

CORPORATE RESPONSIBILITY REPORT 2012

USING OUR EXPERIENCE
TO HELP CUSTOMERS STAY
SAFE AND SECURE
WHILE STRENGTHENING
COMMUNITIES
AND PROTECTING THE
ENVIRONMENT



2012 IN NUMBERS

FINANCIAL AND CORPORATE RESPONSIBILITY HIGHLIGHTS

DIRECT ECONOMIC VALUE GENERATED*

£1.7bn

*The excess of premiums and other income over costs and claims paid

 ENVIRONMENT

700,000

customers encouraged to join in the WWF Earth Hour action to highlight energy use

 COMMUNITY

£1.6m

corporate donations

 SAFETY & SECURITY

275,000

free reflectors, high-vis vests and belts handed out in Scandinavia, Estonia, Lithuania and the UK

BUSINESS OVERVIEW

£8.35bn

net written premiums, a growth of 5%
(at constant exchange)

£479m

profit before tax

10.1%

underlying return on equity

£14.3bn

investment funds

With a 300-year heritage, RSA is one of the world's leading multinational listed insurance groups. We have major operations in the UK, Scandinavia, Canada, Ireland, Asia, Central and Eastern Europe, the Middle East and Latin America and have the capability to write business in more than 140 countries. We provide property, motor, pet and household insurance and have strong positions in the marine, renewable energy and construction and engineering sectors.

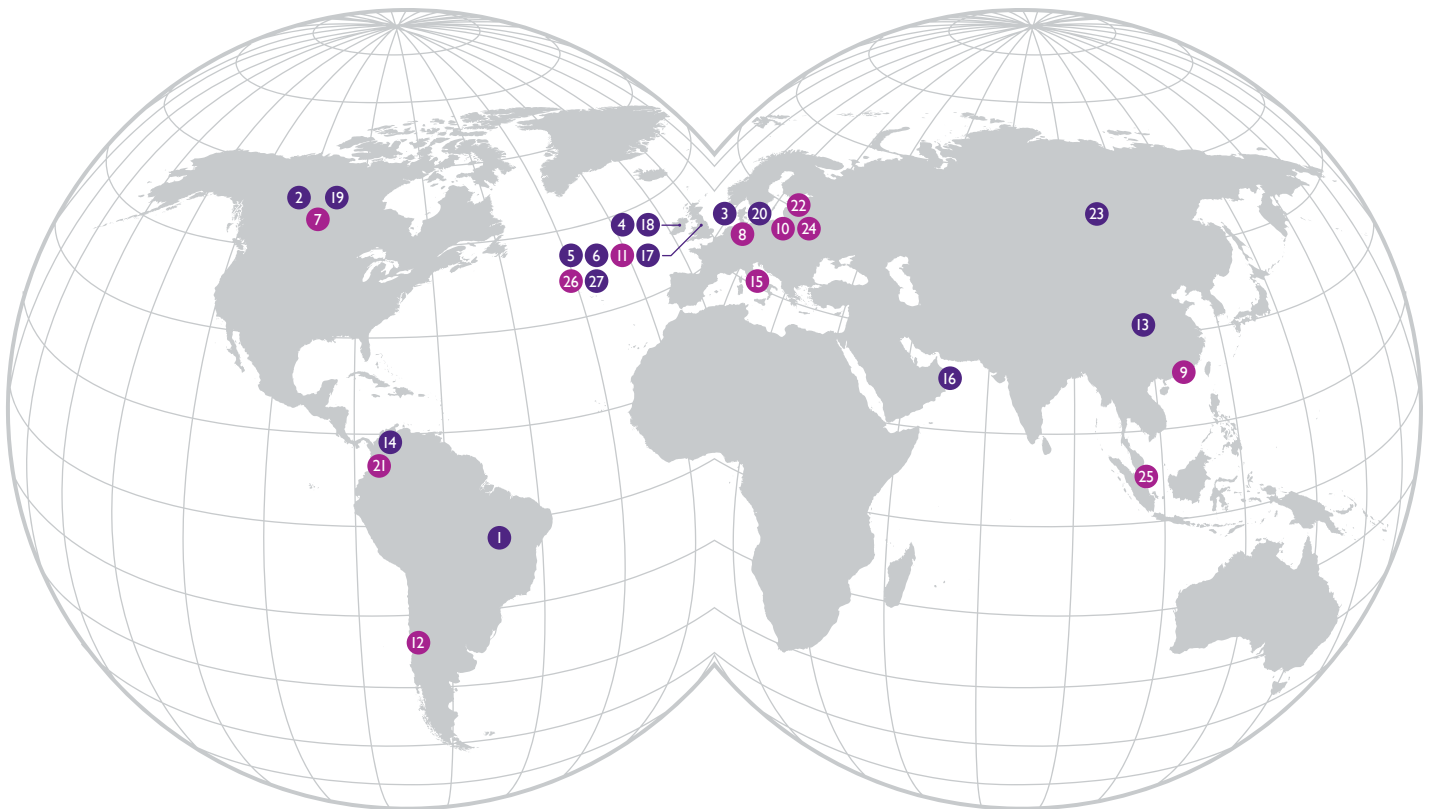
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OUR CORPORATE RESPONSIBILITY AT A GLANCE

Our corporate responsibility activities range from supporting renewable energy to promoting road safety. Environment, Community and Safety & Security are our main focus areas throughout the Group, from Argentina to Estonia, Canada to China.



ENVIRONMENT

- 1 **Brazil** 'Seeing is Believing' competition trip
- 2 **Canada** investigating environmental risks from changing sea-ice distribution
- 3 **Denmark** helping customers cope with the threat of floods
- 4 **Ireland** supporting research into the benefits from the renewable energy sector
- 5 **UK** insuring offshore wind farms
- 6 **UK** introducing a more sustainable approach to drying flooded properties
- 7-11 **Globally** Earth Hour and environmental volunteering in Canada, Denmark, Hong Kong, Lithuania and the UK

COMMUNITY

- 12 **Chile** donating a share of premiums to help finance house building
- 13 **China** supporting fundraising to benefit 6,000 schoolchildren
- 14 **Colombia** raising money to help rebuild houses for vulnerable families
- 15 **Italy** volunteering to support local industries in Emilia Romagna following the earthquakes
- 16 **Oman** training young people in workplace skills
- 17 **UK** a new intranet site to inspire employee activity
- 18 **Ireland** supporting a sporting association for people with learning disabilities

SAFETY & SECURITY

- 19 **Canada** launched an online tool to give homeowners expert advice on preventing home losses
- 20 **Denmark** handing out free reflectors and high-visibility jackets
- 21-22 **Colombia** and **Latvia** promoting safe driving and managing risks in commercial fleets
- 23 **Russia** a responsible driving campaign aimed at experienced drivers
- 24-26 **Globally** helping school children stay safe on the roads in Lithuania, Singapore and the UK
- 27 **UK** campaigning for better eye tests for motorists

AT A GLANCE

↓
15 Italy

The earthquake that struck the Emilia Romagna region in northern Italy in 2012 threatened the region's economy and in particular, its parmesan-cheese producers. Our employees volunteered to help the region's farmers sell their cheese and helped them earn around €80,000.



←
25 Singapore

We took road safety messages into primary schools, in Singapore, Lithuania and the UK with advice on how to stay safe on the roads.

↑
11 UK and other countries

Employees around the world supported WWF's Earth Hour action including our offices in Canada, Denmark, Hong Kong, Lithuania and the UK. Our UK brand MORE Th>N was the official UK partner and encouraged customers to participate.

↓
22 Latvia

We promoted safe driving skills in commercial fleets in Latvia and Colombia, including co-sponsoring the BALTA annual Safest Corporate Fleet award for best practice in safe fleet management, covering driving skills, preventative safety action and improved fleet maintenance.

→
12 Chile

We developed an insurance product that gave a percentage of premiums to TECHO, a charity that builds houses and creates communities for vulnerable people throughout Latin America and the Caribbean.



for more information on CR activities visit:
www.rsagroup.com/rsagroup/en/corporate-responsibility

GROUP CHIEF EXECUTIVE INTRODUCTION



“Protection is at the heart of everything we do at RSA. We work with our customers to identify and manage the risks they face and have been doing this successfully for more than three centuries.”

Simon Lee.

Simon Lee,
Group Chief Executive

This year alone we helped thousands of individuals and businesses recover from the effects of natural catastrophes such as earthquakes in Italy, Hurricane Sandy in North America and flooding in the UK caused by record wet weather.

