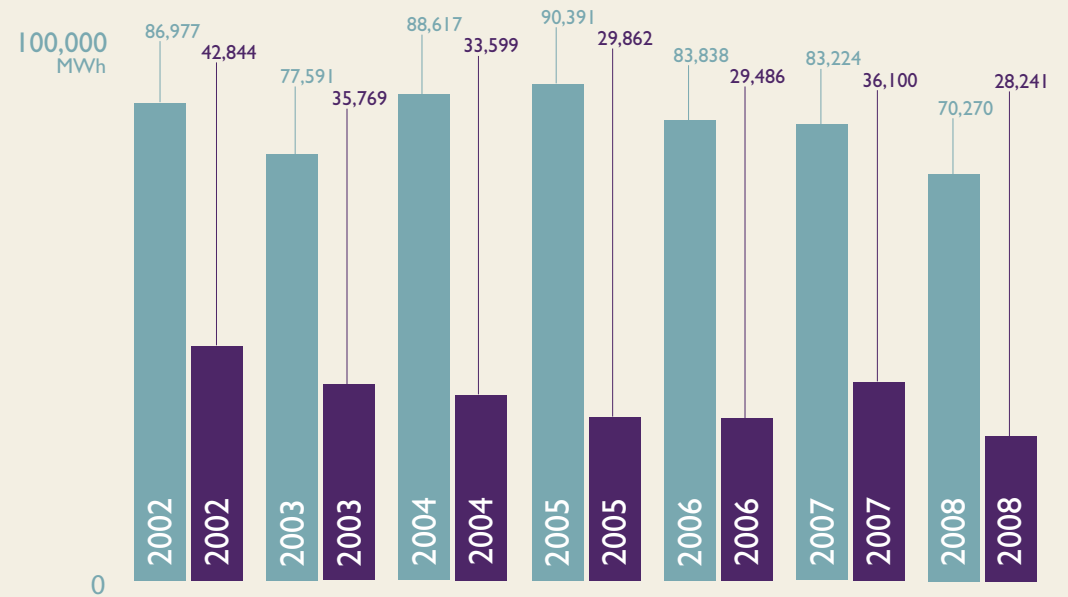
Waste recycled	Tonnes	% of total waste
2006	914	18%
2007	776	17%
2008	943	26%

“We continue to set ourselves a range of stretching targets achieving 73% including our Group-wide target to reduce CO₂ emissions by 2.5%.”

UK consumption and costs



Energy consumption in our offices (MWh) ■ Electricity use ■ Gas use



OUR OPERATIONS



Hong Kong Document Imaging

"As the Operations Director in Hong Kong, I oversee Customer Services, Claims and Business Processes. Increasing cost pressure coupled with more sophisticated customer demand has created a need for us to continuously improve and streamline our claims and underwriting processes.

Currently in our operations we use a Central Filing Mechanism for document management. It is time consuming and over 28% of our office space is used for paper filing storage.

However, starting to use new technology such as the Document Management System (DMS) allows us opportunities to achieve cost savings, to improve operational efficiencies, and to provide better customer services. DMS is a computer system that tracks and stores electronic documents or images of paper documents.

Reduced turnaround time of policy processing improves customer service while productivity is increased due to process efficiencies. We save on operational costs by using less paper and reducing storage space. In addition, we enhance company image by embracing high technology in business operation.

In July 2008, we launched Document Imaging in the policy issuance process of our Manulife channel. In three months, we saved 30,000 sheets of paper and 250 square feet of filing space. We have started Phase 2 of the project to roll out Document Imaging to other distribution channels by June 2009. We plan to roll it out to Claims processes in 2010."

Alice To
Operations Director, RSA Hong Kong

We continue to set ourselves a range of stretching targets achieving 73% including our Group-wide target to reduce CO₂ emissions by 2.5%. The following examples of action in 2008 demonstrate our commitment to continue improving our performance:

- The energy-efficient specification for our headquarters building in Ireland, which opened in 2008, was recognised with an award for its outstanding and innovative environmental management. We have commissioned a new HQ in Italy to the same high standards and in 2008, Johnson moved into a new building in Halifax, Nova Scotia with an excellent environmental profile. Features include water-efficient landscaping that requires no additional fertiliser or piped water; trees and plants in a "Winter Garden" that will purify the air in the building, and large windows to maximum the use of natural light. The number of parking places are limited to encourage car pooling and the use of public transport;
- In Sweden, we signed an agreement to use only taxis powered by bio-fuel or electricity, part of a new Nordic travel and meeting policy that aims to reduce the number of air flights and increase the usage of 'virtual meetings' through video conferences;

“UK emissions (which are 53% of the total) have fallen by approximately 20% in the past five years.”

- Codan and Trygg-Hansa introduced a new concept called ‘Green IT’. One aspect was a new set of ‘multi-printers’ that can be used to copy, fax, print or scan. The result is a significant 50% reduction in energy use and a lot less paper wasted;
- In Canada, we began an office supplies programme to discourage small orders which result in extra deliveries. Orders under \$50 incur a \$5 surcharge, half of which is donated to Tree Canada, an organisation that plants and protects trees to help counter climate change. We also introduced EZ-Docs, an efficient, electronic way for Personal Insurance brokers to receive their copies of documents electronically. It helps reduce storage space for brokers, increases efficiency and provides better service while helping reduce the use of paper;
- RSA Hong Kong began to use document imaging, which makes it easier to share documents between teams as well as reducing paper use, the time spent on filing and file retrieval and office space requirements;
- After merging three offices, RSA Ireland worked with a furniture provider to remove old furniture and redistribute it to charities and communities at home and in Sierra Leone.

A green culture

We aim to promote an environmentally responsible culture among employees, encouraging responsible behaviour at work and at home. We have Green Teams and local representatives around the Group to encourage local action. Here are examples of activity in 2008:

- Colombia made climate change one of its three corporate responsibility programmes. They worked with the Bogota Chamber of Commerce to promote awareness and began to plant RSA’s own “forest” with the help of employees’ families. A new recycling and waste programme was also introduced in RSA offices;
- Ireland ran Recycle for Charity, encouraging staff to hand in old mobile phones and other material. One charity received more than 40 mobile phones and a box of CDs/DVDs. Another received more than 250 books and 150 toys;
- RSA Lithuania has introduced Bicycle day, encouraging employees to leave their cars at home and come to work by bike every Friday. An unexpected benefit is that the average journey time fell from an hour and a half to just 35 minutes.

“For more than a year RSA Italy has been searching for a new location to bring together our employees into one building from the four we currently occupy in Genoa. Finding a more efficient, teamwork supporting and flexible environment was identified as one of the Italian Operation’s priorities.

We initially looked at a solution outside the city centre which would have meant a great deal more travel and a big change for employees. Now we’ve found a solution with two buildings in the centre: the new one is only 200 metres from the current HQ which means less travelling between locations, better access to public transport, increased productivity and a much lower environmental impact from occupying only two buildings. Within the new office, Underwriting and Claims people will work closer together, improving performance and service for our intermediaries and customers.

The new welcoming reception area, larger meeting rooms and waiting areas along with an open plan office layout will really contribute to improving internal teamwork, efficiency and hosting our intermediaries and customers. We’re going to be starting to relocate in September 2009 with the move completed by November 2009.

Paola Dodero
Infrastructure Manager, Italy



“Although we will not be the sole occupiers of the building and therefore unable to change some of the existing air conditioning and energy systems of the building, we’ve identified actions which will allow us to engage our people in being more responsible towards the environment. For starters we are taking away the general bins to encourage recycling, making sure the print systems are set-up to reduce environmental impact, automatic switch off devices for electricity at night and web-conferencing to minimise travel even further. Occupying a single building instead of three, we expect to significantly reduce our resource consumption and environmental impact.