Our products and services mean people can invest for the future knowing we will be there to support them and get them back on their feet if the unexpected happens.

Insurance gives people confidence and our industry is most valuable to society when it helps customers to be successful and secure.

Our value also depends on being a responsible business. We continue to consider carefully our relations with our customers and suppliers and the ways we engage with our employees. Diversity, inclusion and ensuring we have a healthy workplace which supports people's wellbeing are top priorities.

The work we undertake on the environment is helping to tackle one of the great challenges of our time. Climate change can be seen in the increasing incidence of major weather events which devastate people's homes and businesses.

In 2012 I saw for myself what can happen when disaster occurs. I travelled to the Atlantic rainforest in Brazil with the winners of our 'Seeing is Believing' competition which we ran with our partners at the WWF. Landslides caused by deforestation and heavy rainfall scar the landscape there and have had tragic effects on local communities.

We are determined to raise awareness of issues like these and gain a better understanding of environmental risks. We are also committed to reducing our own environmental impacts and through our work in the energy sector we are helping to reduce reliance on non-renewable resources.



↑ The winners of the 'Seeing is Believing' competition in the Atlantic rainforest in Brazil.

↓ Simon Lee, Group Chief Executive, in Brazil during the 'Seeing is Believing' trip.



Meanwhile our community activities enable employees in the 31 countries we operate in to receive support for the charities and good causes which matter to them. In 2012 we made £1.6m in donations and over 1,600 RSA volunteers devoted almost 8,000 hours to charitable activities. We are addressing social and financial exclusion by improving access to insurance for less-advantaged people and helping young people to improve their prospects by developing their skills and employability through internships and mentoring schemes.

And our work on safety and security includes campaigns to reduce road accidents, enhance night-time visibility and teach children to be safe. We also provide our customers with advice on how to avoid events such as flooding and fire which can damage their properties and disrupt their businesses.

After five years with the same corporate responsibility (CR) strategy we felt the world – and RSA – had moved on and so we undertook a strategic review. This recommended that the initiatives we undertake under the three main pillars of our CR activities – Environment, Community and Safety & Security – should be fully integrated into our day-to-day business. We are making sure this happens.

We are committed to all three pillars for the long term. They fit our business, engage our employees and contribute to the places where we operate.

Meanwhile we have strengthened our CR governance structures, as recommended by the review. In conjunction with the Board,

I take ultimate responsibility for the entire programme and am supported by four members of the executive committee because leadership on this should come from the top and flow all the way through the organisation. We will be talking more about our renewed strategy in 2013.

We continue to play a leading role in supporting the work of other organisations in this field, endorsing the principles of the UN Global Compact. We are also committed to integrating into our business the principles in the UN Declaration of Human Rights and the International Labour Organisation core labour standards and are active in the UN Environment Programme Finance Initiative. As a leading marine insurer we are a member of the Sustainable Shipping Initiative and we are also a member of Climatewise.

Our history and track record of supporting our customers, communities and our employees show RSA takes a responsible, sustainable and practical view about how we operate.

The ambitions we have as a business, the commitment we show to our customers and the enthusiasm of our people combine powerfully in our work on CR. That is a source of motivation and pride for us all.

“Insurance gives people confidence and our industry is most valuable to society when it helps customers to be successful and secure.”

OUR APPROACH TO CORPORATE RESPONSIBILITY

RSA is a leading player in a £3 trillion global insurance industry which provides vital financial protection for individuals, businesses and the economy. We give people the confidence to live their lives and do business with the security of knowing they are protected if things go wrong.

RSA has underwritten risks since 1710 and is a leading multinational insurer. We are a global company with businesses in both mature and emerging markets, employing about 23,000 people and serving approximately 17 million customers in 140 countries. Our focus is on general insurance products and services including motor and property as well as speciality lines such as marine and renewable-energy projects.

We contribute to society by using our understanding of risk to provide our customers with the security they need to progress. We help improve safety and give confidence to undertake activities from buying a home to building a business. The protection we provide against financial losses helps to sustain demand and reduce economic volatility. Our understanding of risks means we design innovative products which can help tackle global challenges ranging from climate change to social exclusion.

Beyond these contributions, we believe we have a duty to respond to global trends and stakeholder concerns. Our corporate responsibility (CR) strategy is designed to prioritise these issues and to embed a responsible approach in all our business activities.

In 2012, our business generated direct economic value amounting to £1.7 billion, the excess of premiums and other income over costs and claims paid. Our employees received the greatest share of this (£1 billion) our income tax charge and social security payments on employment amounted to £255 million. We distributed £336 million to shareholders. See 'Our Direct Economic Value to Society' table on our CR website. Direct contributions to charities, excluding the fundraising efforts of our employees (see page 17), were worth £1.6 million.

Responsibility is central to how we operate, with 'Doing the Right Thing' an intrinsic part of our values. We strive to conduct our business with integrity and in a fair, transparent manner, adhering to ethical standards and responding appropriately to stakeholders' needs.

Our CR strategy is designed to address environmental, social and economic issues most relevant to our industry, particularly those highlighted on these pages.

KEY GLOBAL ISSUES

£5bn

FLOOD CLAIM COSTS PAID BY UK INSURERS SINCE 2000

ISSUE

Increase in frequency and magnitude of extreme weather events.

RELEVANCE

The increase in extreme weather events, including storms, hurricanes and floods, threatens lives and habitats, disrupts business and leads to escalating claims. UK insurers have paid around £5 billion in flood claims since 2000, increasing the need to adapt to the effects of climate change.



POPULATION CHANGES

ISSUE

25% estimated increase in world population by 2050; 70% of the planet's 9 billion people will live in cities.

RELEVANCE

Rapid growth creates new and expanding markets but puts enormous pressure on social and physical infrastructure. Safety and security will be a growing issue in cities. Demands on services and access to energy, food and water will also present challenges in many countries and could lead to political and social instability.

70%



for more information on CR activities visit: www.rsagroup.com/rsagroup/en/corporate-responsibility



ACCESS TO FINANCE

ISSUE

2.5 billion people with no access to financial services.

RELEVANCE

Financial services underpin modern economies and help people escape poverty and encourage enterprise and entrepreneurship. People and businesses can take bolder decisions with the confidence that insurance will protect them if things go wrong.

2.5bn

60%



CONSUMPTION GROWTH

ISSUE

60% increase in amount of food needed by 2050. Society will also need 80% more energy.

RELEVANCE

Increased demand for resources will spur economic growth but raise the likelihood of further deforestation, water scarcity, habitat damage and climate change. The resulting environmental degradation would present new and increased risks for communities and businesses.

OUR STRATEGY

Our CR strategy is founded on our analysis of the global issues highlighted on the previous page. We focus on issues most significant to our business and on those where we can make the greatest positive difference.

We develop our CR strategy following the principles of AA1000 – inclusivity, materiality and responsiveness – which involves wide consultation. The first step is the identification of stakeholder groups that can influence or be affected by our business, including customers, employees, investors, suppliers and NGOs. We engage stakeholders to understand their concerns and views on a wide range of issues and our CR approach. This analysis is enhanced through collaboration with industry and sustainability organisations, including ClimateWise and the Sustainable Shipping Initiative.

The range of issues addressed through our CR strategy is determined by considering materiality – the significance and relevance to our business and stakeholders – of each issue. We respond by developing CR programmes to address the most material issues. This report summarises our main response to stakeholders on our approach and performance.

IDENTIFYING PRIORITIES

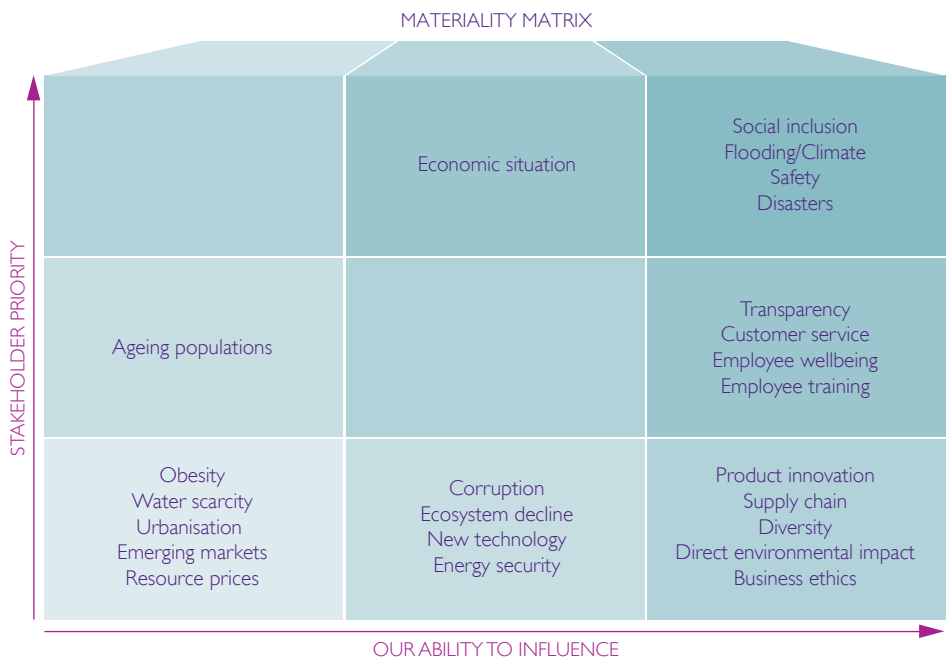
Each year, we commission international research into the detailed views of analysts, institutional investors, NGOs, academics and other experts. Priorities identified in the 2012 survey included: addressing social exclusion, building transparent relationships with customers and brokers; building trust and confidence in the insurance industry; responding to environmental impacts; and tackling climate change.