We’re conducting site visits and organising online votes on the local intranet for the employees to see progress and get people to submit ideas for the new head office. This will help us engage people, obtain their creativity and help us do the right thing for the move”

Carlo Capuzzo
IT Infrastructure Manager, Italy

OUR OPERATIONS - TARGETS AND PERFORMANCE

	2008 Environmental Targets		2009 Environmental Targets
Group	Reduce CO ₂ emissions by 2.5%	Achieved	Reduce CO ₂ emissions by 1.5%
UK	Reduced electricity use by 10%	Achieved	Reduce electricity use by 15%
	Reduce waste sent for disposal by 10%	Achieved	Reduce waste sent for disposal by 5%
	Reduce CO ₂ emissions by 5%	Achieved	Reduce CO ₂ emissions by 2.5%
			Reduce water use by 5%
	Reduce air travel by 5%	Not met ⁽¹⁾	Reduce short haul flights 5%
GCC	Reduce electricity use by 5%	Achieved	Reduce electricity use by 5%
	Reduce waste sent for disposal by 5%	Achieved	Reduce gas use by 2%
	Reduce paper consumption by 5%	Achieved	Reduce paper consumption by 5%
			Reduce waste sent for disposal by 3%
			Increase recycling by 3%
			Increase the use of video-conferences by 5%
Ireland	Reduce electricity use by 10%	Achieved	Reduce electricity use by 10%
	Reduce waste paper by 10%	Achieved	Reduce waste sent for disposal by 10%
	Reduce CO ₂ from travel by 5%	Achieved	Reduce car usage for business travel by 5%
	Reduce air travel by 10%	Not met	Reduce air travel by 5%

	2008 Environmental Targets		2009 Environmental Targets
RSA Canada	Reduce electricity use by 5%	Not met ⁽²⁾	Reduce electricity use by 3%
	Increase recycling by 3%	Achieved	Reduce waste sent for disposal by 2%
	Reduce air travel by 7.5%	Not met	Increase recycling by 2%
Denmark (3)	Reduce paper consumption by 22.5%	In progress	Reduce paper consumption by 22.5%
	Reduce car usage for business travel by 10%	In progress	Reduce car usage for business travel by 10%
	Reduce electricity use 3%	In progress	Reduce electricity use by 3%
	Reduce paper waste by 10%	In progress	Reduce paper waste by 10%
	Reduce air travel by 3%	In progress	Reduce air travel by 3%
Sweden (3)	Reduce paper use by 20%	In progress	Reduce paper use by 20%
	Reduce car usage for business travel by 10%	In progress	Reduce car usage for business travel by 10%
	Reduce electricity use by 3%	In progress	Reduce electricity use by 3%
	Reduce paper waste by 5%	In progress	Reduce paper waste by 5%
	Reduce air travel by 3%	In progress	Reduce air travel by 3%

⁽¹⁾ A 4.75% reduction was achieved meaning we narrowly missed the target

⁽²⁾ A 4.2% reduction was achieved meaning we narrowly missed the target

⁽³⁾ All Danish and Swedish targets are for completion by end of 2010 against 2007 baseline

EMPLOYEES

Our commitment to employees

We recognise that a motivated and skilled workforce is critical to our success. To achieve this we are committed to:

- Fostering a positive and challenging high performance culture;
- Rewarding superior performance;
- Encouraging personal development;
- Encouraging a culture of frank and honest communication;
- Encouraging teamwork and strong leadership;
- Providing a safe and secure working environment;
- Encouraging diversity and equal opportunities;
- Ensuring that grievances and unethical behaviour can be raised without fear of discrimination.

In 2008 we employed over 22,000 people in 33 countries. Over 39% are based in the UK, 33% are in our International business (Scandinavia, Canada, Ireland and Italy) and 28% are based in our emerging markets business (Latin America, the Baltics, Asia and Middle East).

Ethics

We adhere to all applicable laws, regulations and standards in the places where we do business. Our Business Principles are backed up by specific policies that set out the standards we expect employees to meet in their jobs. They cover fraud, confidentiality, competition and money laundering. They are translated into all local languages where we operate.

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

Every employee also receives a booklet in their local language containing our new Brand Beliefs which set out what we stand for, how we should behave towards each other, and the actions we need to take to deliver on our customers' needs (See Our Approach).

Employee engagement

We want employees to be fully engaged with RSA because that improves motivation and involvement. Motivated employees are excellent advocates for our products and services and actively share ideas and opinions to help solve business issues. Our continued success depends on employees enjoying their work, supporting our culture and our goals.

We engage employees to understand how they view the company and where we can make improvements. It also helps us to communicate plans for the business. We measure employee perceptions of the company through the annual Global Employee Survey and Performance Management Survey. These surveys gauge employee attitudes and help to develop our strategy.

An annual European Consultative Forum brings together employee representatives and management to discuss issues of concern and business developments. In 2008, we held working

“Motivated employees are excellent advocates for our products and services and actively share ideas and opinions to help solve business issues.”

groups for the first time, discussing the introduction of the new RSA brand as well as how to improve employee engagement in our businesses. Delegates from each country were able to work together with the support of interpreters.

Employees also provide feedback in other, less formal ways. For example, employees are able to comment on UK intranet articles to stimulate debate.

We recognise the right of employees to freedom of association and collective bargaining. In 2008, approximately 75% of RSA's global workforce was unionised. In the UK and Ireland, we recognise the Unite trade union which represents non-management employees. We take a proactive approach to consulting with unions and employees for any operational changes, including redundancies, which may impact employees and ensure we

support people through change. We meet local employment laws regarding minimum notice periods wherever we operate.

During 2008 we made a new agreement that we believe will lead to a smoother and more effective way of working. To help us achieve this, RSA and Unite have each agreed some specific commitments and some collective ones. For example, Unite have committed to set up a forum to share its beliefs, values and strategy with RSA's leadership. RSA has committed to share strategy across the business and raise proposed changes early and we have jointly committed to more proactive information sharing.



Employees in Lithuania are improving their health and helping the environment by getting to work by bike. In May 2008, Kestutis Gadeikis, Senior Actuary at RSA Lithuania organised a bicycle day which attracted an unprecedented number of participants.

“Since childhood I have been interested in environmental protection. This is why I, along with other RSA employees, cycle to work every day. So I decided to try and encourage others to join us.

Since the bicycle promotion day there has been a ten-fold increase in the number of people cycling to work. People are realising that there are many advantages to pedal power. In addition to keeping fit, they also avoid the usual traffic jams.

We have also established a bicycle club as well as organising a company bicycle trip and hope to get more employees involved.”

Kestutis Gadeikis
Senior Actuary, Lithuania



EMPLOYEES



Healthy Customer Service Team

"I manage six customer service teams, a total of around 100 employees. I know that keeping my staff happy and healthy means reduced costs for the business and a better service for our customers.

In the call centre everyone sits quite close together which makes maintaining workplace hygiene vital. By relatively simple means, we have achieved an amazing effect. We implemented a campaign where 'health' rates were recorded and assessed in sales reports, by the working environment committee and teams themselves. We also provided information to employees on the importance of health. Together with these actions and by providing disinfectant hand gel in the bathroom we have increased the attendance rate by 3% to 96.5%. This was worth SEK 10 million (around £1 million) to the business from increased sales and reduced sickness costs."

Fredrick Göthberg
Inbound Sales Manager, Sweden

Performance management survey

The performance management survey provides an opportunity for employees to express their views on management performance. This year 340 senior leaders and an additional 9,798 employees from the next management level responded.

Successful areas included:

- coaching and development (scores increased 8%);
- link to reward (scores increased 3%).

Areas identified for improvement included the following questions:

- My 1:1s have helped me assess how well I apply the beliefs/behaviours to my work (down from 74% to 67%);
- I have a training/development plan (down from 78% to 71%).

Global employee survey

RSA's employee survey has been running since 2004. The survey changed to a new format in 2008 as we switched provider to focus on employee engagement. All employees had the opportunity to participate in their local language over a three week period. Responses are completely anonymous. In 2008, we trained a group of over 40 coaches across the Group to liaise with managers and support them through the new survey process.

The results were then shared across the Group. Nearly 40 presentations and 20 executive sessions were held across Group Corporate Centre, International, Emerging Markets and the UK to help senior leaders understand the survey results and help drive engagement locally. Unlike in prior surveys, every manager/team leader with five or more people responding to the questionnaire automatically received a report on their team.

“Leaders across the business are being encouraged to listen to their employees’ views, debate them openly and create plans online.”

The reports provide internal and external benchmark comparisons against the global Gallup database which contains over five million responses.

RSA’s overall score of 3.8 (out of 5) puts the Group ahead of the average for first time users of Gallup’s Survey. A 86% response rate confirms employee commitment to the process. Emerging Markets had a particularly high response level with over 94% of employees completing the survey.

Key recommendations resulting from the survey were that managers:

- Must strike a balance between process and discipline while fulfilling employees basic emotional needs;
- Should leverage the key drivers of engagement to improve general satisfaction, advocacy and loyalty to RSA.

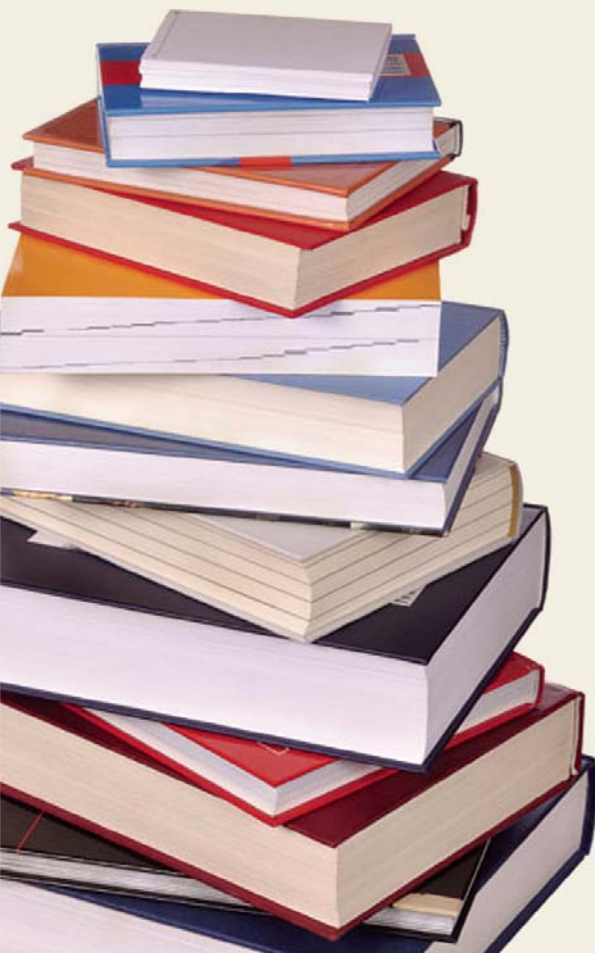
The survey results emphasised that following through on the 2008 survey must be more effective than previously to achieve a significant improvement in engagement. Leaders across the business are being encouraged to listen to their employees’ views, debate them openly and create plans online.

World Cafés

World Cafés are an informal way of bringing our people together to discuss matters that impact our business. Since the first World Café in 2007, more than 25 have taken place. During 2008, we focused on brand activation workshops following the launch of our new brand and Brand Beliefs (see Our Approach). World Cafés were instrumental in developing our new strategy.



EMPLOYEES - TRAINING AND DEVELOPMENT



We offer training and development opportunities that enable our employees to learn continuously and develop the best skills.

We do this by sharing knowledge and experience throughout the company. This also helps us to attract the most talented and motivated people.

Getting the best out of employees is vital if we are to compete successfully. Customers benefit from better technical knowledge and advice; and employees get the chance to improve their skills, qualifications and advance their careers.

Global Graduate Development programme

The Global Graduate Development programme aims to attract and develop high calibre talent in core technical disciplines of underwriting, claims and actuarial, attracting graduates from the best universities around the world.

Fast track

Fast Track is a two-year programme designed to encourage rapid career progression and exposure to the business. Employees on this course receive training, coaching and networking opportunities with different parts of the business. It is aimed at individuals who have already shown a capability to learn quickly, demonstrated by a level of success in their early career. The programme is open to both internal and external candidates.

Technical Academy

The Technical Academy provides knowledge sharing, career pathways and mentoring forums for underwriting, claims and actuarial experts right across the Group bringing some of the company's best minds together. Global Forums are central to the success of the Technical Academy. They provide the opportunity for global networking and building relationships with colleagues from across the Group.

A dedicated intranet site and quarterly magazine keep technical experts up to date with new initiatives and developments across the business. During 2008 we also launched iCasts, "Did you know?" factual briefing papers and live online briefings for internal and external experts on business issues, such as a review of marine insurance and the types and purpose of reinsurance.

Leadership Development Programme

The objective of RSA's Leadership Development Programme is to identify, develop and equip the Group's leaders of the future with the skills and mindset to drive the business growth across the world. For the first time the programme is being run in Canada, Scandinavia, the Baltics, Asia, Middle East and Latin America.

“The objective of RSA’s Leadership Development Programme is to identify, develop and equip the Group’s leaders of the future with the skills and mindset to drive the business growth across the world.”

The nine-month programme features:

- Three week-long off-the-job learning modules;
- Strategic project work on a wide range of business issues;
- Networking opportunities with other potential RSA leaders;
- Performance coaching to encourage rapid career development.

Those on the course are nominated because their managers recognise they have the potential to pursue more challenging roles in the next two to five years.

Executive Development Programme

Now in its fifth year, 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 take part in projects that look at key business challenges facing the company, for example, looking at how we can make claims handling a competitive advantage.

Retaining knowledge in the Group through the Masters program

“In April 2008, I retired from my job as a Branch Manager and Claims Examiner after 29 years at Johnson. Six months later, I was pleased to be asked back as part of the Masters Program. The program brings back Johnson veterans to help out on projects ranging from mentoring new employees to managing key customer relationships. The idea is to make sure the knowledge of long standing employees is passed on to the next generation.

I joined the program to train a new employee, Todd Blake, as a General Adjuster. I used my past experience to coach him in technical and customer relationship skills. Todd came to Johnson with no insurance background and I think the program has helped him to develop quickly. It’s good to hear that he is doing well in his new role.

I have also got a lot from the program. After so many years at work, the idea of not being a part of something was daunting. The Masters Program has helped me to accept retirement more gradually.”

**Fred Pike
Johnson**



EMPLOYEES

Rewards and recognition

We foster an environment that encourages and rewards success to attract and retain the best people. Approximately 90% of our employees have pay linked to their performance, up from 15% in 2003.

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

We also have a flexible benefits website where our people have the opportunity to take their pick from a number of benefits, from critical illness cover to retail cards to help with shopping. There is also flexibility with existing benefits like buying or selling holiday time.