The views of our employees are also important. We survey them annually and in 2012 they highlighted consumer confidence in financial services companies and climate change as the issues most important to RSA.

We reviewed the combined feedback of this research to create the materiality matrix, which identifies our priorities. These are:

- Social inclusion;
- Flooding and climate change;
- Safety; and
- Disasters.

We are responding to these issues through the three focus areas of our CR strategy: Environment, Community and Safety & Security. Each of these areas is covered later in this report.



REVIEWING OUR CR STRATEGY

In 2012, we undertook a thorough review of our CR strategy to ensure it addresses stakeholder and business priorities. The process involved interviewing senior managers to understand their aspirations and the actions they see as critical to the success of RSA. We also benchmarked our progress against our peers to understand our strengths and weaknesses; assessed socio-economic and environmental trends and how they could impact our business; and carried out an extensive stakeholder engagement exercise.

This review concluded that the three broad themes central to our CR strategy in the past continue to be the right areas to focus on: Environment, Community and Safety & Security. However, we need to reposition our activities in each area to engage employees more effectively and improve alignment with business goals.

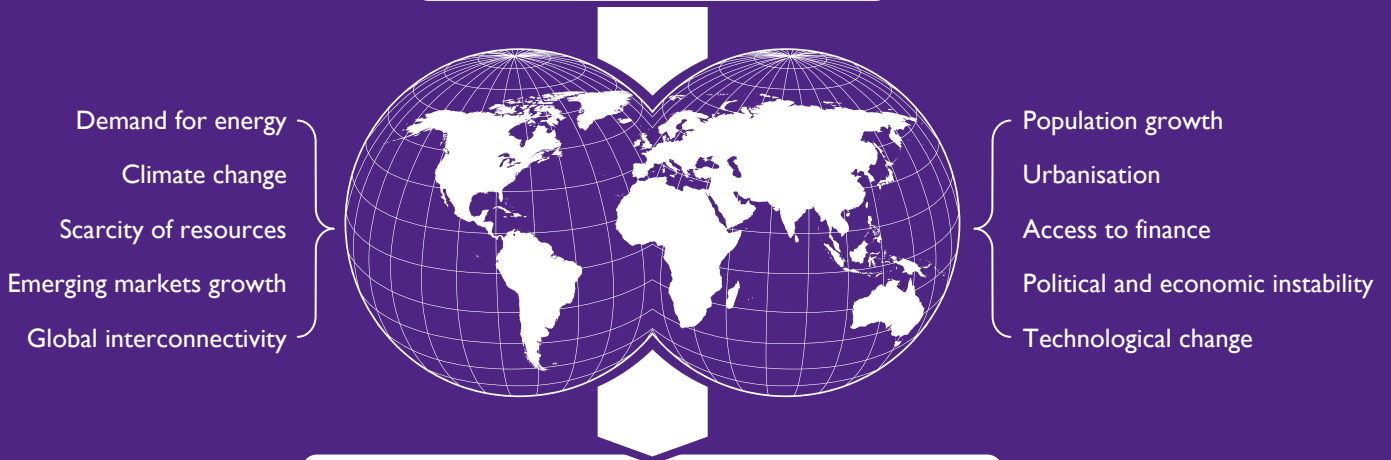
Our CR strategy also needs to be more closely integrated into the business in all regions, based on a company-wide long-term vision with strategic goals that fit with regional priorities. This process will require greater senior executive leadership.

We have created a new governance structure (see page 22), with senior executive responsibility, accountability and high-level ownership for each focus area. Our revised CR strategy, to be launched in 2013, will help us:

- Capitalise on market opportunities such as increased demand for clean energy;
- Anticipate and manage the material social and environmental risks we face through our value chain, such as extreme weather and flooding;
- Provide practical information, products and services to customers to help them manage risks and reduce claims; and
- Create greater involvement and engagement among our people;
- Continue to reduce our direct environmental impacts; and
- Increase our contribution to our communities.

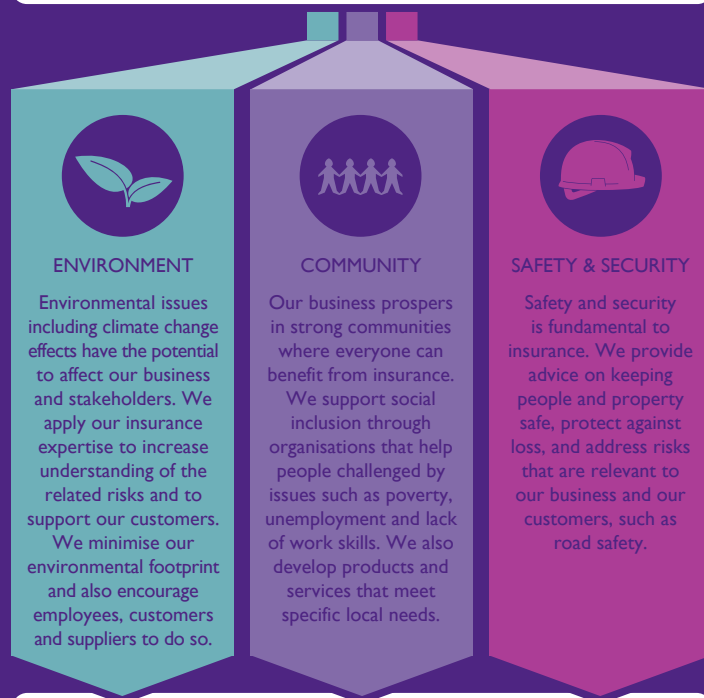
GLOBAL ISSUES

Unprecedented social, economic and environmental developments worldwide present both risks and opportunities to our business.



MATERIALITY

We focus on the issues most significant to our business and stakeholders and where we can make the greatest difference.



RESPONSES



RISK ANALYSIS

We work with partners to improve understanding of environmental risks and opportunities ranging from the integration of environmental considerations in bond portfolios to the prospects for sustainable aquaculture.

FOOTPRINT REDUCTION

We are on track to achieve our 2020 target for a 50% reduction in CO₂(e) emissions (relative to net written premiums). Our operations in the UK and Ireland remain carbon neutral.

WORK SKILLS

We help young people to develop the work-related skills that will expand their opportunities, using the experience of RSA staff.

ACCESS TO INSURANCE

We develop products and services designed to break down barriers to insurance. In India we work with the government to bring health cover to the rural poor.

SAFETY ADVICE

We alert customers to weather-related risks using emails and text messages, and in some countries incentivise customers to reduce their risks.

ROAD SAFETY

We encourage safer driving with discounts for drivers who have a good record and training for business customers. We promote safe behaviour by other road users, including children.

ISSUE

ACCELERATING GHG* EMISSIONS COULD LEAD TO A
3–6°C WARMING
AND POTENTIALLY DANGEROUS CLIMATE CHANGE EFFECTS

RESPONSE

WE ARE WORKING WITH EXTERNAL PARTNERS SUCH AS WWF
TO IMPROVE UNDERSTANDING OF
ENVIRONMENTAL RISKS

IMPACT

OUR MAPPING OF CHANGES IN SEA-ICE INFORMS
MULTIPLE AGENCIES IN THE
**ENVIRONMENTALLY
SENSITIVE ARCTIC REGION**

**CASE STUDY:
BETTER UNDERSTANDING
ENVIRONMENTAL RISK**

Changing sea-ice distributions could present new risks to the sensitive environment in the Barents Sea within the Arctic Circle. In 2012, research with WWF used RSA's mapping technology to gather data on the effect of changes in shipping on specific species of fish, mammals and birds. WWF is using the data to develop guidelines safeguarding the area, while RSA is using the data to improve our understanding of environmental risks in the region.