Ethnicity in the UK

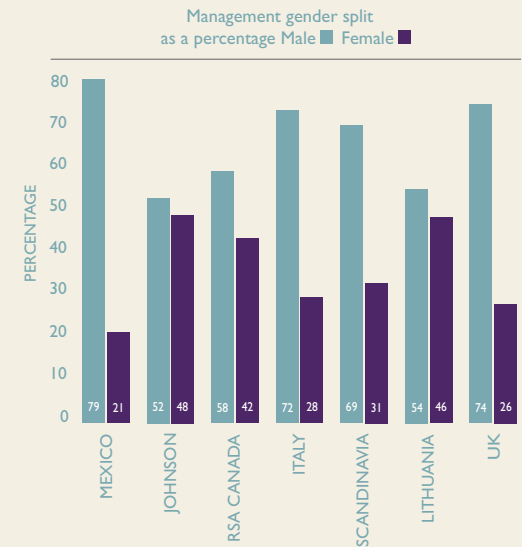
	White British	White Other	Indian	Pakistani	Bangladeshi	Black Caribbean	Black African	Black Other	Other EM
Management	0.4	2.9	0.0	0.0	0.0	0.0	0.0	0.0	1.1
Employees	7.8	67.6	0.9	1.0	0.3	0.2	0.2	0.2	17.4

Diversity and human rights

As a global business we should reflect the diversity of the labour market from which we draw our employees. This will also help us to understand the needs of our customer. A diverse workforce brings extra benefits to the business by bringing together a broader range of perspectives and experiences.

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 have identified no risk of child or forced labour in any of our operations due to the nature of our business. For more information on how we work with our business partners and suppliers to ensure this, see Suppliers.

We offer a wide range of programmes to encourage and support women employees, including flexible working, equal pay reviews and childcare support.



“Providing an accident-free workplace is a shared responsibility of RSA and every employee.”

Employees

Health and safety

RSA is committed to maintaining a safe working environment for our employees and complying with all applicable health and safety laws and regulations. Employees must also take ownership and responsibility. Providing an accident-free workplace is a shared responsibility of RSA and every employee.

Health and safety is managed as part of our Operational Risk Management framework. Under this framework, primary responsibility for defining and implementing policy and managing workplace safety lies with Human Resources, with input from Regional and Group Operational Risk teams.

Responsibility for day-to-day health and safety management varies according to individual sites. Each site has at least one on-site health and safety coordinator. We continually assess and review our

policies to make sure we stay abreast of evolving health and safety risks and expert advice.

To ensure that our employees understand our policies and procedures they are given health and safety information as part of their induction on joining RSA. There is also an intranet site with everything employees might need to know about safety, health and wellbeing in the workplace. The site contains a range of advice including guidance on how to set up workstation to avoid repetitive strain injury and how to report a work related accident or near miss. Employees can also use the site to book first aid training courses and access tips on how to deal with stress.

We record all injuries as part of our commitment to building a strong health and safety culture. In 2008 there were 85 serious injuries and no fatalities. Of all injuries the majority were minor non-reportable injuries e.g. minor cuts and strains.

Group	2008	2007	2006
Reportable injuries	85	84	81
Minor non-reportable injuries	340	352	340
Accidents per 1,000 employees	9.05	11.14	14.30

Full national breakdowns are available at www.rsagroup.com/pages/responsibility/

UK flexible benefits programme

“YOUR BENEFITS is about giving employees choice and empowering them to take control of their benefits package. We have found that allowing employees to select benefits to suit their personal needs and helping them to understand how their rewards and benefits packages are made up improves engagement levels and helps create a positive working environment.

We have a diverse workforce which means we had to work closely with our suppliers to tailor products that are suitable for all employees, while remaining affordable. As a new service, we worked hard to make sure it was communicated clearly and simply, making it easy for everyone to understand.

As well as benefits including carbon offsetting and Give as You Earn, an online total reward statement shows the overall value of an employee’s benefits, from salary and pension contributions to medical and personal accident insurance.

We also provide a pension calculator that lets employees calculate how much money they will need when they retire, helping them to understand the value of their pension and how they can take control of their financial future.”

Rachael Hollinson
Total Reward Consultant



COMMUNITY



Our commitment to our communities

- We believe in positive engagement with the communities in which we operate;
- We are committed to carrying out positive community-related activities that are consistent with our business objectives and in encouraging community engagement among our staff.

Community engagement is an important part of being a socially responsible business.

RSA's community engagement programme focuses on promoting causes that are related to our core business and are important to our customers: safety, social inclusion and the environment.

These are areas where we believe we can achieve the most through our knowledge and skills. We believe that positive engagement with the local communities in which we operate benefits RSA as well as the communities. Investing time and money can help us build our reputation as well as assist us in attracting and retaining the best employees.

The recent economic downturn will undoubtedly have a significant impact on charities. When employees get involved offering their time it can be far more valuable to a cause than money alone. We encourage employees to play an active role because they value participating in community activity. To support this we offer up to two days paid leave each year to volunteer on approved projects.

Working in new and challenging environments can help employees develop important skills such as leadership, project management and team work. We include community engagement projects in the Graduate Development and Fast Track programmes.

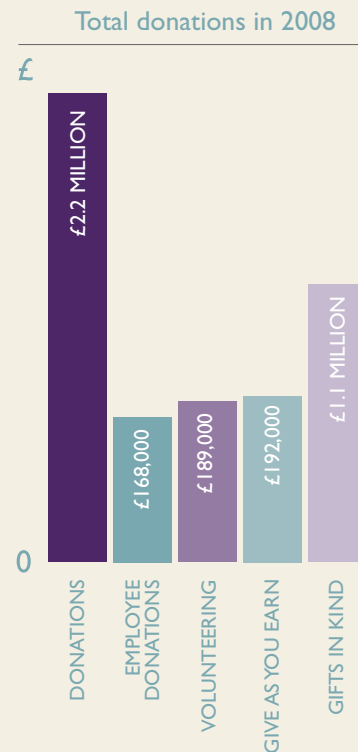


“A total of 7,250 employees around the world had a great time getting involved in their local communities.”

We believe that employees are most enthusiastic about getting involved in community engagement when the projects reflect their interests. Regional charity committees meet annually with the corporate responsibility function to agree on focus areas that fit with our three themes. At site level employee charitable committees meet more regularly to select projects within this framework. The committees are responsible for canvassing feedback to make sure we meet employees' expectations.

This year we continued to rollout volunteer weeks across the Group to Asia, the Middle East, Canada and Scandinavia. A total of 7,250 employees around the world had a great time getting involved in their local communities.

The new community policy provides guidance to our businesses in making the same opportunities available to our employees around the Group. This guidance also helps generate practical thinking about having a greater community impact while being smarter with our money.



Contributions

In 2008, we contributed £3.85 million to community projects, equivalent to 0.5% of pre tax profits. Approximately 35% of our employees participated in voluntary activities, spending on average 2 hours volunteering each.

Distributing reflective vests

“At RSA Sweden, we take child safety very seriously. As part of our insurance services for daycare centres and schools, we have provided 420,000 reflective vests to make children more visible to motorists. My job is to handle applications for the vests made through our website. We also give out reflective vests during our employee volunteering week. As well as improving child safety, this is great for team building.”

Lotta Gillgren
Project Manager (SMC),
Sweden



COMMUNITY - SAFETY



Road Safety

"Road accidents are a major problem in Colombia, causing more than 5,000 deaths and 40,000 injuries every year. As coordinator of the RSA Columbia Road Accident Prevention team, my role is to help reduce these figures.

We recently launched an initiative to educate employees and customers about safe driving. This includes a training handbook for motorcyclists and car and lorry drivers which we distribute by email. We also provide e-learning and face-to-face training, including tests to measure how fast people react to noise and visual stimuli.

Another course targets drivers of commercial fleets who are more at risk of being in an accident due to the amount of time spent on the road. The course is available in short modules designed to fit around their work schedule.

We also produce a monthly bulletin aimed at employees and customers providing information on different aspects of road safety, including seat belts, drinking and driving, effective braking, driving in poor weather conditions and extra precautions to take on public holidays - traditionally a high-risk time."

Jason Valdes
Road Safety Coordinator,
Colombia



Road safety

Motor insurance is a core part of our business. In many of the countries where we operate, traffic congestion, accidents and other road transport issues are growing concerns. We are committed to improving road safety awareness and cutting accidents and claims.

Chile

Our road safety education programme, Atentos y Seguros con RSA (Be Aware and be Safe with RSA), aims to tackle the high number of traffic incidents involving children. Primary school teachers, with the support of RSA employees, teach children about how to use the road safely. The programme uses games, competitions and an online club to reinforce its message. The programme reached 20,072 children in 2008.

Lithuania

For the last nine years our Lithuanian business has organised the safe traffic campaign "Save me". Every September, with the beginning of the new school year, RSA reminds drivers to be alert for children on the streets. Special signs are placed on street crossings where children are insured by the business for the week. No children have been injured on these specific crossings. At the end of the school year we also organise an internet campaign "Safe summer" to improve students' awareness of traffic safety during the summer holidays.

“We are committed to improving road safety awareness and cutting accidents and claims.”

Scandinavia

RSA is the leading provider of illness and accident insurance for children in Scandinavia. During 2008 we launched a new child accident prevention trust together with the Astrid Lindgren Children's Hospital in Stockholm. The purpose of the trust is to support research and education and also to support families who have been affected by their child's accident. It also works to prevent accidents by improving road safety knowledge.

During Volunteer Day 150 employees in six cities gave away brochures on child safety and 20,000 reflector tags to increase children's visibility in traffic.

In 2008 a similar trust was launched in Denmark. It handed out reflector vests to many Danish children, including all the school children in Brøndby, a major city near Copenhagen.

Employees in Norway also engaged in a project to improve traffic safety in the winter when the roads are particularly dangerous due to the limited light. Thirty employees gave away 2,000 reflector vests.

Life buoys

Since 1954 we have donated life buoys to all the Swedish municipalities, boat clubs and harbours. So far, approximately 500,000 life buoys have been donated in Sweden. Our life buoys save in average 10-12 lives every year across Sweden.



Fire safety in Latvia

Our business in Latvia and the National Fire Fighting and Rescue Service teamed up to teach kindergarten children about fire safety rules and what to do when faced with an unexpected situation. The fire safety lessons are taught by Baltins, a fire-fighting elephant character, who has visited 49 schools. After each event, the children were asked to discuss the new information with their parents and draw pictures of what they had learnt.



COMMUNITY - SOCIAL INCLUSION



A positive difference

"United Way is a charity that supports communities in need, providing financial counseling, employment training, food and shelter. In Toronto the economic crisis has hit vulnerable people hard and many people have turned to United Way for help.

Through the RSA sponsored employee programme, I got the chance to support the charity's tremendous work through a 16 week placement. This helped me to develop communication, public speaking and customer service skills. My time at United Way made me appreciate that we can all do our bit to make a positive difference to people's lives."

Ellie Carnevale
QAPI & Training Analyst,
Canada

As a leading home insurance company facing different social issues in different regions, we have an interest in promoting financial and social inclusion. We do this by creating innovative products and tackling social inclusion issues.

Canada

RSA has a long-standing relationship with the United Way, an organisation working to improve the lives of people from disadvantaged communities. Each year RSA Canada participates in 'Days of Caring'. Some 50 people donated their time to volunteer at various organisations. Activities include stocking shelves at food banks, helping disadvantaged youths with their homework, assisting new arrivals to Canada draft their CVs so they could find jobs and even organising recreational activities for troubled youngsters.

This year we also launched a sponsored employee pilot project, choosing one person to volunteer on a 16-week placement with the United Way. Ellie Carnevale was chosen to participate as one of the six sponsored employees that make up United Way's Professional team.



In preparation for the program, Ellie went through a week-long program learning about the United Way. She also received training in public speaking, finance and the United Way's online tool.

Colombia

In Colombia, we work with 'Un Techo para Colombia' a foundation dedicated to providing quality housing for low-income families. Employees contributed \$1,765,000COP (around £500) for the project.

“As a leading home insurance company facing different social issues in different regions, we have an interest in promoting financial and social inclusion.”

Danish Age Association

For the past 20 years we have cooperated with the Danish Age Association, supporting senior citizen initiatives and in particular initiatives which focus on Alzheimer's disease. Five of our senior consultants in Denmark help by setting up insurance meetings with the Age Association, as well as arranging social events like petanque. Members are given free assault insurance as well as discounted household insurance for those who live in nursing homes.

Mentoring in the UK

RSA works with 'Career Academies' a charity helping to raise the aspirations of 16-19 year olds in the UK through a two year study programme. The charity arranges mentoring and internships for teenagers considering a career in business, focusing on those from a fragmented or non-traditional educational background.

Mentors from our business act as role models, friends and advisors. The mentor meets the student twice a term for 18 months. It is an opportunity to review their progress on the programme and work

together on an agenda, as well as preparation for adult life such as creating a CV or understanding business etiquette.

The scheme gives employees the chance to help a young person at a critical stage of their life. It can also help provide valuable experience in developing their coaching, mentoring and management skills.



COMMUNITY - ENVIRONMENT

In addition to managing our own environmental impact and encouraging customers to manage theirs, we support a number of community environmental initiatives.

Colombia

RSA Colombia is helping restore the local ecology and wildlife in La Poma Ecological Park by planting and caring for trees. To launch the project and get employees involved they held an 'Ecology Day' for



employees and their families. Over a hundred trees were planted each representing a department, branch or area of the company; creating a great sense of ownership of the project within the company.

Ireland

Two huge containers of office furniture were sent to Sierra Leone, Africa's least developed nation, according to the UN, to aid the post-civil war reconstruction process thanks to a partnership between RSA Ireland and environmental charity, Green-Works.

RSA Ireland recently merged three of its offices in the Dublin City area and relocated to a new purpose-built corporate headquarters in Dundrum, South Dublin. The alliance provided an innovative and sustainable way to ensure RSA's old office furniture would be used for the benefit of others. RSA's former offices were stripped out and containers of furniture were delivered to the Ministry of Land in Freetown which stands at the heart of Sierra Leone's redevelopment and regeneration effort.

The forty foot containers, packed with more than 1000 units of furniture, took around 6 weeks to travel from Dublin to Freetown in West Africa. The remaining furniture in RSA's former buildings in Dawson Street, Dublin is being redistributed and re-used within communities closer to home.

Local initiatives

Through local charitable committees employees can address some of the issues affecting their local communities.

Asia and the Middle East

Following the success of the volunteer programmes in the UK, the first ever Volunteer Week was extended across Asia and Middle East in November 2008. A total of approximately 500 volunteers in the region took part, contributing almost 2,000 hours of time. The volunteer activities received overwhelming support from the RSA employees who took a day out to help those people in need and give something back to the community.



“It has showed that our employees want to be able to contribute to their communities and just need an invitation to do so.”



Oman

Almost 70% of employees enrolled for activities and contributed 144 hours of their time. Activities carried out included a cancer awareness walkathon organised by the National Association for Cancer awareness as well as cleaning up Qantab beach. Other RSA employees participated in organising family activities for World Diabetes day. RSA Oman also sent a volunteer speaker to conduct a session on empowering Omani women for AMIDEAST, a programme that helps women secure employment and trains them in leadership skills.

Bahrain

Volunteers from RSA Bahrain spent their time visiting the elderly as well as taking a children's home to the cinema. Others donated blood at the Bahrain Defence Hospital. A donation box in the office raised funds for the Down Syndrome Association.