* Greenhouse gas



for more information
on CR activities visit:
[www.rsagroup.com/rsagroup/
en/corporate-responsibility](http://www.rsagroup.com/rsagroup/en/corporate-responsibility)



ENVIRONMENT

The risks from climate change effects, including flooding, are of great concern to our business and stakeholders. They are therefore prioritised in our materiality process and core to our environmental strategy.

RENEWABLE ENERGY

70%

By 2030 70% of Ireland's electricity demand could be met by renewable energy

EARTH HOUR

600

Organisations in Copenhagen supported Earth Hour

Our strategy is focused on gaining a better understanding of environmental risks, including those related to the effects of climate change. We aim to use this information to help our customers and wider society better understand, mitigate and adapt to these risks. At the same time we have a responsibility as a major global business to continue to reduce our own environmental impacts and support our employees, suppliers and customers in doing this as well.

UNDERSTANDING CURRENT AND EMERGING

Working with a number of external partners, including the WWF, Forum for the Future and Climatewise, we carry out research to understand better current and emerging environmental risks.

↓ Employees supporting WWF 'Earth Hour' in Scandinavia.



In 2012, with WWF, we carried out research on a number of topics including the systemic nature of global environmental risks, the prospects for sustainable aquaculture and the integration of environmental considerations into bond portfolios. In Ireland, we sponsored WWF's Positive Energy report* which concluded that renewable energy could meet more than 70% of the country's electricity demand by 2030.

These research findings provide our business with risk insight and information to support new product and service development. In some cases, this has provided thought leadership and supported our engagement with policymakers. For example, we have been active in industry negotiations with the UK Government on insurance for flood-prone areas.

RAISING ENVIRONMENTAL AWARENESS

Engaging employees and customers in understanding the issues is key to the success of our environmental strategy. In 2012, we launched a Group-wide Green Network, an online forum supporting RSA environmental champions around the world. These champions generated action and volunteering including support for the annual WWF Earth Hour campaign see www.earthhour.wwf.org.uk/.

Our UK brand, MORE Th>N, was the official UK partner for the Earth Hour and our employees joined in with a vigorous communication campaign, encouraging over 700,000 customers to switch their lights off for an hour to raise environmental awareness. In Copenhagen, employees visited companies, shops and restaurants, persuading approximately 600 organisations to support Earth Hour.

We also help customers to reduce their risk exposure, using social media in many countries to warn of impending extreme weather (see *Helping Customers to Stay Safe*, page 20). Our risk-mapping technology pinpoints locations liable to flooding and identifies customers at risk so that we can react quickly. In Denmark, customers get a discount for installing devices which protect against drains backing up and flooding basements.

* Found at: www.assets.wwf.org.uk/downloads/positive_energy_summary_roi_nov_2012.pdf

ENVIRONMENT

In the UK and Ireland, RSA's Engineering Inspection and Consultancy business worked with the Carbon Trust to promote the benefits of installing new energy efficient equipment and adapting energy management best practice. They jointly developed an Energy Action Pack, designed to provide business clients with pragmatic guidance on managing their energy costs and consumption, and we will roll this out to our clients in 2013.

Myles McCarthy, Managing Director of Implementation at the Carbon Trust said "Having worked with over 35,000 organisations in the UK, we know how improved energy management as well as the implementation of high-quality, energy-efficient technologies can have a significant impact on a business's bottom line. We are very pleased to support RSA's leadership position as it broadens its sustainability goals beyond its own operations, to support the thousands of customers its 450 engineer surveyors engage with each day."

PRODUCTS AND SERVICES

Insurance for renewable energy projects supports the growth of the low-carbon sector, which plays a critical role in reducing fossil fuel use and the resulting greenhouse gas emissions. RSA is a market leader in renewables, with a network of underwriters in 15 countries and expertise across renewable technologies. We insure some of the world's leading wind turbine manufacturers and are involved in the insurance programmes of more than 60% of all offshore wind farms around the world.

For the second year running, we ran our 'Seeing is Believing' competition, which encourages employees to develop environmentally sustainable products and services. Three employees from Johnson in Newfoundland beat 50 other teams with their idea for linking eco-friendly domestic improvements with cheaper home insurance. Winning a trip to Brazil to see deforestation at first hand, they are now developing a pilot project for the product.



"We're empowering staff to find new ways to tackle environmental risks as well as cutting our own emissions. Our continued work with external experts will contribute to both of these. I'm proud to be taking the business forward in this important area."

Vanessa Evans,

RSA Group Human Resources Director,
Environment Focus Area Director



ISSUE

80% INCREASE
 IN ENERGY DEMAND BY 2050
 COMBINED WITH THE NEED TO
 REDUCE OUR CARBON EMISSIONS

RESPONSE

OUR 'SEEING IS BELIEVING'
 COMPETITION SUPPORTS DEVELOPMENT
 FOR A LOW CARBON ECONOMY

IMPACT

**THE WINNING
 PROPOSAL**
 FROM CANADA IS FOCUSED ON
 DOMESTIC ENERGY-EFFICIENT
 AND RENEWABLE PRODUCTS



↑ CASE STUDY: Our 'Seeing is Believing' competition supports the transition to a low carbon economy.

KEY ENVIRONMENTAL DATA

See our CR website for more environmental KPI data

	2010	2011	2012	
Greenhouse gas emissions (tCO2(e))	Scope 1	14,804	12,379	13,262
	Scope 2	29,165	27,195	27,263
	Scope 3	17,210	20,949	20,276
	TOTAL	61,179	60,523	60,801
Energy consumption (MWh)	121,986	113,898	107,282	
Water consumption (m3)	199,180	222,532	210,424	
Paper consumption (tonnes)	2,248	2,288	2,111	
Waste production (tonnes)	3,943	2,800	5,398	
Waste recycling (%)	30	43.8	33	

ENVIRONMENTAL FOOTPRINT

As a major global business, we understand the importance of continually reducing our direct and indirect environmental impacts.

Our progress

In 2012, improved data collection caused some regional key performance indicators (KPIs) to rise, resulting in varied progress against targets. We remain committed to monitoring and reducing our impacts across the Group and in 2013 we will launch a new environmental strategy with comprehensive targets.

Highlights in 2012 include:

- We are on track to achieve our 2020 Group target for a 50% reduction in CO₂(e) missions (relative to the value of net written premiums (NWP)) from 2006 levels.
- Our operations in the UK, Ireland and Group Corporate Centre remain carbon neutral, offsetting their equivalent emissions in renewable energy projects in China, India and South America, which are certified to the Voluntary Carbon Standard.

- **Building energy** – we continued to optimise offices, installing energy-efficient technologies such as building management systems. These initiatives resulted in a Group-wide reduction in emissions. Our new head office in Canada is certified Silver on the LEED rating system and designed to use 30% less energy than comparable buildings.
- **Business travel** – we continued to encourage the use of video and teleconference facilities and implement sustainable travel policies, resulting in a Group-wide decrease in emissions. In Italy, the travel policy was refreshed to emphasise the use of remote meetings, train travel and car-pooling for frequent trips such as Milan to Genoa.
- **Water consumption** – continued integration of water-saving initiatives and technologies into our buildings resulted in a Group-wide reduction in consumption. Water-saving features in our new Canadian head office are forecast to reduce consumption by 40% annually.
- **Waste** – we worked with third-party contractors to improve the accuracy of our waste data. As a result, we recorded a significant increase in the volume of waste produced. Waste reduction will be focused on as a priority across the Group in the new environment strategy, launching in 2013.
- **Paper usage** – most RSA businesses have been progressing the use of electronic documents for both end customers and brokers, targeting a reduction in paper consumption as well as improving communication. In Scandinavia alone, this project will help reduce up to 8.3 million mailings each year.
- **Supply chain emissions** – we continue to work with suppliers to reduce environmental impacts. In 2012, we introduced new claims processes, resulting in significant reductions in our carbon emissions. See *Supplier Relationships*, page 27.



for detailed progress against our 2012 Group and regional targets, visit: www.rsagroup.com/rsagroup/en/corporate-responsibility

ISSUE

2.5bn PEOPLE
WORLDWIDE
HAVE NO ACCESS TO FINANCIAL SERVICES

RESPONSE

WE WORK WITH THE GOVERNMENT IN INDIA TO REMOVE BARRIERS TO
INSURANCE FOR ILL-HEALTH

IMPACT

IN JUST THREE YEARS
3.8 MILLION FAMILIES
HAVE BENEFITED FROM HEALTH COVER

CASE STUDY:
HEALTH CARE IN INDIA

In India, we work with the government-sponsored Rashtriya Swasthya Bima Yojna (RSBY) to bring health cover to the rural poor. Families pay just Rs. 30 to join the scheme, with premiums covered by the government. In three years we have enrolled 3.8 million families and over 100,000 people have received treatment that would otherwise have been unavailable.



for more information
on CR activities visit:
[www.rsagroup.com/rsagroup/
en/corporate-responsibility](http://www.rsagroup.com/rsagroup/en/corporate-responsibility)



COMMUNITY

We provide a positive contribution to society and invest in our communities through our products and services, our corporate donations, employee fundraising and employee volunteering programmes. We work with and fundraise for charities which are active in supporting people challenged by issues such as poverty, unemployment, health, or a lack of financial education or work skills.

Our stakeholder and material issues analysis highlighted social inclusion as a key area where we can make a contribution. Our community programme is therefore focused on addressing these issues. Our fundamental contribution to supporting vibrant communities comes from the economic value our business generates and the activities which insurance makes possible. We have developed products designed specifically to provide access to insurance for those who might otherwise be excluded. We also support communities with charitable contributions and encourage employees to get involved with causes close to their hearts, using their skills and experience to support charities in fostering social inclusion.

ACCESS TO INSURANCE

Barriers to insurance can be a significant factor in financial exclusion and it is often the most vulnerable that do not have access to the protection that financial services can provide. Through our products and services we can address those barriers for low-income households.

In Colombia we provide products specially designed for such households. Basic levels of cover are provided for low-value items at low premiums that are paid monthly.

In the UK, our Tenants Contents Insurance policy aims to be affordable for social housing tenants, providing insurance cover for relatively small sums with no cancellation or mid-term amendment fees. We also offer various flexible payment methods and schedules.

The example (in the case study) from India demonstrates the wide reach we can have when we work in partnership and when the distribution channel is right for the local market.

VOLUNTEERING

1,651

RSA employees volunteered during 2012

VOLUNTEERING

7,776

hours spent volunteering during 2012

↓ RSA employees volunteering in London.





↑ RSA employees act as mentors, providing students with one-to-one support.

DEVELOPING SKILLS AND EMPLOYABILITY

Creating opportunities for young people to develop their skills was a focus of our community activity in 2012. We recognise that work-related skills are an important enabler of economic activity and therefore essential in addressing social and financial exclusion.

Our skill-share and mentoring programmes use the experience of RSA staff to benefit young people. The partnership with Career Academies UK is one example. The charity works with 16 to 19-year-olds to raise aspirations and inspire them to reach their full potential. RSA employees act as advisory board members and mentors, providing students with one-to-one support for their coursework and employability skills. Since 2007, we have provided nearly 100 mentors or 'Partners in Business' and in 2012 a further 40 members of staff signed up to begin mentoring students in 2013. We also provided 11 six-week paid internships for students on the Career Academies UK programme.

Experience shows that students who have a mentor are more likely to complete their studies and go on to further education or jobs where they continue studying. It is also an opportunity for our people to develop key skills in mentoring, communication and leadership.

In Oman, our team received an award from the Ministry of Manpower recognising their support for local talent and job creation. We are also involved in a government talent-development programme and have pledged to employ nine of the trainees that have completed six months of training in English, customer service and IT skills, followed by a three-month work placement with Al Ahlia (our Oman brand).



“RSA has supported Career Academies UK since 2007, providing opportunities to raise young people’s aspirations by giving them access to real experiences of the world of work.”

James McCreary,

Chief Executive, Career Academies



7%

RSA developed an insurance product that gave 7% of property premiums to TECHO.

ISSUE

100 MILLION
FEWER PEOPLE WORLDWIDE
DONATED MONEY OR VOLUNTEERED TIME
IN 2011 COMPARED TO 2010

RESPONSE

IN IRELAND, WE RAN
4 CHARITABLE EVENTS
EACH MONTH IN 2012

IMPACT

RSA IRELAND RAISED JUST OVER

€100,000

FOR 43 CHARITIES, INVOLVING MORE THAN
1,000 HOURS OF EMPLOYEE
VOLUNTEERING



↑ CASE STUDY: RSA supporting Special Olympics Ireland.



“I’m inspired by the charitable efforts of our people across the world and delighted to be able to support them in this. We’re determined to do even more and I’m excited about leading this programme globally.”

Adrian Brown,

Chief Executive – UK and Western Europe,
Community Focus Area Director

VOLUNTEERING AND FUNDRAISING

In 2012, RSA made corporate donations and encouraged our employees to raise money for charities important to them and their local communities. We achieved our target of rolling out a global matched-funding facility, doubling the amount of money available. Matched-funding is now available to all our staff and we also provide time off for volunteering. In 2012, charities around the world received £1.75 million through these efforts and more than 1,600 volunteers throughout the Group spent 7,776 hours helping charities. In Hong Kong, around 60% of all employees were involved in supporting charities.

The contributions came in many forms. In Chile, we developed an insurance product that gave a percentage of premiums to TECHO, a charity that builds houses and creates communities for vulnerable people throughout Latin America and the Caribbean. The Supporting A Roof for Colombia Foundation benefited from local employees raising enough money to rebuild three houses for vulnerable families, while in China teams helped the Shanghai United Foundation raise over RMB 2 million (£200,000)

for more than 6,000 schoolchildren in 22 schools. In Ireland we supported Special Olympics Ireland, a charity that helps people with an intellectual disability to use sport for physical and emotional development.

In September 2012 we launched ‘The Every One Fund,’ an internal website in the UK, to make it easier for employees to become involved in community activity. It enables employees to share their experiences and enthusiasm, upload photos, promote their favourite causes and connect with colleagues who have similar interests. They can also see the results of their efforts, as the site displays a running total of volunteering and fundraising efforts. In the first month alone, more than 30 staff fundraising activities were added to the site.

ISSUE

ONE MILLION PEOPLE+
ARE KILLED ON THE ROADS EVERY YEAR
WORLDWIDE

RESPONSE

STAFF VOLUNTEERS IN MULTIPLE COUNTRIES HANDED OUT MORE THAN
140,000 HIGH-VISIBILITY VESTS AND
135,000 REFLECTORS

IMPACT

1/3 OF THE DANISH
POPULATION

HAS BENEFITED FROM OUR SAFETY MESSAGE IN JUST TWO YEARS

CASE STUDY:
ROAD SAFETY IN DENMARK

In Estonia, Lithuania, Scandinavia and the UK we handed out free equipment to customers and the general public to help improve the visibility of pedestrians and cyclists during the long, dark winter months. This activity relies on enthusiastic employees and over 300 of our people volunteered to distribute the safety equipment in 2012. In Denmark, we celebrate National Reflector Day with the Children's Accident Foundation and offer free accident insurance for children who join the Foundation. We spread the safety message using social media, adverts and short films in cinemas and on public transport.



for more information
on CR activities visit:
[www.rsagroup.com/rsagroup/
en/corporate-responsibility](http://www.rsagroup.com/rsagroup/en/corporate-responsibility)



SAFETY & SECURITY

The function of insurance is to protect against risks, providing a safety net for when things go wrong. But we also want to keep people, property and possessions safe by promoting responsible behaviour and by taking practical steps to address the risks most relevant to our business and our customers.

ROAD SAFETY

6,000

primary school children educated on road safety in 2012 in the UK

FLEET CUSTOMER SAFETY

250

people attended fleet road safety training in Colombia

We help customers manage risks with specific safety advice in our policy documents and we provide additional information for customers through our network of brokers, websites and the media. In some cases we provide people with safety advice about specific risks such as floods and storms, using services such as SMS messaging. Our materiality analysis confirms that our stakeholders view this as an important part of our role. Safety & Security is therefore a key pillar of our corporate responsibility strategy.

ROAD SAFETY

Personal and Commercial Motor insurance are among our largest business lines, so we have a clear interest in making roads safer. Globally, more than a million people are killed in traffic accidents every year and a further 50 million are injured. Road safety is therefore one of our key business and CR priorities. We are working to reduce risks through our products, education programmes and public-policy campaigns.

↓ RSA 'Fit to Drive' campaign.