Asia and Middle East Volunteer Week

“As coordinators for the first Asia and Middle East Volunteer Week we worked with local CR committees across the region to share ideas and identify what charities to support.

The week was a fantastic opportunity to help our communities and live up to our promise as a socially responsible insurer. For our employees it was an opportunity to make a hands-on contribution to causes close to their hearts and help them feel proud to work for RSA.

At the beginning it was a challenge to raise awareness among employees in the eight participating countries. We worked with the Group communications and CR team to develop email shots, posters and T-shirts to help country CR champions promote the event.

All the positive feedback we received from employees and the charities we supported is testament to the week's success, as well as the press coverage it generated. It has showed that our employees want to be able to contribute to their communities and just need an invitation to do so.

Organising the event helped build stronger ties between Group and country CR committees and champions. We all gained valuable experience and are glad to know that we have the support of senior management.

We have already had enquiries about the next Volunteer Week in 2009. We would like to see a broader range of activities and give our employees a greater say in what causes they want to support.”

Matthew Lee and Dorota Staszewska
Asia and Middle East Volunteer Week Programme Coordinators



COMMUNITY - ENVIRONMENT



China

In China, over 60 RSA employees in Shanghai and Beijing volunteered with teams visiting a special needs school and worked with senior citizens in Shanghai Weifang Bead House. The RSA Green Project Team also went to 10 local schools to give presentations on renewable energy to 300 local children.

With the tragic earthquake in Sichuan province, RSA has stepped up efforts in many ways to support those affected by this tragedy. Employees were eager to contribute something to support the rescue actions and within just 2 days we had raised over RMB 27,000 for the Chinese Red Cross. The business in Shanghai & in Hong Kong contributed RMB 50,000.

UAE

In Dubai, employees chose between planting trees, helping children with special needs or refurbishing a clinic.

Kingdom of Saudi Arabia

Volunteers from the Jeddah office gave road safety lessons to two local schools while employees from the Al Khobar office visited a children's home and elderly house. Volunteers from the Riyadh office spent a day with the Down Syndrome Association.



India

Employees at our Bangalore and Mumbai offices worked with the HOPE Foundation visiting underprivileged children and providing them with essentials such as books, shoes and rain coats.



Singapore

Working with the Salvation Army Gracehaven, employees in Singapore worked to improve a local school. They set up a new library for the children, cleaned out a hall to convert it into a small dance studio and cleared the grounds.

Bicycles to Africa

Since April 2007, our Danish business has donated approximately 600 bicycles to "European Baisikeli". If a bicycle is reported stolen and then found and handed in to police after the insurance money has been paid to the customers, it is given to European Baisikeli. The bicycles are then donated to projects in Africa such as bicycle repair workshops in Tanzania and in Sierra Leone. The profits from the sales of the bicycles are spent on education and establishing new bicycle repair workshops in Africa.



UK

Employees in the UK dressed up to participate in the pantomime horse derby for Breast Cancer Campaign. The networking event raised over £14,000 for the campaign. The funds are helping innovative world-class research to understand how breast cancer develops, leading to improved diagnosis, treatment, prevention and cure.

In Bristol, colleagues gave a local hospice for cancer patients a garden makeover. The new graduates and Fast Trackers turned their hands to helping others less fortunate with the charity Kids Company, renovating playgrounds and helping run art workshops with children. The Emerging Markets central team helped out a crime prevention charity, Victim Support, by working with an elderly resident who needed gardening assistance having been a victim of crime.

RSA works with Trees for Cities to replace trees which are removed by subsidence claims. Legal, company secretarial and compliance departments had the largest ever volunteer team of 70 employees. The team helped by planting trees, bulbs and wildflowers to improve the East London Park. In total, more than 1,200 UK employees were involved.

Ireland

Ireland's employees supported the Dundrum Festival in Dublin. A team of volunteers worked hard for two days cutting grass, getting rid of rubbish and tidying up public areas.

Denmark

Employees in Denmark volunteered their time, assisting at a race to raise awareness against bullying. The event was organised by Save the Children and attended by Crown Princess Mary.

To launch a new sponsorship of the Danish Gymnastics and Sports organisation, RSA sent invitations to a sports day to 150 local schools. A total of sixty employees from Codan and DGI organised activities to inspire children to become healthy as well as games with reflector vests to teach the importance of being visible in traffic. Approximately 300 children and their parents attended the event.

TARGETS & OBJECTIVES

	2008 Targets & Objectives	Progress	2009 Targets & Objectives
Strategy & Governance	Communicate brand beliefs across RSA	Achieved	Continue to embed Brand Beliefs across RSA
	Produce first communication on progress	Achieved	Update communication on progress
	Sign up to UNEP-FI	Achieved	Implement new policy framework
	First meetings of Group Exec Committee on CR	Achieved	Carry out Group wide employee CR survey
	Incorporate CR into regional CEO goals and targets	Achieved	Benchmark performance against peers and competitors
Marketplace	Maintain high levels of service in relation to claims and handling	<ol style="list-style-type: none"> 1. Extension of customer managers in UK 2. Rollout of Technical Academy 3. Winning with the Customer workshops (A&ME) 	Ongoing
	Continue to engage in the wider debate on the future of flood risk in the UK	We worked with the ABI Climate Wise to encourage the UK government to promote climate friendly behaviour	Ongoing
	Look to identify further opportunities for innovative products that provide added CR benefits	<ol style="list-style-type: none"> 1. Provision of 'Purehome' eco insurance in Canada 2. Launch of environmental liability product in Scandinavia 3. Launch of 'Greenwheels' motor insurance in UK 	Look to identify further opportunities for innovative products that provide added CR benefits in the areas of: <ul style="list-style-type: none"> - Environment - Charitable partners
	<ol style="list-style-type: none"> 1. Pilot of questionnaire in UK and Scandinavia 2. Work with FSPF on developing online system 	<ol style="list-style-type: none"> 1. 91 suppliers assessed in UK 2. Common financial services toolkit developed 	<ol style="list-style-type: none"> 1. Extend process to International business 2. Work with FSPF on SME approach
Workplace	Maintain 90% of personal performance linked to reward	Achieved	Ongoing
	Progress change of survey provider to focus on engagement and survey process	Achieved	Focus on improving the process and encourage leaders to listen to views, debate and create plans online
	Rollout of Fast Track, EDP and LDP	See Workplace	Ongoing
	Continue to embed strong performance management across Group	See Workplace	Increase number of employees with training/development plan Improve effectiveness of 1:1s in assessing application of beliefs/behaviours to work
Community	Rollout of national volunteer week in UK	Achieved	Expand RSA volunteer week to four other Group countries
	Review national community strategies across International	Achieved	Start to review national community strategies across Emerging Markets
	Formalise Group Community Policy/Commitments	Achieved	Implement Group Community Policy

Environment	2008 Targets & Objectives	Progress	2009 Targets & Objectives
	Implement environmental reporting tool	Achieved	Update CO ₂ coefficients to rebased historic data
	Electricity UK 10%	Achieved	15%
	Energy Ireland 10%	Achieved	10%
	Energy RSA Canada 5%	4.2% reduction made	3%
	Waste UK 10%	Achieved	5%
	Waste Denmark (paper) 5%	Due for completion 2010	Waste Denmark (paper) 5%
	Waste RSA Canada		2%
	Waste Ireland (paper) 10%	Achieved	10%
	CO ₂ Group 2.5%	Achieved	1.50%
	CO ₂ UK 5%	Achieved	2.50%
	CO ₂ Ireland (travel) 5%	Achieved	
	Paper Sweden 5%	Due for completion 2010	Paper Sweden 5%
	Paper Denmark 5%	Due for completion 2010	Paper Denmark 5%
	Travel (air) UK 5%	4.5% reduction made	5% (short haul)
	Travel (air) Sweden 1%	Due for completion 2010	Travel (air) Sweden 1%
	Travel (air) Denmark 1%	Due for completion 2010	Travel (air) Denmark 1%
	Travel (air) Ireland 10%	Not met	5%
	Travel (car) Ireland		5%
	Travel (air) RSA Canada 10%	Not met	
Travel (car) Sweden 5%	Due for completion 2010	Travel (car) Sweden 5%	
Travel (car) Denmark 2%	Due for completion 2010	Travel (car) Denmark 2%	
Recycling RSA Canada		2% increase	
Water UK		5%	