Our products encourage safer driving with discounts for drivers who have a good record, while our campaigns raise awareness of road safety issues. In the UK, we have championed the need for improved eye tests for motorists, backed by research showing the dangers of the current approach (see the case study). We are also taking the safety message into primary schools, reaching more than 6,000 children in the UK. In 2012, we extended this approach to schools in Bahrain and Singapore.

Visibility is particularly important in the winter months in northern countries and every year we distribute free reflectors and high-visibility vests to customers and the general public in Scandinavia. In some cases, we provide targeted advice on road safety for business customers. For example, in Colombia we ran a series of training programmes attended by 250 people from 45 different fleet customers. These technical courses make customers aware of the risks and how to manage them. We took a similar approach in Latvia, working with the Safe Driving School to promote driving skills in commercial fleets, improving road safety and reducing claims. In 2012, we created the BALTA annual Safest Corporate Fleet award with the Safe Driving School and the Employers' Confederation of Latvia. The award is for best practice in safe fleet management and recognises efficient resource management as well as driving skills, preventative safety action and improved fleet maintenance.

HELPING CUSTOMERS TO STAY SAFE

We use social media to alert customers to dangers and give advice on staying safe and on seasonal risks such as winter driving dangers and increased fire hazards during dry seasons. For example, in Lithuania we use our website, publications and customer newsletters to promote campaigns such as 'Secure Me' and 'Summer Storm', highlighting how risks can increase at certain times of the year.

Similarly, in Ireland we set up a dedicated website in 2012 www.winterchecklist.ie urging customers to take extra care to prevent common events that result in claims, such as freezing pipes, flooding, fire and road accidents. The website contains practical advice on reducing the risks as well as claims forms for when the worst does happen. A special Christmas booklet available on the RSA Ireland website focused on fire risks over the holiday period.

Water safety is another important area where there is scope to reduce accidents, especially for children. In Sweden, where one in five children aged between four and 17 can't swim, we have a long-standing life buoy sponsorship programme. Trygg-Hansa (our Swedish brand) sponsors around 80,000 life buoys that are placed around lakes, shores, harbours and boat clubs. These save an estimated 11 lives per year. In 2011, we launched a new social media campaign with the Swedish Life Saving Association to make people more aware of the importance of these life buoys.

This 'Hunt for Life Buoys' Facebook campaign invited people to upload pictures of life buoys and we donated two Swedish Krona for each one photographed to the Swedish Life Saving Association. Where the picture showed damage to the buoys, we will pay for them to be replaced. Since the campaign began, we have had nearly 20,000 life buoys photographed and almost 1,000 reported as damaged and requiring replacement.



"In 2012, we worked alongside RSA to call for action on driver eyesight under the campaign 'Fit to Drive?' This is an issue Brake has campaigned on for many years, but in 2012 RSA made the crucial contribution of funding research that for the first time estimated the extent of casualties resulting from poor eyesight – as many as 2,900 each year."

Julia Townsend,
Deputy Chief Executive, Brake



↑ CASE STUDY: Adrian Brown, Chief Executive, UK and Western Europe, signs the RSA 'Fit to Drive?' pledge.

ISSUE

2,900 CASUALTIES EVERY YEAR
IN THE UK DUE TO DRIVERS' POOR VISION

RESPONSE

OUR 'FIT TO DRIVE?' CAMPAIGN CALLS FOR COMPULSORY EYE TESTS

EVERY 10 YEARS

IMPACT

OUR RECOMMENDATIONS WOULD SAVE THE UK ECONOMY

£14 MILLION OVER 10 YEARS



“It’s our job as insurers to make sure our customers’ families, homes and businesses have the protection they need. Our people are motivated to deliver that and I’m delighted to play my part.”

Mike Holliday-Williams,
Chief Executive – Scandinavia,
Safety & Security Focus Area Director

80,000

life buoys sponsored by our Swedish brand Trygg-Hansa, saving an estimated 11 lives per year.

↓ Helping customers to improve home security in Denmark.

We also help customers improve home security. In Ireland and Scandinavia we offer discounts to encourage customers to fit burglar alarms. Also in Scandinavia, a wide-ranging publicity campaign highlighted the risks of inadequate security. The police worked with us on the campaign in Denmark and they now use the materials in their crime prevention work. The campaign video aired on national TV, reaching an estimated 650,000 viewers. In Sweden, the video emphasised the real risks of poor security by featuring ex-offenders demonstrating how they used to break in to vulnerable properties. Approximately 3,000 people visited the campaign homepage and more than 600 people requested a visit from the security firm we worked with to install the alarms.



RESPONSIBLE BUSINESS

Strengthening the governance of our CR programmes and fully integrating the initiatives into our daily business were two recommendations of our strategic review (see page 8).

This was the catalyst for implementing the changes to ensure we continue to build responsible relationships with employees, customers and suppliers.

CR GOVERNANCE AND MANAGEMENT

Our new governance approach reflects our own assessment – supported by stakeholder views – that greater executive accountability is needed if we are to demonstrate CR leadership and effectively manage our material issues. By creating accountability from the top, it makes it easier to engage employees with our CR strategy. This is why we have created a new Group CR Steering Committee with several executive members. The Committee directs our CR Strategy and is responsible and accountable for setting the direction and tone of our three focus areas. The Group CEO retains overall responsibility for CR (see the diagram below).

Responsibility for implementing the strategy lies with the Director of External Communications, the Group CR team and a network of CR managers in each operating country. Each country CEO is responsible and accountable for integrating CR into their operations, subject to guidance from the CR Steering Committee.

Please see our annual report, found at www.ar2012.rsagroup.com, for more information on corporate governance.

Managing risks

Our Group CR policies apply to all operations, including our majority-owned subsidiaries and companies in which we have management control, and are available on our CR website.

Our CR policies form part of RSA's risk framework and define our risk appetite in relation to social and environmental issues, including human rights. Each region reports any breaches every quarter. Our internal risk function reviews compliance, reporting to the Group Executive Committee and Group Board. Social and environmental risks facing the insurance industry from threats such as climate change are incorporated in the Group Risk Framework and reviewed each year. Our analysis of risks feeds into the annual materiality assessment we use to identify CR priorities (see page 8) and develop our response.

Please see our annual report for more on risk management, found at www.ar2012.rsagroup.com

CR GOVERNANCE DIAGRAM

Focus Area Directors' progress meetings
Meeting – At least quarterly

Environment
Vanessa Evans

Community
Adrian Brown

Safety & Security
Mike Holliday-Williams

CR Steering Committee

Meeting – three to four times per year

- Chairman of the CR Steering Committee –** Derek Walsh, Group General Counsel and Group Company Secretary
- Focus Area Director for Community –** Adrian Brown, UK and Western Europe CEO
- Focus Area Director for Safety & Security –** Mike Holliday-Williams, CEO Scandinavia
- Focus Area Director for Environment –** Vanessa Evans, Group HR Director
- Chief Risk Officer –** David Weymouth
- Canada Operations Representative –** Scott Tabachnick, Director, Communications
- Emerging Markets Operations Representative –** Alexandra Moon, General Counsel, Emerging Markets
- Scandinavia Operations Representative –** Jeanette Fangel Løgstrup, Director Corporate Communications and CSR
- UK Operations Representative –** Karen Myers, UK and Western Europe HR Director
- Director of External Communications –** Louise Shield
- Group Head of CR and Committee Secretary –** Peter Collins

Group Chief Executive reporting:
Quarterly update

Committee reporting:
Updates as required

Human rights

We constantly monitor global developments in human rights and other social and political risks. We are committed to protecting human rights and eliminating discrimination wherever we operate. We are signatories to the UN Global Compact, a strategic policy initiative for businesses which are committed to aligning their operations and strategies with 10 universally accepted principles in human rights, labour, the environment and anti-corruption.

We will not underwrite business in countries where to do so would breach sanctions or where we identify a high human rights risk unless the activity we insure is carried out for humanitarian purposes. We review our register of high-risk countries at least twice yearly, based on HM Treasury's sanctions lists, our analysis of socio-political developments and information from local managers.

↓ RSA employees at the CIPD awards.



“We have created greater senior accountability for our CR Strategy, which in turn will create the impetus to involve and excite our 23,000 employees. I’ve already seen the positive impacts this approach has produced and remain committed to ensuring it continues.”

Derek Walsh,
 RSA Group General Counsel
 and Group Company Secretary,
 Chairman of the CR Steering Committee

EMPLOYEE RELATIONSHIPS

Our business needs a diverse, engaged workforce that meets the highest standards of conduct. We provide the conditions and opportunities to achieve this, and for employees to develop and succeed. In 2012, we met our target for performance to be linked to rewards for 90% of employees. The ethical behaviours we expect of our people are founded on values encapsulated in our Brand Beliefs, which set out what we stand for and employees are required to comply with.

To reinforce employees' understanding of our expectations, in 2011/12 we met our target of distributing across the Group a Guide to Business Conduct, which is the basis for our culture of 'Doing the Right Thing.' We ran mandatory training on anti-bribery and corruption, and provided additional modules on issues such as insider information for relevant staff.

See our careers website for policies and programmes in areas including reward, recognition, training and development.

Employee engagement

We encourage open, honest dialogue through formal and informal communications, particularly on our intranet where employees can comment on all company information except financial results. In 2012, we introduced a Twitter-like element, called Crowd Comms, which employees use to post comments and ideas in a company-wide conversation as part of leadership events and engagement activities. Over 2,000 employees used Crowd Comms to communicate with the UK CEO after the publication of financial results.

Trade union issues are dealt with formally through our annual European Consultative Forum and consultations with the Unite trade union in the UK.

In 2012, 93% of employees took part in our annual, anonymous employee engagement survey, run by Gallup. Although we just missed our target of remaining in the top quartile, as engagement levelled off after 4 years of strong improvement, RSA continues to have engagement levels in the top quartile of Gallup's global database for companies with over 1,000 employees.



“RSA is a long-standing member of Business in the Community. They have also played a key leadership role, helping us shape our campaigning work locally.”

Stephen Howard,
CEO BITC

Diversity and inclusion

Valuing diversity helps us recruit and retain the best people and to relate more closely to our customers.

In 2012, we launched a programme to integrate Diversity and Inclusion (D&I) into strategic priorities, processes and operations. This programme is founded on a better understanding of our current workforce profile, based on new data collected during the year (see table).

We created governance, diversity and inclusion structures with global and regional sponsors and teams. A new Steering Group includes the Group CEO, Human Resources Director and regional CEOs, while a D&I Council includes independent experts to provide advice and inputs from external research.

DIVERSITY DATA

In 2012, women made up 50% of our global workforce and over 30% of managers.

Region	Operating unit	Total Female	Total Male	Total
Scandinavia	Denmark	633	829	1462
	Dubai		1	1
	Finland	2		2
	Norway	103	140	243
	Singapore		1	1
	Sweden	808	1057	1865
	Total	1546	2028	3574
Canada	Canada	2180	957	3137
	Total	2180	957	3137
UK and Western Europe	Ireland	457	374	831
	Italy	180	191	371
	UK	4288	4050	8338
	Total	4925	4615	9540
GCC	India	17	12	29
	UK	122	155	277
	US		1	1
	Total	139	168	307
Emerging Markets	Argentina	173	240	413
	Bahrain	8	5	13
	Brazil	177	159	336
	Chile	317	255	572
	China	57	31	88
	Colombia	158	145	303
	Dubai	3	20	23
	Estonia	70	31	101
	Hong Kong	63	51	114
	India	195	1065	1260
	KSA	13	120	133
	LARO	16	28	44
	Latvia	503	136	639
	Lithuania	729	193	922
	Mexico	133	213	346
	N. Antilles	39	12	51
	Oman	56	116	172
	Poland	251	228	479
	Russia	132	57	189
	Singapore	83	58	141
UAE	79	78	157	
UK	27	41	68	
Uruguay	43	48	91	
	Total	3325	3330	6655
	Grand Total	12115	11098	23213

* Based on data compiled in August 2012.

EMPLOYMENT AWARDS

In 2012, we were delighted to be recognised across the globe as a great place to work in all of the markets in which we operate. This included winning the Gallup Global Workplace Award for the second year running, as well as winning in both the Employee Engagement category and being named overall winner at the prestigious 2012 CIPD People Management Awards.

GLOBAL



Winner of the 2012 Gallup Global Workplace Award – presented to the world’s most engaged and productive organisations.

GLOBAL



Winner of the Employee Engagement category and named Overall Winner at the 2012 CIPD People Management Awards.

UK



Placed 6th in the 2012 Sunday Times Best Big Companies to Work For (in our first year of entering).

LITHUANIA



Best employer in central and eastern Europe sponsored by the Lithuanian Ministry of the Economy.

HONG KONG



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

LATIN AMERICA

Awarded 14th Best Multinational in Latin America by the Great Place to Work Institute.

MEXICO

14th in Top Companies in Mexico ranking

CANADA

Recognition in the Top 50 Places to work in Canada.

LATVIA

Employer of the Year

SCANDINAVIA

Employer of Choice status

Training and development

We provide continuous learning and development opportunities so employees can build the skills needed to do a great job and progress their career. Employees discuss their achievements and agree goals and development needs with their managers during twice-yearly reviews. In addition to traditional courses, our intranet Learning Zone contains training materials and modules on a wide range of topics, from technical aspects of insurance to project management and communications. Promoting the Learning Zone in the UK spurred a tenfold increase in its use in 2012.

Health, safety and wellbeing

Our policies and procedures comply with regulations as a minimum. Beyond that, we seek to involve and engage colleagues in operating a healthy workplace that supports their wellbeing. Occupational Health services build on health and safety practices to help employees deal with difficulties that can lead to illness, absenteeism and poor productivity.

For example, in India in 2012, we launched Health Care Magic, a preventative programme with special events and an online health risk assessment for employees and their spouses. In the UK we launched a Wellbeing Zone intranet site for employees to learn and share techniques and tips. A work/life balance programme in Argentina encouraged employees to eat healthily and stay fit while Chile created a RSA Running

Team, rewarding members with fitness classes and fruit. Columbia’s Equilibre Arre Programme provided a wide range of activities, including cooking classes and tango lessons.

In 2012, we saw a decrease in the number of reportable and minor non-reportable injuries, due to both an increasing awareness of Health & Safety risks, and a move to a more accurate data collection system. As a result, the number of accidents per 1,000 employees decreased from 16 in 2011 to 10.6 in 2012. The majority of injuries continue to be minor non-reportable incidents, e.g. minor cuts and strains.

Risk assessment

In 2012 we reviewed and updated UK guidance to employees when arranging volunteering days and undertaking fundraising activity. Team volunteering events undertaken in work time require a formal risk assessment to be completed. The risk assessment template is also available for use by employees wishing to undertake individual or team-based fundraising in their own time. The updated guidance and risk assessment requirements are available on our UK Health & Safety webpages and on our fundraising pages on the intranet. This review was undertaken by senior representatives from our HR, H&S and CR functions in response to a tragic accident in which a member of UK staff died when descending Ben Nevis as part of a guided charity fundraising expedition.

Group	2010	2011	2012
Reportable injuries	34	79	19
Minor non-reportable injuries	348	287	232
Accidents per 1,000 employees	16.5	16.0	10.6



CUSTOMER SATISFACTION

27%

improvement in customer satisfaction with call centre staff since 2010

CUSTOMER RELATIONSHIPS

RSA has customers in 140 countries. Our products and services help them cope with events that cause loss and disruption but we also encourage safety at home, on the roads and at work to reduce risks and claims. (See the Environment and Safety & Security sections for more on claims prevention).

Delivering for our customers

We believe that understanding and satisfying customers' expectations is the key to sustainable, profitable growth. We want to deliver the kind of experience which inspires customers and brokers to seek out RSA, purchase new products, renew policies and recommend us.

Getting clear, actionable customer feedback is essential. We invest heavily in research and insight across the globe, measuring satisfaction and advocacy in all our markets. Since 2011, we have used common measures across the Group, allowing us to compare performance and identify best practices to be shared. Our Customer agenda is central to our strategy. An Executive Customer Review Group meets regularly, covering all RSA's businesses, to maintain a strong focus on customer service, with findings shared at our Group Leaders' Conferences.

In Scandinavia, our *Think! Customer* programme is designed to build customer understanding and engagement across the business. In a recent survey, 99% of our people had heard about the initiative, 83% believed the strategy has had an impact on customers and 76% had changed the way they work as a result.

In the UK, we measure feedback at 30 different points to improve continuously our customer experience. We have increased satisfaction with our call centre staff by 27% since 2010.