2009

Note 1: GCC has set targets for electricity (5%), gas (2%), paper (5%), waste (3%), recycling (3%) and video-conferences (5%) but no listed above as not national

ENVIRONMENTAL DATA TABLES

Reported data covers our operations in the UK, International (Denmark, Norway, Sweden, Canada, Italy and Ireland) and Emerging Markets (Latvia, Lithuania, Argentina, Brazil, Chile, Colombia, Mexico, China, Hong Kong, India, Singapore and UAE) for around 95% of the Group. The remaining 5% is estimated based on employee numbers.

All CO₂ baselines reset in 2008 due to incorporating estimated sites and new more 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.

Group carbon dioxide equivalent emissions (tonnes)

CO ₂ Emissions	Country/Region	2008	2007	2006
Total Tonnes	UK	34,381	39,862	43,208
	Scandinavia ⁽¹⁾	7,414	6,950	8,027
	Canada ⁽²⁾	8,214	8,037	5,036
	Ireland	1,341	1,404	1,753
	Italy	1,080	954	-
	Baltics ⁽³⁾	3,928	2,758	2,976
	Latin America ⁽⁴⁾	2,920	1,413	1,234
	Asia & Middle East	1,910	-	-
	Sites not reporting	3,594	10,468	15,013
	Total		64,782	71,846

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

CO ₂ Emissions	Country/Region	2008	2007	2006
Total Tonnes per full time equivalent	UK	4.0	4.6	4.8
	Scandinavia	2.5	2.2	2.3
	Canada	3.1	3.4	2.0
	Ireland	2.7	2.7	3.3
	Italy	2.9	2.8	-
	Baltics	1.8	1.2	1.2
	Latin America	1.6	3.2	2.0
	Asia & Middle East	1.1	-	-
	Sites not reporting	3.0	3.1	4.7
	Total		2.9	3.1

⁽¹⁾ Includes Norway for first time in 2008

⁽²⁾ In 2007, Johnson included for the first time. In 2008, CNS and Montreal included for first time.

⁽³⁾ In 2008, a number of new sales points were opened causing an increase.

⁽⁴⁾ In 2007, Colombia reported for first time, In 2008, Argentina and Chile reported for the first time.

Carbon dioxide emissions by source (tonnes)

Impact	Country/Region	2008	2007	2006
Site energy consumption	UK	22,942	28,901	31,172
	Scandinavia	2,560	2,667	3,222
	Canada	3,552	3,398	2,532
	Ireland	881	923	1,268
	Italy	607	719	-
	Baltics	1,155	1,335	1,272
	Latin America	1,499	752	692
	Asia & Middle East	660	-	-
Non-energy site emissions	UK	870	1,729	1,871
	Scandinavia	194	133	290
	Canada	73	79	87
	Ireland	41	34	57
	Italy	30	27	-
	Baltics	91	100	110
	Latin America	195	129	118
	Asia & Middle East	142	-	-
Company owned vehicles	UK	5,915	4,830	5,531
	Scandinavia	2,419	2,486	2,697
	Canada	2,490	2,761	1,292
	Ireland	294	340	364
	Italy	255	57	-
	Baltics	1,605	1,163	1,515
	Latin America	247	161	224
	Asia & Middle East	196	-	-
Business travel	UK	4,654	4,401	4,635
	Scandinavia	2,240	1,663	1,819
	Canada	2,098	1,799	1,126
	Ireland	124	107	64
	Italy	189	151	-
	Baltics	1,077	160	79
	Latin America	978	371	200
	Asia & Middle East	912	-	-

ENVIRONMENTAL DATA TABLES

Environmental data trends 2006-2008

Environmental data is reported by regions due to the number of individual countries reporting. Data by individual country is available at www.rsagroup.com

Performance indicator	Country	2008		2007		2007	
		Absolute	Norm	Absolute	Norm	Absolute	Norm
Electricity (Abs: MWh) (Norm: kWh/emp)	UK	35,054	4,073	43,757	5,085	46,547,17	5,1775,0
	Scandinavia	10,635	3,587	17,113	5,432	43910,81	269,6524
	Canada	12,860	4,899	10,209	6,483	62,185	,393
	Ireland	1,369	2,738	1,563	3,567	5,0601,79	1,9762,9
	Italy	890	2,386	642	1,906	2	43
	Baltics	4,522	2,069	5,607	2,454	-	-
	Latin America	4,087	2,236	4,333	5,009	5,0601,79	1,9762,9
	Asia & Middle East	853	481	-	-	2	43
Gas (Abs: MWh) (Norm: kWh/emp)	UK	21,737	2,526	28,721	3,337	26,626	2,961
	Scandinavia	11	7	9	12	9	12
	Canada	3,878	2,587	6,072	9,863	1,698	3,535
	Ireland	720	1,440	416	949	468	941
	Italy	495	1,326	100	296	-	-
	Baltics	1,151	527	782	342	685	267
	Latin America	249	291	0	0	0	0

Performance indicator	Country	2008		2007		2007	
		Absolute	Norm	Absolute	Norm	Absolute	Norm
Water (Abs: m3) (Norm: ltr/emp)	UK	90,539	10,519	120,708	14,027	143,039	15,908
	Scandinavia	19,600	6,980	25,157	7,985	23,963	6,906
	Canada	26,068	9,930	29,439	18,694	43,453	38,776
	Ireland	2,346	4,692	34,000	77,608	34,000	68,365
	Italy	10,627	28,490	12,020	35,667	-	-
	Baltics	11,789	5,395	10,172	4,452	12,163	4,749
	Latin America	31,511	20,854	21,663	39,532	5,266	16,405
	Asia & Middle East	454	311	-	-	-	-
Total Waste (Abs: t) (Norm: kg/emp)	UK	2,315	269	3,178	369	3,719	414
	Scandinavia	319	114	400	127	461	133
	Canada	233	89	310	84	231	206
	Ireland	235	469	163	373	219	440
	Italy	50	133	-	-	-	-
	Baltics	153	70	166	73	184	72
	Latin America	236	182	223	257	200	329
	Asia & Middle East	18	145	-	-	-	-
Paper (Abs: t) (Norm: kg/emp)	UK	1,344	156	1,123	130	1,267	37
	Scandinavia	367	124	350	111	235	68
	Canada	307	117	282	120	160	118
	Ireland	29	58	31	61	24	48
	Italy	149	399	206	614	-	-
	Baltics	82	38	82	36	60	23
	Latin America	243	133	83	121	26	42
	Asia & Middle East	152	86	-	-	-	-

Note 1: Figures 0.5 and greater are rounded up to the nearest whole unit

Note 2: All conversion factors found at www.onlineconversion.com



United Nations Global Compact














GRI INDEX
























This table covers the Global Reporting Initiative indicators found in this report. According to our assessment the report meets application level B+ of the GRI G3 guidelines. The table also shows how we meet the UN Global Compact Principles covering human rights, labour standards, the environment and anti-corruption, and the Association of British Insurers (ABI) ClimateWise Principles.












	Page no.	GRI G3 guideline	UNGC Principles	ClimateWise Principles
Strategy & analysis	4-5 10, 15	1.1 Core 1.2 Core		
Profile	Front cover 7, 16 7 See below ⁽¹⁾ 7, 16 See below ⁽²⁾ 7, 16 6-7, 40 3 11	2.1 2.2 2.3 2.4 2.5 2.6 2.7 2.8 2.9 2.10		
Report parameters	3 3 3 2	3.1 3.2 3.3 3.4		
Report scope & boundary	10, 12 3 3 3 3, 60 3, 60 3, 60	3.5 3.6 3.7 3.8 3.9 3.10 3.11		
GRI content index	64-67	3.12		
Assurance	68-69	3.13		

⁽¹⁾ <http://www.rsagroup.com/rsa/pages/contactus/registeredoffice>

⁽²⁾ <http://www.rsagroup.com/rsa/pages/aboutus/aboutushome>

	Page no.	GRI G3 guideline 	UNGC Principles 	ClimateWise Principles 
Governance	4, 14-15	4.1		
	14-15	4.2		
	14-15	4.3		
	12-13, 40-43	4.4		
	14-15	4.5		
	14-15	4.6		
	14-15	4.7		
	8-9	4.8	 1  10	
	14-15	4.9		 6
	14-15	4.10		
Commitments to external initiatives	14-15, 19	4.11	 7  9	 1
	12	4.12		
	11-12	4.13		 2
Stakeholder engagement	13	4.14		
	8, 10-11, 12-13	4.15		
	13	4.16		
	10, 12-13	4.17		
Economic performance	17	EC1 Core		
	28-30	EC2 Core		
	46-47	EC3 Core		
	11	EC4 Core		
	16-18, 29-30, 48-49	EC8 Core		
	6, 17	EC9 Additional		 4

	Page no.	GRI G3 guideline 	UNGC Principles 	ClimateWise Principles 
Environmental performance	34-35, 63	EN1 Core		
	34-35	EN3 Core		
	34-35, 62	EN4 Core		
	34-35, 62	EN5 Additional		 5
	28-30	EN6 Additional	 8  9	 1  3
	34-35, 62	EN7 Additional	 8	 5
	34, 63	EN8 Core		
	33-34, 60-61	EN16 Core		
	33-34, 60-61	EN18 Additional	 8	 1  3  5
	34, 63	EN22 Core		
28-32	EN26 Core	 9	 3  5	
33-34	EN29 Additional	 8		
33	EN30 Additional			
Labour practices and decent work	40	LA1 Core		
	46	LA3 Additional		
	41	LA4 Core	 3	
	41	LA5 Core		
	47	LA7 Core		
	47	LA8 Core		
	44-45	LA11 Additional		
	46	LA13 Core	 1  4  5  6	

	Page no.	GRI G3 guideline 	UNGC Principles 	ClimateWise Principles 
Human rights	6	HR1 Core	 2	
	25	HR2 Core	 2	
	46	HR6 Core	 2	
			 5	
	46	HR7 Core	 2  4	
Society	9, 40	SO3 Core	 10	 2
	11	SO5 Core		
	11	SO6 Additional		
Product responsibility	22	PR3 Core		
	20-22	PR5 Additional		
	22	PR6 Core		
Financial services sector supplementary indicators	9	FS1 Core		
	6, 8, 15, 25	FS2 Core		
	6, 25	FS5 Core		
	7	FS6 Core		
	16-18	FS7 Core		
	28-30	FS8 Core		
	14	FS9 Core		
	17	FS13 Core		
	17	FS14 Core		
	22	FS15 Core		
22	FS16 Core			

EXTERNAL ASSURANCE STATEMENT AND COMMENTARY

To the management of RSA Insurance Group Plc:

Corporate Citizenship was commissioned by RSA Insurance Group Plc to undertake an independent review of its Corporate Responsibility (CR) Report 2008, covering January to December 2008. This statement is a reflection of the work undertaken and is addressed to the management of RSA.

Scope of work:

The scope of this verification was confined to the environmental, health and safety and community investment data within the report. The purpose of the process was to assess whether RSA's Corporate Responsibility Report 2008 gives a fair representation of performance for the year in these areas.

This is the fourth consecutive year that Corporate Citizenship or its predecessor The SMART Company has provided assurance for RSA's CR Report. This year, RSA has once again agreed to increase the number of interviews conducted by Corporate Citizenship with key personnel across the group, thus further strengthening the assurance process.

The assurance was informed by the principles of the Assurance Standard AA1000 2003: materiality, completeness and responsiveness. As part of the assurance process, the following tasks were performed:

- Review of base and aggregated data;
- Review of data trends and investigation into any significant irregularities;
- Review of report's text to ensure it is consistent with the data;
- Interviews with key personnel responsible for CR within the following regions: United Kingdom, Canada, Scandinavia and Africa and the Middle East;
- Review of the underlying activity data and approach used to calculate RSA's 2008 Greenhouse Gas Emissions.

Carbon emissions conversion factors were not specifically included in the scope of this year's assurance process, but have been independently verified by another third-party agency as part of RSA's process of purchasing carbon offsets.

Our opinion:

In our opinion, the report provides a fair representation of the progress RSA has made in living out its commitments to managing environmental and social impacts. We have investigated the processes RSA has in place for managing these issues and nothing has come to our attention to suggest that information presented in the Report has been materially misstated.

Corporate Citizenship is also broadly pleased to see improvements in the data collection process upheld by RSA in 2008. We provide more detailed commentary and recommendations for future reporting below.

Commentary and Recommendations:

Reliability of the data

There have been improvements in the reliability of the data collected in 2008 - especially with regard to the collection of energy and water data and in Scandinavian countries where water data reported in previous years had been estimated.

We are pleased to note that more regions are now reporting energy data including Norway, Argentina, China, Hong Kong, India, Singapore, UAE and Chile. Reporting of water use, paper and waste data has also improved across the group. Additionally, data collection and data reliability have been further improved in 2008 by the introduction of a quarterly data collection process and an online data collection system. Several queries in relation to the reported performance trends were raised with RSA during the assurance process. These queries were addressed where necessary and we are satisfied with the responses and explanations provided.

Corporate Citizenship, however, recommends that, in future, steps be taken to address the following concerns regarding the materiality, completeness and responsiveness of the report.

Materiality

- RSA is continuing to set time specific quantitative targets; however, we encourage RSA to set similar targets for their operations in Asia and the Middle East. Targets are considered an important part of any management system aimed at improving performance systematically over time. Given the regional differences that exist in the various parts of the group, we accept that such targets may need to be different for different locations in order to be realistic and achievable.

Completeness

- RSA have continued to increase the scope of reporting countries as recommended last year;
- The roll out of their online data collection system has resulted in more complete and accurate data collection;
- This year, as part of the assurance process, interviews were held with more regions following the appointment of CR managers in Scandinavia and Asia.

Responsiveness

- RSA has shown evidence of increasing engagement with employees and external stakeholders. Following recommendations made last year, we are pleased to see RSA reporting on their engagement in more detail.

Conclusion

Having reviewed the content of this report and challenged RSA on points related to the accuracy and completeness of the data contained within it, we are satisfied that this report is a fair and reasonable reflection of the group's environmental, health and safety and community investment performance.

Corporate Citizenship

London, 21 April 2009

Corporate Citizenship is a management consultancy formed in January 2008 by the merger of The SMART Company and The Corporate Citizenship Company, specialising in corporate social responsibility. Information on our competencies, independence and impartiality is available on our website: <http://www.corporate-citizenship.com/what-we-do/assurance/>.



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