Customer complaints

Unfortunately, there are times when customers feel we have not met their expectations. We take all complaints seriously and have training and processes in place to ensure they are handled fairly and in a timely manner. The UK Financial Conduct Authority (FCA) requires us to publish complaints data for our UK operations and, in 2012, we received just over 16,000 complaints, equivalent to about 0.2% of our customers. Every six months we publish results for our latest complaints data and full details can be found on our website at: www.rsagroup.com/rsagroup/en/aboutus/commitments. In the last reporting period of 2012, we upheld 58% of these complaints and resolved 94% within the eight-week period the FCA specifies. UK customers still unhappy with the way their complaint is handled can refer it to the independent Financial Ombudsman Service (FOS). In the last six months of 2012, 595 cases were referred to the FOS and 36% of these resolved in the customer's favour, ahead of the general insurance industry average of 43%. We use the lessons learnt from all complaints to amend our processes and improve our customer service.

Excellent claims management

When customers suffer loss we aim to get their lives and businesses back on track as quickly and efficiently as possible.

Speed of response is the critical factor; based on highly responsive loss adjusters. In the UK, we have one of the largest internal loss-adjusting teams in the industry and pride ourselves on being there when our customers need us most.

In 2012, our Italian office demonstrated our expertise when the Emilia Romagna region, the heartland of Italy's manufacturing sector, was hit by two earthquakes in May 2012, both with a magnitude of 6 on the Richter Scale, the strongest recorded earthquakes in the region for more than 500 years. We alerted loss adjusters when the first quake hit and set up a dedicated team to manage our response, helping to settle two large claims (more than €1 million each) within three months. Customers and brokers praised our rapid response and flexibility in making interim payments, supporting the region in its economic recovery. Similarly, in Canada, in advance of Tropical Storm Leslie, RSA was one of the only insurers open and taking claims on the day of the storm.

Efficient processing of claims has to follow a quick response to incidents and we are ensuring we maximise efficiencies through technology. Customers can send us pictures of damage, which can avoid the need for a site visit. We also provide loss adjusters with equipment which enables the damage to be assessed accurately and efficiently. We can then pass this data onto our recommended builders who can quantify and cost with accuracy. The Home Claims Customer Tracker, designed for use in emergency events, monitors the progress of claims and ensures all stages integrate as smoothly as possible. In 2012, we won the UK's *Insurance Times* Claims Initiative of the Year award for this technology.

SUPPLIER RELATIONSHIPS

Improving standards in our supply chain is a key part of being a responsible business. The scale and diversity of our supply chain presents a range of environmental, social and governance (ESG) risks which we manage by working with suppliers to encourage more sustainable business practices. Our Responsible Procurement Principles set out how we interact with suppliers and the high standards we expect of them, such as eliminating discrimination and protecting human rights. The principles are part of our contract agreements and are available to procurement staff on our intranet. In the UK, CR specialists work directly with our regional procurement managers to ensure ESG standards are incorporated in buying decisions. We assess suppliers against the Principles early in the procurement process, focusing on companies in high-risk categories to ensure we address the greatest risks and maximise opportunities to control them. When we identify a weakness, we work directly with suppliers to help them improve performance and meet our expectations.

In 2012, we met our target for launching an internal assessment for developing a sustainable supply chain strategy. The objective of this assessment is to ensure we continue to manage business risks across the Group, realise efficiencies and support development of sustainable products. Our new approach will be launched in 2013 as part of the overall CR strategy launch (see page 8). Focusing on this assessment meant a small number of targets were not met: ensuring 85% of our supply chain was assessed against our CR standards; extending the number of suppliers in Canada receiving CR questionnaires to 30; running four supplier workshops in the UK; and implementing a water escape policy in the UK for holiday homes. These targets are being reviewed as part of the internal assessment.

SUSTAINABLE CLAIMS

A significant component of our supplier spend is handled by our claims team who, through a global network of several thousand suppliers, provide motor, household and other services on behalf of our customers. By working with and encouraging these suppliers to improve the sustainability of their business practices, we strengthen our relationships and collectively enhance our own, our suppliers' and our customers' positive social, environmental and economic impacts.

In 2012, we piloted a new approach to domestic and commercial property claims management in the UK following a flood or fire, implementing the principles of sustainable claims developed through a Climatewise initiative. We introduced better project management, more efficient processes and more efficient technology resulting in "demonstrable and significant carbon reductions" (The Carbon Trust) through lower material use and better control of the drying process.

Through our claims suppliers we are uniquely placed to encourage our customers to become more environmentally sustainable through retrofitting energy-efficient technologies into domestic and commercial properties as part of our claims processes. Our motor claims team repair thousands of vehicles every year. As part of our vehicle repair processes, we assess the potential to increase the amount of recycled parts, potentially leading to fewer vehicles being written off and lower costs. In Denmark, customers can choose energy efficient replacements for items such as windows and appliances and in the UK we consider repairs of damaged goods or the use of recycled parts instead of automatic replacement.

INVESTMENT MANAGEMENT

RSA holds approximately £14.3 billion of investments, with the majority of these funds in bonds. Most of our UK equity assets continue to be managed by F&C Asset Management.

F&C applies a policy of active engagement on environmental, social and governance issues through its Responsible Engagement Overlay (reo®). reo® is a global engagement and proxy voting service through which F&C encourages companies to adopt and develop industry best practice.

In 2012, F&C engaged with 16 companies on a wide range of issues from climate change to labour standards across our portfolios. In 2012, we commissioned research with WWF to investigate the extent to which environmental risks are, or could be, factored into bond prices. The research found that environmental risks can be financially material in some sectors, such as water and energy, even though they may only emerge gradually. It concluded that investors should therefore monitor the risks and assess the relative exposures of companies in a sector. In 2013, this research will be shared with our investment team and pension fund trustees. We will continue to evaluate the best options for the integration of these issues into the business, taking into account the requirements of our regulators, policy holders and shareholders.

HOW WE REPORT

This report describes how we approach CR and presents the key developments in 2012. It can be read in conjunction with our CR website and Annual Report and Accounts.

PARAMETERS

The 2012 RSA Insurance Group plc (RSA) CR reporting covers the 2012 calendar year, continuing from where the 2011/2012 CR report left off, as part of our annual reporting cycle. Reports are published in May for the Annual General Meeting.

SCOPE

Our CR reporting covers our Group structure, including Scandinavia, Canada, UK and Western Europe; and Emerging Markets businesses. Further information on our current reporting boundaries can be found on our CR website under *Reports*. As part of the wider CR strategy review, we are carrying out a review of Group structure to identify:

- Entities that generate significant sustainability impacts; and/or
- Entities over which we exercise control or significant influence with regard to financial or operating policies and practices.

Once identified, we will ensure these entities continue to be or are incorporated within the scope of our reporting. This review will be complete by the end of 2013.

ASSURANCE

RSA engages external assurers to ensure the data and claims within our reporting are fair and accurate.

Pricewaterhouse Coopers (PwC) has issued a limited assurance report based on a review of community, environmental, diversity, and health and safety data, as well as the status of our regional environmental performance targets as part of RSA's 2012 CR reporting. With respect to stakeholder engagement, the review procedures were performed in accordance with the AA1000 AS (2008) Standard. PwC's limited assurance report can be found on our CR website under *Performance and Assurance*.

In addition to the external assurance provided by PwC, our environmental data is quality assured by Ecometrica, a Carbon Disclosure Project accredited specialist environmental consultancy. Their report can be found on our CR website under *Performance and Assurance*.

GRI INDEX

RSA is committed to the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines ("The G3 Guidelines"), which continue to provide a valuable framework for our CR reporting. Our 2012 CR reporting, including our printed and online CR report, additional content on the RSA CR website, and Annual Report and Accounts 2012, has been assessed by GRI and they have declared we meet GRI Application Level B+. Please see our CR website under *Reports* for our full GRI Standard Disclosures Index for RSA's 2012 reporting. Where applicable, we have also included the corresponding United Nations Global Compact (UNGC) and Climatewise Principles for reference.

for more information on CR activities visit: www.rsagroup.com/rsagroup/en/corporate-responsibility

EXTERNAL RECOGNITION



Winner of the 2012 Gallup Global Workplace Award



Placed 6th in the 2012 Sunday Times Best Big Companies to Work For



Ranked Prime status by Oekom Research



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



Ranked Bronze in Dow Jones Sustainability Investor Index



A constituent of the FTSE4 Good Index

PARTNERS



Forum For The Future



BITC



Sustainable Shipping Initiative



UNEP FI Sustainable Insurance



The Principles for Sustainable Insurance



WWF



Brake

SOURCES

Please see our CR website for sources of information.

CONTACTS

We welcome feedback on our corporate responsibility strategy and activities; please contact:

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Or see our website:
[www.rsagroup.com/rsagroup/en/
corporate-responsibility](http://www.rsagroup.com/rsagroup/en/corporate-responsibility)

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